



19-20 SEPTEMBER 2011

AUSTRALIA-INDIA ROUNDTABLE REPORT

Outcomes Statement and Summary Record of Proceedings



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Convened by the Lowy Institute for International Policy in partnership with the Public Diplomacy Division of the Indian Ministry of External Affairs and with the support of the Australia-India Council, Department of Foreign Affairs and Trade. Report prepared by Rory Medcalf and Danielle Rajendram, Lowy Institute.

Introduction

Relations between Australia and India have advanced impressively over the past decade. Energy, education and security have emerged as pillars of a promising strategic partnership. The economic complementarities are compelling. Societal enmeshment between the two nations is deepening. And there is a clear convergence in national interests and foreign policy outlooks.

Yet in some ways the ties between these two democracies have continued to fall short of their great potential. Differences relating to perception or policy over several major issues – such as the welfare of Indian students or the export of uranium – have been difficult to overcome. Questions have remained in some quarters about the degree of priority or trust each nation has accorded the other.

This state of affairs provided the background for a major dialogue held in Sydney on 19 and 20 September 2011. The Lowy Institute for International Policy and the Public Diplomacy Division of the Indian Ministry

of External Affairs convened the Australia-India Roundtable, a ‘1.5-track’ or composite government/non-government dialogue, to discuss the current and future state of Australia-India relations. Substantial funding support was provided by the governments of Australia and India, through the Australia-India Council (Department of Foreign Affairs and Trade) and the Public Diplomacy Division (Ministry of External Affairs) respectively. The Lowy Institute provided venue, secretariat services, event management, research and strategic communications support.

This was the most substantial informal dialogue yet held between the two countries. Bringing together leading figures from policy, diplomacy, think tanks, business and media in both countries, the Roundtable was designed to generate fresh thinking about relations between Australia and India, share insights and strategic perspectives and identify opportunities for

cooperation. The meeting focused on how to improve economic links, strategic partnership and bilateral perceptions in a changing region.

Members of the Indian delegation, the most high-level and substantial one of its kind yet to visit Australia, combined participation in the Roundtable with a series of meetings in Canberra – including with senior Government and Opposition representatives – and participation in the inaugural conference of the Australia-India Institute in Melbourne. Taken together, these interactions added up to an important week in the development of the Australia-India relationship, both reflecting and contributing to its progress.

The Roundtable will convene again in India in 2012.

Rory Medcalf, Australian Convener, Australia-India Roundtable

IMPORTANT NOTE: This report contains a summary of key issues and ideas from the 2011 Australia-India Roundtable. Discussions were held under the Chatham House Rule, by which participants are free to use information gleaned during the meeting but not to disclose the source of the information without express permission. Accordingly, this document includes the main arguments of the presentations and a selection of specific points raised by participants in the course of free-flowing discussion, though these are generally noted without personal attribution. It is intended to give a sense of the scope of the meeting and to serve as a reservoir of ideas for subsequent efforts to advance the Australia-India relationship. It should not be construed as a complete or verbatim record.

Outcomes Statement

THE 2011 AUSTRALIA-INDIA ROUNDTABLE

Australia and India need to do more to make the most of convergent interests in security, economics and social development, a major Australia-India dialogue recommended at its conclusion on 20 September 2011.

The dialogue called for 'inventive steps' by both governments to bring about a closer strategic and economic partnership between the two democracies for the Asian century.

More than 50 leading figures from diplomacy, think tanks, business and media took part in the two-day Australia-India Roundtable, held at the Lowy Institute for International Policy in Sydney.

The Roundtable – an innovative composite dialogue involving both government and non-government participants – is the most substantial and high-level exchange of its kind held so far between Australia and India.

It was hosted by the Lowy Institute for International Policy in partnership with the Public Diplomacy Division of the Indian Ministry of External Affairs. It was supported by the Australia-India Council of the Australian Department of Foreign Affairs and Trade.

Issues discussed included:

- the global and Asian strategic and economic outlook;
- prospects for advancing defence, security and intelligence relations;
- bilateral trade and investment issues including in services;
- energy relations including coal, natural gas and renewables;
- the question of possible future Australian uranium exports to India;
- close cooperation within Asia-Pacific diplomatic architecture;
- cooperation in the Indian Ocean and South Pacific;
- and ways to improve and manage perceptions between the two countries including in the aftermath of the controversies over the welfare of Indian students in Australia.

There was a broad sense of agreement among participants on the following key points:

- Amid a time of dramatic strategic and economic change, Australia and India need closely to coordinate their diplomacy and policies to protect and advance common strategic interests in their shared Indo-Pacific region. Both nations have an interest in a rules-based regional order, the security of the maritime commons

and freedom of navigation. The two countries should work together to lead in strengthening multilateral cooperation in the Indian Ocean region, including through the Indian Ocean Rim Association for Regional Cooperation. The two countries should consult closely on their approaches to South Pacific and Indian Ocean issues.

- Enhanced Australia-India defence, maritime and security ties should be embedded in a wider regional diplomatic architecture that takes account of and builds on the two countries' ties with other key partners. Practical maritime cooperation should take place in areas like humanitarian assistance, disaster relief and oceanography.
- Energy security will be central to the bilateral trade and investment relationship. Recent growth in mining investment in both directions, such as major Indian coal mining and infrastructure investments in Australia, is a positive sign. The Australia-India partnership would benefit greatly from a more comprehensive energy relationship. Coordination of the two countries' research in solar energy could be advanced using the large bilateral strategic research fund.

- The bilateral trade and investment relationship has grown rapidly and holds enormous promise, but needs to broaden and diversify beyond commodities trade, and move towards a more balanced trading relationship.
- The two governments should create structures to assist large-scale direct collaboration between services companies in the two countries. The creativity of small Australian IT service-sector companies could be combined with successful Indian models for growing such businesses and exporting them to the world. Joint export of services to third countries should be a long-term goal, as part of a future global supply chain in IT services.
- Education links would remain an important element of the bilateral relationship, in research as well as in study opportunities.
- The two nations need actively to work to improve mutual perceptions and understanding including among media, parliamentarians and public opinion. Engagement between the two societies is growing rapidly and positively including through migration, education, business, tourism, sport and culture.

Participants strongly agreed on the value of the Roundtable in advancing Australia-India relations, bringing government and non-government voices together to raise awareness and build a broad agenda of cooperation. The convening organisations have agreed to holding another round of the talks in India in 2012.

Visiting Indian participants include Deputy National Security Advisor Ms Vijaya Latha Reddy, former Indian Foreign Secretary Shyam Saran, Chairman of the National Association of Software Service Companies (NASSCOM) Dr Rajendra Pawar, the Director General of Research and Information Systems for Developing Countries Dr Biswajit Dhar, leading strategic expert Dr C. Raja Mohan, Commodore Uday Bhaskar of the National Maritime Foundation, prominent television host Karan Thapar and Navdeep Suri, Joint Secretary of the Public Diplomacy Division of the Ministry of External Affairs.



Australian participants include former High Commissioner to India and Chairman of the Australia-India Council John McCarthy AO, former Chief of the Defence Force General Peter Cosgrove AC MC, former Secretary of Defence Ric Smith AO, former Foreign Secretary Michael L'Estrange AO, National Chairman of the Australia-India Business Council Professor Arun Sharma, Reserve Bank Board Member Dr John Edwards, University of New South Wales International Pro-Vice Chancellor Jennie Lang, General Secretary of the Australian Labor Party (New South Wales Branch) Sam Dastyari, Lowy Institute executive director Dr Michael Wesley, Lowy Institute program director and the Australia-India Roundtable's Australian convener Rory Medcalf, a range of senior government officials, and media commentators.

Roundtable Partners

ROUNDTABLE PARTNERS

LOWY INSTITUTE
FOR INTERNATIONAL POLICY



ROUNDTABLE SUPPORTER



THE LOWY INSTITUTE

The Lowy Institute, the host of the 2011 Australia-India Roundtable, 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. Work is also underway on the first Lowy India opinion poll, in partnership with the Australia-India Institute.

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.

PUBLIC DIPLOMACY DIVISION OF THE MINISTRY OF EXTERNAL AFFAIRS, INDIA

The Public Diplomacy Division of India's Ministry of External Affairs 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 *'IndianDiplomacy'* tag to engage with diverse communities across the globe.

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.

Program Agenda

MONDAY, 19 SEPTEMBER 2011

| | | |
|--------------------------|---|---|
| 8.30am | Registration Lowy Institute for International Policy, 31 Bligh Street, Sydney | |
| 9.00am – 9.30am | Welcome and overview of the state of bilateral relations Ground floor, Conference room | Welcome: Dr Michael Wesley, Executive Director, Lowy Institute for International Policy and Mr Rory Medcalf, Director, International Security Program, Lowy Institute, and Australian Convener, Australia-India Roundtable Reply: Ms Vijaya Latha Reddy, Deputy National Security Advisor Opening Remarks on the State of Bilateral Relations: Her Excellency Mrs Sujatha Singh , High Commissioner of India to Australia Mr Mark Pierce , Assistant Secretary, South and Central Asia Branch, Department of Foreign Affairs and Trade |
| 9.30am – 10.45am | Session 1: Strategic overview including strategic implications of developments in the United States and China Ground floor, Conference room | Moderator: Prof Alan Dupont, Non-resident Senior Fellow, Lowy Institute Dr Michael Wesley , Executive Director, Lowy Institute Ambassador Shyam Saran , former Foreign Secretary and Chairman, Research and Information System for Developing Countries Ambassador Ric Smith AO PSM , Visiting Fellow, Lowy Institute, and Former Secretary, Department of Defence Dr C Raja Mohan , Senior Fellow, Centre for Policy Research |
| 10.45am – 11.15am | Morning tea Level 1, Boardroom | |
| 11.15am – 12.30pm | Session 2: Prospects for advancing bilateral defence, security and intelligence relations Ground floor, Conference room | Moderator: Gen (R'td) Peter Cosgrove AC MC, Former Chief of Australian Defence Force Prof Michael L'Estrange AO , Director, National Security College, Australian National University, Former Secretary, Department of Foreign Affairs and Trade Commodore C Uday Bhaskar , Senior Fellow, National Maritime Foundation |

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|-------------------------|--|--|
| 12.30pm – 2.00pm | Lunch and interaction on Australia's international outlook Level 1, Boardroom | Mr Dennis Richardson AO , Secretary, Department of Foreign Affairs and Trade |
| 2.00pm – 3.15pm | Session 3: Economic relations I: The state of the Australian and Indian economies and prospects for bilateral economic relations Ground floor, Conference room | Moderator: Mr Mark Pierce, Assistant Secretary, DFAT Dr Rajendra S. Pawar , Chairman & Co-founder of NIIT Group and Chairman, National Association of Software and Service Companies (NASSCOM) Dr John Edwards , Visiting Fellow, Lowy Institute for International Policy Dr Biswajit Dhar , Director General, Research and Information System for Developing Countries Mr Mark Thirlwell , Director, International Economy Program, Lowy Institute |
| 3.15pm – 3.45pm | Afternoon tea Level 1, Boardroom | |
| 3.45pm – 5.00pm | Session 4: Economic relations II: Focus on energy issues Ground floor, Conference room | Moderator: Mr Reg Howard-Smith, Chief Executive, Chamber of Minerals and Energy of Western Australia Ambassador Shyam Saran , former Foreign Secretary and Chairman, Research and Information System for Developing Countries Professor Arun Sharma , Deputy Vice-Chancellor, Queensland University of Technology Ian Ledlie , Exploration Director, Australia, Rio Tinto |
| 5.00pm | Conclusion of day one program | |
| 7.00pm – 9.30pm | Australia-India Roundtable Dinner Aria Restaurant 1 Macquarie Street, Circular Quay, Sydney | Address: Ambassador John McCarthy AO, Chairman, Australia-India Council |

Program Agenda

TUESDAY, 20 SEPTEMBER 2011

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|--------------------------|--|--|
| 8.30am | Arrival refreshments Lowy Institute for International Policy, 31 Bligh Street, Sydney | |
| 9.00am – 10.15am | Session 5: Asia-Pacific regional architecture and cooperation in the Indian Ocean and the South Pacific Level 1, Boardroom | Moderator: Ambassador Ric Smith AO PSM , Visiting Fellow, Lowy Institute, and Former Secretary, Department of Defence Dr C Raja Mohan , Senior Fellow, Centre for Policy Research Mr Greg Sheridan , Foreign Editor, <i>The Australian</i> Commodore Uday C. Bhaskar , Senior Fellow, National Maritime Foundation Ms Jenny Hayward-Jones , Director, Myer Foundation Melanesia Program, Lowy Institute |
| 10.15am – 10.30am | Morning Tea Level 1, Lounge | |
| 10.30am – 12.00pm | Session 6: Soft power issues – Improving and managing bilateral perceptions | Moderator: Dr Lachlan Strahan , Australian Deputy High Commissioner, New Delhi Mr Karan Thapar , Head of Infotainment Television (ITV) Mr Matt Wade , senior journalist, <i>The Sydney Morning Herald</i> Mr Navdeep Suri , Joint Secretary (Public Diplomacy), Ministry of External Affairs Ms Karen Lanyon , Head of NSW Office and former Assistant Secretary, Public Diplomacy, Department of Foreign Affairs and Trade Dr Nick Hill , Director, External Affairs, Australia-India Institute, University of Melbourne |
| 12.00pm – 12.30pm | Concluding remarks and next steps Level 1, Boardroom <i>Formal Australia-India Roundtable proceedings conclude in advance of public session</i> | Mr Rory Medcalf , Director, International Security Program, Lowy Institute, and Australian Convener, Australia-India Roundtable Ms Vijaya Latha Reddy , Deputy National Security Advisor |

