India – Australia Relations: Retrospect and Prospect

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In September 2008, on a keynote address in University of Western Australia, Foreign Minister of Australia Mr. