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ANALYSIS

AUSTRALIA-INDIA RELATIONS: HESITATING ON THE BRINK OF PARTNERSHIP

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As Kevin Rudd visits Washington and other world capitals on his first major international trip as Australian Prime Minister, media attention has fixated on his perceived snub to Japan, since his only Asian destination is Beijing. But India too is feeling a shiver of uncertainty about the new Australian government's priorities.

Australia and India are logical strategic partners. Yet circumstances, especially the Cold War and nuclear differences, have long obstructed their closer engagement. The next few years offer a crossroads. One possibility is the breakthrough both countries need, though this will take sustained political will in both capitals. An unsteady start to the relationship under the Rudd government also suggests it is quite possible that expectations will be left unfulfilled. If so, the reasons will include uranium and China.

The new Australian Labor Government, elected in November, claims it wants to make the India relationship a priority. In recent years, India has become Australia's fourth-largest export destination. Trade is rising at 30 percent a year, though the balance is heavily in Australia's favor, given burgeoning Indian demand for its coal, gold, copper, and education services.

A thickening web of interaction between the two societies has generally reinforced the respect each has for the other's democratic qualities, despite occasional problems such as cricket controversies and Australia's wrongful detention of an Indian doctor during a terrorism investigation. India is Australia's fastest growing source of migrants; its students and skilled workers are welcome additions to Australia's economic and social fabric. Not that the deal is one-sided: as an education destination for Indians seeking opportunity, Australia is second only to the United States.

Yet diplomatically the two countries are still working through the fallout of a nuclear divide that originated during the Cold War. Under this, Australia cast itself as a "white knight" in global efforts for arms control (despite its convenient protection by the U.S. nuclear umbrella) while seeing India solely as an outlaw from the Nuclear Non-Proliferation Treaty (NPT), despite that country's in-principle support for global nuclear disarmament.

The U.S. embrace of a rising India was a chance for Australia and India to transcend these differences and craft a strategic partnership. John Howard's conservative government eventually saw the potential, and in 2007 agreed in principle to export uranium to India to help meet that country's massive energy needs. Australia holds the world's largest uranium reserves, and a uranium supply relationship would be the most direct way to make it an indispensable partner to a rising India. The Howard plan was to negotiate a bilateral safeguards agreement which, with a finalized U.S.-India deal plus approvals from the Nuclear Suppliers Group (NSG) and the International Atomic Energy Agency (IAEA), would ensure Australian uranium would supply India's civilian reactors and not assist its weapons program.

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Above all, Australia and India need to understand that the other's strategic orientation is not one-dimensional: Australia is a U.S. ally and India a now-favored U.S. partner, but both are also independent and weighty regional players.

But the game fell foul of domestic politics in both countries. India's Left parties opposed the U.S. deal. And India lost out in a horse-trade within the Australian Labor Party: its Right wing has secured agreement from the Left to allow the country's uranium mining industry to expand; in return, a show of resolve was needed on non-proliferation, and India made an easy target.

India continues to hope Australia's export policy will ease, even though Foreign Minister Stephen Smith has repeatedly and publicly confirmed the Rudd Government's pre-election pledge not to sell uranium to India, on the basis that it had not signed the NPT. This does not mean Australia is likely to block the U.S.-India deal in the NSG: to do so would cause real harm to the Australia-India relationship and seriously rile Washington. Instead, Australia's position will probably be more about balance than consistency. Indeed, some Indian observers go so far as to interpret Canberra's hints that it won't cause trouble in the NSG as meaning that Rudd's Australia will yet come round to allowing its own uranium sales to India.

One day they may be right, since views in Canberra are mixed—but the Rudd Government would probably want to be snug in its second three-year term before making a shift. And in the meantime it might feel the need to demonstrate new levels of cooperation with India on the wider nuclear non-proliferation and disarmament agenda, for instance in pushing for a verifiable treaty to ban the production of fissile material for weapons, or perhaps advocating a reduced role for nuclear arms in Asia and globally.

A thus-changed context in which both countries could see each other as partners in arms control, combined with a recognition in Australia that an internationally-assisted nuclear energy program will be essential for India to manage its greenhouse emissions, could encourage a bipartisan consensus in Australia on allowing uranium sales to India. This in turn would establish a uranium-supply relationship as a pillar of indispensability in Australia's relations with India, to match the strength of its ties with Asia's other great powers.

For now, though, both countries will likely try to focus on other issues. There is a large agenda of common interests. On the strategic plane, these include: encouraging continued U.S.

engagement in an Asia where regional structures accommodate a rising but not destabilizingly dominant China; protecting sea lanes for trade and energy security; improving and coordinating responses to natural disasters and climate change; and countering terrorism and jihadist ideology in Pakistan, Afghanistan, and Southeast Asia.

Shared progress across these fronts will require deeper engagement, including among defense and intelligence agencies, and a willingness to develop the candor of friends. Above all, each country needs to understand that the other's strategic orientation is not one-dimensional: Australia is a U.S. ally and India a now-favored U.S. partner, but both are also independent and weighty regional players.

One final issue, naval cooperation, is ahead of the curve. A practical recognition of common interests in Indian Ocean security, combined with a shared British heritage, has helped the Indian and Australian navies develop a rapid tempo of operationally-focused dialogues and exercises. Sensitivity about how China saw the fleeting quadrilateral dialogue involving the U.S. and Japan—or last September's five-party naval exercise, which also included Singapore—is unlikely to stymie further maritime cooperation between Australia and India.

That said, the strange rise and fall last year of the quadrilateral dialogue marks another potential area of trouble in the Australia-India relationship. That dialogue fell into a coma with the resignation of its champion, Shinzo Abe, as Japanese Prime Minister last September. India thus saw Australian Foreign Minister Smith's recent public repudiation of the quad—at a press conference alongside his Chinese counterpart—as gratuitous and perhaps even marking a tilt to China. The Mandarin-speaking Prime Minister Rudd's deep interest in China (where he served as a diplomat) is treated with some suspicion in the more China-wary circles of New Delhi. Such Indian mistrust of Australia may be misplaced and misinformed, but nonetheless poses an extra challenge for Mr. Rudd in achieving closer ties with India. For its part, Canberra risks underestimating how sharply its engagement of Beijing might diverge from New Delhi's underlying mistrust of the Middle Kingdom—and how such a divergence might worry Washington.