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|-------------------------|---|--|
| 12.30pm – 1.00pm | Sandwich lunch, opportunity to meet guests for public session Ground floor, Conference room | |
| 1.00pm – 2.00pm | Public session: Panel presentation on key conclusions | Moderator: Dr Michael Wesley , Executive Director, Lowy Institute Panel: Ambassador Ric Smith AO PSM , Visiting Fellow Lowy Institute and former Secretary, Department of Defence Ambassador Shyam Saran , former Foreign Secretary and Chairman, Research and Information System for Developing Countries Mr Rory Medcalf , Director, International Security Program, Lowy Institute, and Australian Convener, Australia-India Roundtable Mr Navdeep Suri , Joint Secretary (Public Diplomacy), Ministry of External Affairs |

Roundtable Participants

INDIA

Vijaya Latha Reddy, Deputy National Security Adviser

Ambassador Shyam Saran, former Foreign Secretary of India

Dr Biswajit Dhar, Director General, Research and Information Systems for Developing Countries

Commodore Uday Bhaskar, National Maritime Foundation

Dr C. Raja Mohan, Centre for Policy Research and Contributing Editor, Indian Express

Dr Rajendra Pawar, Chairman, National Association of Software and Service Companies, and Chairman and Co-Founder, NIIT

Karan Thapar, senior journalist and anchor, CNN-IBN

Navdeep Suri, Joint Secretary, Public Diplomacy Division, Ministry of External Affairs

Sujan Chinoy, Joint Secretary, National Security Council Secretariat

HE Sujatha Singh, High Commissioner of India (Canberra)

Amit Dasgupta, Consul-General of India (Sydney)

Tarun Kumar, First Secretary (Coordination and Community Relations), High Commission of India, Canberra

Captain Paul Samuel, Defence Adviser, High Commission of India, Canberra

Vivek Kumar, Consul (Commercial and Head of Chancery) Consulate General of India, Sydney

AUSTRALIA

Lowy Institute for International Policy staff

Dr Michael Wesley, Executive Director, Lowy Institute for International Policy

Rory Medcalf, Australian convener, Australia-India Roundtable, and Director, International Security Program, Lowy Institute for International Policy

Mark Thirlwell, Director, International Economy Program, Lowy Institute for International Policy

Jenny Hayward-Jones, Director, Melanesia Program, Lowy Institute for International Policy

John Edwards, Visiting Fellow, Lowy Institute for International Policy and Reserve Bank of Australia board member, former chief economist, HSBC

Prof Alan Dupont, Non-Resident Senior Fellow, Lowy Institute for International Policy and Director, Centre for International Security Studies, University of Sydney

Senior former officials/military

Ambassador Ric Smith AO PSM, head of Australian Force Posture Review and Prime Minister's Special Envoy, Afghanistan-Pakistan, Visiting Fellow, Lowy Institute for International Policy and former Secretary of Department of Defence

Prof Michael L'Estrange AO, Director, National Security College, Australian National University and former Secretary of the Department of Foreign Affairs and Trade

Ambassador John McCarthy AO, Chairman, Australia-India Council and former High Commissioner to India

Gen (R'td) Peter Cosgrove AC MC, former Chief of Defence Force *Officials/military*

Dennis Richardson AO, Secretary, Department of Foreign Affairs and Trade

Allan Gyngell AO, Director-General, Office of National Assessments

Mr Dave Sharma, Acting First Assistant Secretary, International, Department of Prime Minister and Cabinet

Chris Birrer, Assistant Secretary, International Policy Division, Department of Defence

Mark Pierce, Assistant Secretary, South Asia, Department of Foreign Affairs and Trade

Bill Brummit, General Manager, International and G20 Division, Treasury

Rear Admiral James Goldrick, Acting Commandant, Australian Defence Force Academy

Ms Karen Lanyon, Director of NSW State Office, Department of Foreign Affairs and Trade

Dr Lachlan Strahan, Australian Deputy High Commissioner, New Delhi

Ms Diana Nelson, Counsellor-designate, Australian High Commission, New Delhi

Business/economic

Mr Ian Ledlie, Exploration Director, Australia, Rio Tinto

Prof. Arun Sharma, Deputy Vice-Chancellor, Queensland University of Technology and National Chairman, Australia-India Business Council

Reg Howard-Smith, Chief Executive, the Chamber of Minerals and Energy of Western Australia

Media

Greg Sheridan, Foreign Editor, *The Australian*

Matt Wade, Senior Journalist, *The Sydney Morning Herald*

Geraldine Doogue AO, Senior Journalist and Presenter, ABC Radio

Universities

Jennie Lang, International Pro-Vice Chancellor, University of New South Wales

Dr Nick Hill, Director, External Affairs, Australia-India Institute, University of Melbourne

Australia-India Council Board Members

Prof. Margaret Sheil, Chief Executive Officer, Australian Research Council

Suzanne Davies, Director and Chief Curator, RMIT Gallery

NSW State Government

Jason de Sousa, Senior Advisor, NSW Premier's Office

Australian Labor Party

Sam Dastyari, General Secretary, NSW Labor and member of ALP National Executive (TBC)

Observers, Australia-India Institute bilateral perceptions project

Ashok Malik, Chris Kremmer

Summary Record of Proceedings

WELCOME AND OVERVIEW OF THE STATE OF BILATERAL RELATIONS

Michael Wesley and Rory Medcalf welcomed the Indian delegation, recognising the tendency for both Australia and India to underestimate the potential for greater partnership in the Asian century and the emerging Indo-Pacific strategic system. A greater understanding of the challenges and opportunities in the relationship would help inform a true partnership – one in which each nation reinforced the other's interests in a changing world. This would require new levels of frankness and trust. These should be among the objectives of the roundtable.

Deputy National Security Adviser Vijaya Latha Reddy thanked the hosts on behalf of the Indian delegation, and reinforced the need to deepen bilateral relations. Australians and Indians needed to understand each other on a deeper level and to overcome the stereotypes and misperceptions which had historically impeded the relationship.

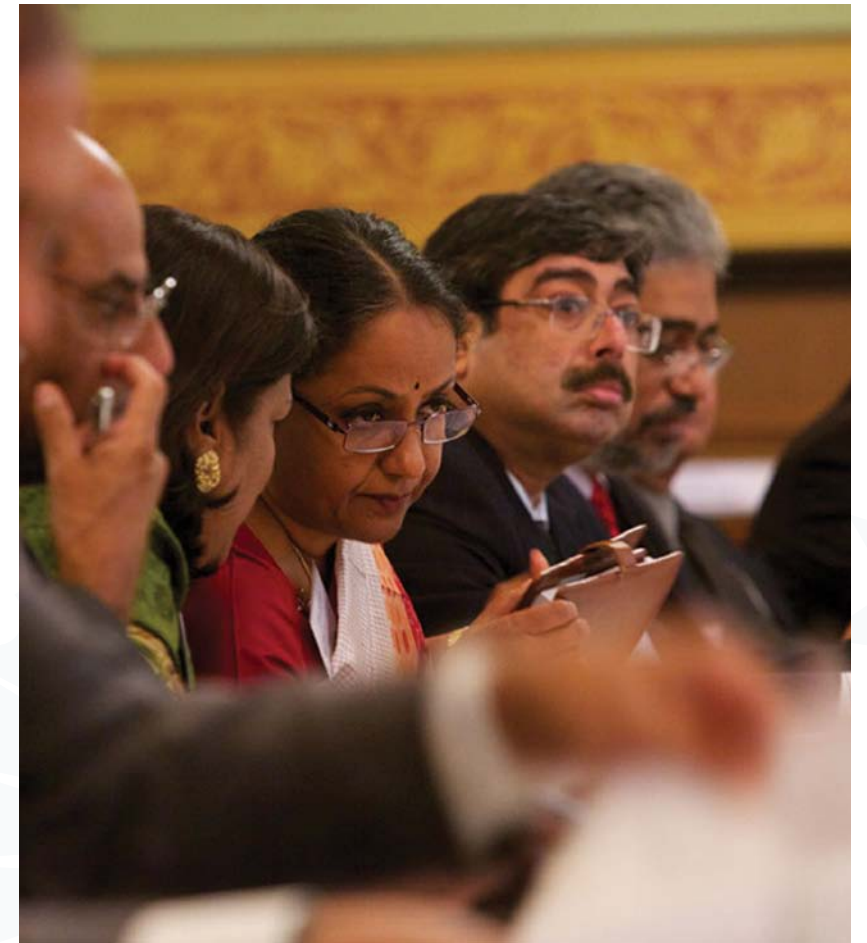
This relationship was rising in importance as the Asia-Pacific region became central to the global economy. 60% of Asia was experiencing GDP growth rates of 6% or higher, and this would change the economic map of the world. For India, the primary task must be nothing short of national transformation, to improve the lives of its people. Energy security was crucial, and Australia would be an important partner in achieving this. Access to raw materials, modern scientific processes and infrastructure modernisation would also be critical to increasing productivity.

On the security front, India needed to address the challenge of terrorism, to which democracies were particularly vulnerable. The democratic process in India's region was still being consolidated in many countries and a secure, peaceful, prosperous and stable neighbourhood was essential to a secure India.

HE Sujatha Singh noted that despite negative media coverage, Australia-India relations were growing strongly in all directions, especially with regards to: trade and investment; high level exchanges; ministerial visits; science, technology, political, defence, and academic exchanges; migration; and people-to-people contacts. India attached great importance to this relationship, as evidenced by the recent opening of a Consulate-General in Perth. The Indian community in Australia was large and becoming politically active. Although an Indian Prime Minister has not visited Australia in about 25 years, there was serious and regular dialogue at ministerial levels and in multilateral contexts. The issue of uranium sales, however, had impeded greater engagement.

Six areas required concerted effort on the part of both states. Australia and India needed to: focus on shared values; leave behind any negative historical baggage; promote greater engagement between their strategic communities to realise the potential of existing common ground; continue to build constituencies for each other in their respective countries, producing 'champions' for the relationship; work together to shape regional diplomatic architecture; and finally, be prepared to cope with unexpected or 'Black Swan' events which might affect the relationship, like the student issue in 2009-10. In addition, Australia would need to examine what growing levels of Indian investment and migration meant for Australian politics and society. Migration, the debate over a 'big Australia' and shortages of labour were sensitive issues in Australia. Nevertheless, the potential of the bilateral relationship was too important not to be realised.

Mark Pierce noted the necessity of taking 'inventive steps' in the Australia-India relationship. The Prime Ministers of both nations had agreed that their partnership should be strategic: long-term, durable, not static or merely tactical, not dominated by a single issue, and with scope for compromise. Natural complementarities existed between the interests of the two states, but these required sustained nurturing.



Session 1

STRATEGIC OVERVIEW INCLUDING STRATEGIC IMPLICATIONS OF DEVELOPMENTS IN THE UNITED STATES AND CHINA

Professor Alan Dupont raised questions about changing power dynamics in the Asia-Pacific region, in particular the rise of China and claims about the decline of United States. In such an uncertain strategic climate it was necessary for Australia and India to consider what might bind and divide the two countries. It was also worth assessing how the powers in our region might be organised in the future, with possibilities ranging from an 'Asian G2' to a concert of powers, as well as other multipolar, unipolar, or even non-polar arrangements. In all of this, it was also necessary to look beyond traditional security frameworks and to recognise the challenges posed by resource scarcity, overpopulation, and climate change.

Michael Wesley spoke of three strategic shifts in the region. The first regarded the 'joining up' of Asia – the increasing links between Asian countries. This might lead to an Indo-Pacific century rather than strictly an Asia-Pacific one. The second shift was a 'balance disparity' in Asia. The emerging – and unstable – dynamic was like a pyramid, with a 'primary' power (China), 'secondary' powers strengthening relations with each other to balance China, and smaller 'tertiary' powers suspicious of the secondary powers. The third shift concerned the breakdown of the traditionally close relationship between strategic relations and

trade relations. This bifurcation of economic and security interests was exemplified in the tensions in Australia's relations with China and with the United States.

Shyam Saran said that the speed of shifting power dynamics in Asia was potentially destabilising. In these circumstances of rapid change, nations were hedging, and there was the possibility of misjudgements on all sides. China seems to aspire to a position where, on any issue it considers its interests threatened, it should be able to exercise a veto over the actions of others. This also covers consultative fora which other states in the region may set up to foster mutual consultations, such as the India-Japan-US trilateral. At the same time, countries like India and Australia would be well advised not to craft their external policies purely in reaction to China; the main driver should continue to be the furtherance of national interests.

Ric Smith noted that any discussion of the strategic environment would need to take into account the economic problems in Europe and the United States, and a pattern of minority or coalition governments in democratic states, marked by diminished leadership and a new degree of insularity. The implications of Western military drawdown in Afghanistan also needed to be considered.

Relations and dialogue between

Australia and India were occurring on parallel business, diplomatic and security tracks. The two countries had some obvious shared concerns, including regarding the future of US power in the region. India's proximity to China made its security uncertainties about that country obviously 'closer to home' than Australia's.

C Raja Mohan said that, although the principal power dynamic would be between the United States and China, the 'internal' Asian power balance would also be important, and in this balance China and India would feature both as maritime and land powers. The Australia-India strategic relationship would fall under wider regional dynamics and could be brought to bear to exert modest influence upon them. Domestic politics in the United States and China would be critical to the region's strategic future and could be unpredictable.

India was not going to lead in a containment strategy against China; it did not want to be forward leaning only to be tripped up, as may have happened during the quadrilateral dialogue experience in 2007-08. But nor could India accept a China-centric Asian order. So India needed multiple strategies and partners. In the search for these partners, democratic values would be one factor. Another would be the extent to which other countries

shared traditions of capitalism, common law and the protection of the maritime commons.

DISCUSSION

Participants discussed whether the idea of an 'Indo-Pacific Century' was or would become a reality. One cautioned against overstating the decline of the United States, a point reinforced by several others in the room. Australia's investment relations with the United States were much larger than with China. And even with cuts, the US defence budget would remain the world's highest. America remained the preeminent power in the Asia-Pacific region for the foreseeable future.

A participant warned against the United States and its allies having unrealistically high expectations that India would or could be aligned with the West on all the big global and security issues. Another made the point that India's having a coherent sense of its own interests was good for a stable power balance in the region. It was not necessary for India to always agree with Australia and America; the region would in any case benefit from a more strategic approach to Indian external policy.

A participant noted that the future was likely to be characterised by a combination of conflict and cooperation between major powers.

The US still aspired to be the world's only superpower, but the rise of China did not necessarily equate to less stability. Another participant responded by warning against the 'self-deception' involved in trying to explain away China's ambitions as always benign; it was necessary to consider the possibility that China really did have designs on overtaking the US as a superpower. In any case, China simply needed to become the dominant power in the Western Pacific for it to change strategic circumstances globally.

A participant pointed to the growing importance of West Asia. By 2030, it was estimated that China and India would import 60% and 80% respectively of their energy from that region. China was uniquely vulnerable in this regard, as a large proportion of its oil imports would depend on Sea Lines of Communication (SLOCs) from that region. Energy security concerns were thus a genuine driver of Chinese naval strategy. Even if China gained a degree of control over Southeast Asian waters, India with its Andaman and Nicobar Islands command would still be a 'cork in the bottle' of these sealanes.

Discussion turned to the naval balance in the wider region. One participant argued that even if Chinese naval platforms came to outnumber American platforms, numerical supremacy did not



necessarily equate to overall superiority. Another participant said that China remained a long way from being a global naval power. Nonetheless, the day would come when both India and China would gain the ability to project their forces globally; the world had seen hints of this with the evacuation operations in North Africa in early 2011.

In response, one participant warned that regardless of the real US-China balance, or of China's real motives, it was quite possible that perceptions of fast-growing Chinese power could translate into fears – real or otherwise – about Beijing's strategic intentions.

One participant noted that the United States was becoming less tolerant of 'lopsided relationships' with partners and allies – i.e. relationships in which Washington took all the risks and made almost all of the serious military contributions.

Turning to definitions of the region, a participant noted that India had been promoting concepts along the lines of the 'Indo-Pacific' formulation since the early 1990s; it was good that other countries were beginning to agree with the logic of such a strategic system.

Session 2

PROSPECTS FOR ADVANCING BILATERAL DEFENCE, SECURITY AND INTELLIGENCE RELATIONS

In introducing the session, **Gen (Rtd) Peter Cosgrove AC MC** noted that Australia and India had extensive shared interests, but there were questions about the form and function of greater security cooperation between the two countries.

PRESENTATIONS

Professor Michael L'Estrange AO noted that cooperation with India in bilateral defence, security and intelligence relations represented a genuine national priority for Australia, and that progress had been made. Such relations must be examined within the context of India's great-power and regional ambitions. Bilateral security ties must also be viewed in the context of Australia's relations with the United States and China, and the relations India was pursuing with other Asia-Pacific countries, such as Japan, Singapore and Vietnam.

It was time to move beyond historical differences on security issues, and to focus on convergent strategic interests and economic complementarities. Intensified diplomatic dialogue would help. Many nations were competing for India's attention, and questions remained about whether India's prioritisation of issues related to South Asia might limit the extent to which it could be engaged as a partner in the wider Asia-Pacific. The 2009 Joint Declaration on Security Cooperation between

Australia and India brought together critical components of the security relationship. But some issues, notably uranium sales, still needed to be addressed.

There existed enormous scope for cooperation in the northeast Indian Ocean regarding transnational crime, terrorism and people smuggling. Some gains had reportedly been made in intelligence sharing more broadly. In terms of defence, there was a need for greater cooperation in army and specialist skills.

Commodore C Uday Bhaskar spoke of the potential for a future tripolar regional order, with the United States, China and India as the three main players. In this context, he spoke of several potential areas for maritime security cooperation between Australia and India. These 'low-hanging fruit' included humanitarian assistance and disaster relief as well as Indian Ocean oceanography, a better understanding of which could have broad benefits for both countries. There was a need to better understand the health of the ocean and monsoon patterns; there was also a complex strategic dimension. Cooperation against piracy and other forms of maritime transnational crime was also a logical avenue to pursue. The Indian Ocean Naval Symposium was a natural vehicle for India and Australia to use in deepening their cooperation.

Commodore Bhaskar noted that the two nations' shared interests in protecting the global commons also encompassed cyberspace. States needed to identify, quantify and manage their dependence upon cyberspace, and there was potential for Australia and India to cooperate in this domain.

DISCUSSION

A participant identified the value of the 2009 Australia-India Security Declaration as a foundation for deepening practical cooperation in defence. Perhaps the declaration could and should have been stronger, but it nonetheless provided a good framework which might be fleshed out to incorporate activities such as maritime exercises.

Several participants agreed on the need for an Indian Ocean focus in Australia-India security ties. One noted that Australia had the ability to work with India in specialised areas such as submarine rescue training. It was also observed that Australia and India might have scope to pool their training and maintenance resources in integrating US platforms they were both purchasing, such as the P-8 Poseidon maritime surveillance aircraft.

A participant suggested the need for greater consultation between Australia and India regarding China's strategic aims and the likelihood of a transition to a bipolar or unipolar

international system. Another noted that Australia-India defence cooperation need not preclude efforts to building confidence-building measures with China; indeed, both Australia and India had made progress on that front, as they should. In some ways, their practical mil-mil relations and CBMs with China were better than America's.

Counter-terrorism was identified as an obvious focus for deeper intelligence sharing between Australia and India.

A discussion developed on the potential utility of 'minilateral' strategic dialogues – for instance trilateral or quadrilateral – in building the Australia-India bilateral relationship. A variety of views was expressed about possible partners. Indonesia was suggested as a useful potential partner for Australia and India, building for instance on Australia's existing security relationship with Jakarta. India's growing interests in the South China Sea were noted, as were the efforts by a number of Southeast Asian countries to develop maritime security cooperation with India.

Views and assessments were exchanged over incidents in the South China Sea including the reported 2011 incident in which an Indian warship had been challenged over the radio by someone claiming to be from the Chinese navy, following a visit to Vietnam.



AUSTRALIA'S INTERNATIONAL OUTLOOK A conversation with the Secretary of DFAT, Mr Dennis Richardson AO

Mr Richardson gave a wide-ranging presentation on Australia's foreign and security policy interests and outlook. He underlined the extent of Australia's engagement with the Asia-Pacific region, including economically and demographically (with almost a quarter of Australians born overseas). Through

its experience with migration – and notably the abolition of the White Australia Policy – Australia had shown its ability to change, and not to be held back by out-dated historical perceptions. He pointed to the impressive growth in Australia's ties with India, which was now Australia's fourth-largest export market and an important diplomatic and strategic partner. At the same time, he noted the realistic recognition in both Canberra and New Delhi that the two countries

would continue to see the world in different ways, despite their both being democracies.

The discussion turned to Australia's and India's common interest in certain multilateral institutions, notably the G20 and the East Asia Summit (EAS), and the potential to work together in those forums. Some participants observed it was disappointing these forums were not being 'used more'.

The discussion considered the ways in which an enhanced Australia-India relationship could make sense within an evolving Indo-Pacific strategic system.

The discussion also looked at the ways in which Australia and India had worked together to address sensitive issues of importance to both nations -- such as the attacks on some Indian students in 2009-10 -- without letting the bilateral relationship become dominated by those issues. One Indian participant commented that, on this subject, Canberra had demonstrated an ability to work with (and put pressure on) state governments within a federal system -- and that New Delhi might draw on this experience in its own efforts to make state governments more sensitive to international issues. It was also noted that a study by the Australian Institute of Criminology had been invaluable in helping clarify what had happened.

The discussion turned to the question of how the Australia-India relationship might connect -- now or in the future - with the Australia-US and Australia-China relationships. It was recognised that Australia's relations with these countries differed according to questions of interests, history, culture and values, as highlighted in recent research by several roundtable participants.

Discussion turned to the issue of uranium sales, and the (then) policy of the Australian Labor Party against selling uranium to non-signatories of the Nuclear Non-Proliferation Treaty. It was noted that, despite that policy, Australia had chosen not to obstruct the India-US nuclear agreement in the Nuclear Suppliers Group in 2008. Nonetheless, Australia could not sell uranium to India unless there was a change in Labor policy. [Note: Events have since moved on. A few months after this dialogue, in December 2012, the Australian Labor Party National Conference voted to amend its platform to allow safeguarded sales of uranium to India for civilian purposes.]

A participant raised the issue of China's role in the South Pacific, and what this meant for Australia. It was observed that the China-Taiwan competition for diplomatic recognition by Pacific nations had diminished. It was also noted that there were varying schools of thought about whether Chinese involvement in the South Pacific -- for instance in aid and development - was cause for concern. Discussion also touched upon Australia's Fiji policy, another issue of interest to India.



Session 3

ECONOMIC RELATIONS I: THE STATE OF THE AUSTRALIAN AND INDIAN ECONOMIES AND PROSPECTS FOR BILATERAL ECONOMIC RELATIONS

PRESENTATIONS

Mr Mark Pierce noted that although Australia-India economic relations were generally a success, questions about bilateral trade imbalances needed to be addressed. Overall bilateral trade had grown dramatically between 2007 and 2009, but had fallen since then. Likewise, the number of Indian student enrolments in Australia had declined from a peak in 2008-9.

Dr Rajendra S. Pawar noted that the growth and health of economic relations between states extended well beyond the interactions between governments. Economic ties involved a human element of people-to-people contacts as well as contacts between businesses, large and small. For India and Australia, a valuable 'inventive step' might involve building on the complementarities between small-scale Australian software design businesses and the wider Indian IT industry – in effect, to take Australian software IP global. The challenge would be to get, say, a few hundred small companies from countries to begin engaging directly with one another.

Several participants agreed, commenting that the two governments should work to create structures to assist large-scale direct collaboration between services companies in the two countries. The creativity of small Australian

IT service-sector companies could be combined with successful Indian models for growing such businesses and exporting them to the world. Governments could work together to create structures for small companies on both sides to work together, involving protection for their intellectual property.

Joint export of services to third countries should be a long-term goal, as part of a future global supply chain in IT services. Close collaboration between Australian and Indian service-sector companies might also help reduce the imbalance, currently very much in Australia's favour, in Australia-India trade. It would also help Australia make a much-needed shift towards being a more knowledge-intensive economy.

Dr John Edwards outlined some key features of the Australian economy, including its strengths relative to most developed economies. He cautioned against overestimating the impact of the resources boom, noting that mining accounted for only 10% of Australia's total output and that mining employed just 2% of the Australian workforce. Second, the lingering impact of the global financial crisis continued to affect Australia due to its significant economic interaction with the EU and US. Third, the high value of the Australian dollar

affected demand for some exports, including education. Also, Australia had experienced relatively low productivity growth in recent years.

Dr Edwards referred to assumptions that economic growth in China and India would continue to drive Australia's economy through ongoing demand for coal, iron ore, and agricultural produce. However most Australian jobs were in services, and mining was likely to account for only one-sixth of annual GDP growth. Australia needed regularly to re-evaluate where it fitted into the global and Asian economy.

Dr Biswajit Dhar noted that perceptions mattered in economic as well as political relations. For example, Australia was perceived to want agricultural liberalisation from India, which India was resisting. For its part, India wanted greater access to Australian markets. The challenge would be to harness the two nations' strong economic complementarities. It would also be useful for India and Australia to cooperate in building regional economic institutions, for instance under the mantle of the East Asia Summit, which represented an economically-meaningful grouping of countries. In addition, regular dialogues between Australian and Indian economists would be of value.

Mr Mark Thirlwell said that the big picture of Australia-India economic relations was a positive story, but deeper down there remained questions. He acknowledged that Australian resource exports had been the main driver of the Australia-India economic relationship, but added that the services and tourism sectors had also performed well. Indian service exports to Australia had done more poorly than earlier assessments had anticipated. Bilateral investment levels could also be higher, and could help reduce capacity constraints in both economies. It was also important for both countries to avoid being complacent. We should not assume, for instance, that 8 percent growth rates for India would continue in the absence of further policy measures.

[Discussion of economic issues took place at the end of the next agenda item]



Session 4

ECONOMIC RELATIONS II: FOCUS ON ENERGY ISSUES

PRESENTATIONS

Introducing the session, **Reg Howard-Smith** pointed to India's ever-increasing demand for energy and Australia's potential to help meet it. He noted Australia's wealth of resources including coal, natural gas, iron ore, rare earth materials and uranium.

Ambassador Shyam Saran highlighted the energy challenges facing India over the next few decades. In order to maintain high growth, and to provide 400 million Indians with the electricity they currently lacked, India needed to make full use of all its sources of energy. India had big plans to diversify its energy sources. Most of India's natural gas and oil needs – 60-70% and 90% respectively – will need to be met through imports by around 2030. Nuclear energy would feature prominently in ensuring the nation's future energy security. Efforts were also being stepped to develop solar, wind and hydro.

Nonetheless, coal continued to be vital to India's energy security; it provided India with about 50 per cent of its energy. Planned increases in efficiency – such as smarter grids – would bring multiple benefits including regarding energy security and climate change.

Ambassador Saran and several other participants referred to the debate over Australian uranium exports to India as a 'legacy issue',

something India looked forward to seeing resolved. Several Australian participants suggested a change of policy to allow safeguarded exports to India was a matter of time, either through a change of Labor policy or a change of government (since the conservative Coalition already had shifted its policy under the Howard government in 2007).

Arun Sharma described the Australia-India energy relationship as one generally of 'complementarity'. The exception was with regard to research into renewable energy where it was a relationship of 'similarity'; for instance, both nations were undertaking research to expand their use of solar energy. He outlined in some detail the recent movement towards a long-term coal supply relationship between the state of Queensland and India, noting also that Queensland held large LNG reserves. The two countries needed to collaborate on 'clean coal' initiatives. Regarding renewables, there was scope to collaborate on solar energy projects. In addition, there were companies in Australia experimenting with biofuels made from sugarcane, a process which could make sugarcane farms sustainable, with relevance to both countries.

Ian Ledlie spoke about Rio Tinto's code of responsible, safe mining practices, including its potential in

the Indian context. The discussion turned to questions about mining exploration in India, and the potential benefits of this including for Australian corporations.

DISCUSSION

Discussion turned to the need to increase investment levels in both directions. Growing Indian investment in Australia, notably in coal mining, was noted and welcomed. It was also noted that an ideal objective would be to increase bilateral investment in industries for export to third countries.

In response to a question about India's interest in Australian uranium for its nuclear energy needs, an Indian participant noted that India did not particularly require Australian uranium at the moment. Rather, the issue was more a question of politics and perception. There was a view in India that it made little sense for Australia to deny uranium to India while willingly selling it to China.

One participant noted that, in energy more broadly, India was now looking to Australia as a 'key partner'.

The discussion turned to the Indian IT sector. One participant noted the beneficial side-effect of overinvestment in international IT infrastructure ahead of the feared Y2K bug. This, when combined with India's wealth of IT and MBA

graduates had contributed to a boom of Indian innovation in IT businesses.

The conversation turned to undersea mining, including Chinese interest in undersea minerals exploration. Questions were raised about the commercial viability of ocean resources. The cost of extracting copper, zinc and gold from the seabed remained very high, but was decreasing. It was noted that Australia was a world leader in developing underwater mining robotics.



Session 5

ASIA-PACIFIC REGIONAL ARCHITECTURE AND COOPERATION IN THE INDIAN OCEAN AND SOUTH PACIFIC

PRESENTATIONS

The session began with an overview of the existing regional diplomatic architecture and the prospects for diplomatic and security cooperation in the Asia-Pacific and Indian Ocean regions. Focusing on the prospects for ASEAN-led structures, **Dr C Raja Mohan** noted the disparate security interests of major powers. He argued that the increased emphasis on regional architecture served in part as code for discussing China's rise and changing great power dynamics. These developments, and especially China's rise, had the potential to fracture ASEAN unity. The United States' emphasis on regional architecture involved a wish to supplement alliances, whereas China was interested in whether regional multilateralism could help neutralise these alliances. Both Australia and India were interested in an inclusive regional order.

Establishing and utilising effective regional architecture in the Indian Ocean would be harder. While there was possibility of limited cooperation in the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) with regards to security issues such as piracy, this institution and this region should realistically be more focused on development and economic integration. China's growing presence in the region was

noted. China's growing economic stakes in the region and the challenge of piracy would lead to a long-term wish by Beijing to develop facilities in order to enable its own eventual security presence in or stable access to the Indian Ocean.

It was argued that several areas of partnership should be afforded greater attention. Australia and India would benefit from sustained strategic dialogue and bilateral consultations on East Asia, the Indian Ocean and the Pacific. There should be greater consultation between Indian and Australian aid agencies, with particular sensitivity to each country's respective sphere of interest in the Indian Ocean and South Pacific. It would make sense for the two countries to work together in promoting good governance structures within the region through building coalitions of willing and capable states.

Greg Sheridan discussed the existing regional architecture in the Asia-Pacific. ASEAN could be seen as an essentially conservative organisation which provided an extra layer of consultation. This lack of adequate regional consultative mechanisms through which to address security and economic concerns had motivated former Prime Minister Kevin Rudd's proposal of creating an Asia-Pacific community. The goals of this proposal had included ensuring

a place for the United States at the heart of Asian regionalism, making a place for India in Asian regional architecture, and applying multilateral pressure to China. That said, regionalism would supplement – not replace – security alliances in ensuring regional order.

Commodore Uday C. Bhaskar addressed the existing regional architecture from the perspective of an India reviewing its own position in the region. East Asia was becoming increasingly important to India, as evidenced by India's entry into the East Asia Summit. Turning to the South Asian Association for Regional Cooperation, this organisation would have to begin addressing issues, challenges and anxieties relevant to all of Asia, including the implications of the rise of China and what could be described as the link between China, Pakistan's nuclear/missile programs, and the enabling of terrorism. Discussions regarding nuclear-weapon issues in the region had been characterised by unproductive patterns of denial, including China's refusal to acknowledge India's nuclear-armed status.

The strategic and security implications of China's rise needed fully to be explored by Indian and Australian experts. The way in which India, China and the United States might respond to naval developments in the region also needed to be understood.

Finally, Commodore Bhaskar noted the potential for the 'long littoral' of the Indian Ocean to develop into a safe haven for terrorism and transnational crime. The concerted effort of the region's more capable and responsible states would be essential to preventing this.

Jenny Hayward-Jones focused on the regional implications of political instability in Fiji, and the way in which other states should respond to this. Australia needed to address why its policy of economic sanctions put in place following the 2006 military coup had not been effective, and to consider modifying its policies accordingly. There was a new for new thinking, such as a common approach by a 'Coalition of Unusual Allies' consisting of Australia, the EU, New Zealand, the United States, Indonesia, India and Malaysia. Although opinion polling suggested that only 53% of Fijians were in favour of democracy, 98% were in favour of rights associated with democracy. Currently China was a dominant foreign influence in Fiji, but in light of this sentiment towards democratic rights, India might hold valuable lessons for Fiji. Australia needed to allow other states to take a lead in addressing the Fiji situation and the time may be right for India to play a greater role.

DISCUSSION

An Australian participant noted there had been little reference to West Asia. An Indian participant said that India did not view West Asia as a monolithic structure or a single strategic system. While the Gulf region was home to more than six million Indians, other parts of West Asia and North Africa involved different concerns. Another Indian participant noted that the West Asia and East Asia posed very different challenges for India. The Gulf States represented not only a major source of remittances for India, but a way for India to gain access to Central Asia. General discussion addressed the importance of the Gulf States to India, representing 63% of its crude oil supply, USD 93 billion in trade and USD 55 billion in remittances.

Several participants noted that China's growing role and influence in West Asia was likely to create a new diplomatic, economic and even strategic dynamic in the Gulf and Middle East.

A range of views were expressed on the situation in the South Pacific and Australia's Fiji policy. One participant contended that the current policy of diplomatic isolation and travel bans needed more time and the situation in the country was slowly moving in Australia's favour.



Session 6

SOFT POWER ISSUES – IMPROVING AND MANAGING BILATERAL PERCEPTIONS

Session chair **Lachlan Strahan** opened by pointing out that changing one nation's perceptions of another was difficult. Legacies of history were difficult to shake off and national perceptions could be 'sticky'.

Karan Thapar began by observing that the roundtable had confirmed one of his views of the bilateral relationship in general: both countries keenly wanted to improve the relationship, but in some ways were pushing too hard, leading to frustration on both sides. A slower approach to diplomacy may be preferable.

Mr Thapar went on to outline Indian perceptions, and misperceptions, of Australia. These perceptions had been fuelled by stereotypes such as cricket and kangaroos, and the approach of the Indian tabloid media, particularly the 24-hour TV news channels. This generated heat but did not shed light. Such sensationalism applied not only to coverage of Australia, but also for instance China. This coverage could shape public opinion and thus influence the policies of governments. In this way, even a 'perceived' crisis required a response.

The passing of time would help: as more Indians came to live, study and work in Australia, future generations would perceive Australia and its positive qualities more accurately

Matt Wade drew upon his insights as an Australian press correspondent based in India from 2008 to 2011. He had been one of the few Australians with an opportunity to offer some first-hand perspective of the various bilateral problems over that period. For instance, he reflected that – for better or worse – bilateral perceptions would continue to be influenced in part by the way each society perceived the attitudes and behaviour of the other's cricket team.

A major instance of mutual misperception was of course the 2009-10 'student crisis'. Australians generally had a very limited understanding of India, and were taken aback by Indian reactions to the crimes against some Indian students in Australia. This confusion and lack of understanding were apparent even in political circles, with some Australian public figures making inadvertently counterproductive comments. There was a strong case for greater media engagement in both directions.

Several participants commented that there was no substitute for having a permanent correspondent or bureau based in another country to lift the quality of media coverage.

Navdeep Suri noted that it was important to be able to measure public perceptions towards other countries and opinion polling, such as done by the Lowy Institute, was one valuable avenue. He

emphasised the need to make more people aware of the positive stories of Indians who had found success in Australia, for instance through the creative use of social media. He also noted the positive impact of Bollywood films being made in Australia, and recommended that more Bollywood producers be encouraged to make films here. He acknowledged that negative images of a country nonetheless remained 'sticky'. They were difficult to shift. But recognising the problem was the first step to overcoming it.

Karen Lanyon stressed that there are no quick fixes to overcoming national misperceptions and stereotypes. It was important for governments to identify and work with non-government 'champions' of the Australia-India relationship. Indians and Australians needed to know and understand more about the other country and society. The student issue had for instance highlighted a lack of understanding and awareness of Australian multiculturalism. It was important to go 'beyond cricket' in building mutual awareness.

Nick Hill emphasised the need for wider training in public diplomacy among diplomats. He also noted the work of the recently-established Australia-India Institute in improving bilateral perceptions through exchange programs, visits and dialogues.

DISCUSSION

A participant pointed out that India was far from the only country Australians needed to learn more about. That said, public diplomacy was a two-way process, and there needed to be sustained investment in awareness-raising on the Indian side also.

Another participant noted that it was necessary to be realistic about the costs of setting up media bureaus in other countries. There were, however, more affordable alternatives which would still go a long way to improve mutual perceptions: for instance, making dedicated television programs about one country for broadcast in the other; exchanges of senior journalists or editors between Indian and Australian newspapers; and pooling of resources between Australian and Indian television stations (for example, arrangements to give visiting journalists access to studio facilities).

The discussion turned to an examination of the policy mistakes and misjudged statements that had worsened misunderstanding over the student issue. On several occasions a comment intended for a domestic audience was broadcast to – and easily misunderstood by – a foreign audience.

There was also a discussion of whether and why there was reluctance to acknowledge lingering

challenges of racism within parts of Australian society.

It was broadly agreed that, despite past problems and failings, there remained great potential to develop the education links between India and Australia. One participant noted that, with support from both governments, this relationship had broadened to include research funds for science education, including projects related to energy technology.



Closing remarks

Rory Medcalf commended the frankness of the dialogue, as well as the 'inventive steps' that had been proposed throughout the discussion. He noted that, although several valuable 'second track' dialogues had been held previously, this year's discussion reflected new levels of candour, trust and like-mindedness, and boded well for the future of the official relationship. He thanked participants for their contributions.

Vijaya Latha Reddy also praised the quality and directness of the discussion. She confirmed that an Australian delegation would be welcomed in India in 2012 for the next iteration of the Roundtable. She suggested that the present Australia-India relationship was like a 20/20 cricket match; the challenge would be to make it more like a Test match. Borrowing an Australianism, she said that both countries needed to do their utmost to give the relationship 'a fair go', and she looked forward to the Roundtable's convening again in India.

Delegation leaders endorsed the Outcomes Statement and the discussion concluded.

PUBLIC SESSION

The dialogue proper was followed by a public session, in which Ambassador Ric Smith, Ambassador Shyam Saran, Rory Medcalf and Navdeep Suri outlined key themes and perspectives explored during the closed sessions. The audience included senior members of the business community and the Indian community in Australia, and the session included a dynamic question-and-answer session. This involved significant contributions from key figures in the Australia-India business relationship, including **Neville Roach AO**, the Chairman Emeritus of the Australia-India Business Council, and **Trevor Rowe AO**, Executive Chairman of Rothschild Australia. The Outcomes Statement was distributed to guests and the media during this session.

A video recording of the public session can be accessed at

<http://www.lowyinstitute.org/Publication.asp?pid=1704>





CONTACT US

31 BLIGH STREET SYDNEY NSW 2000

TEL: +61 2 8238 9000 FAX: +61 2 8238 9005

PO Box H-159 AUSTRALIA SQUARE NSW 1215

ABN 40 102 792 174

TWITTER: @LOWYINSTITUTE

WWW.LOWYINSTITUTE.ORG

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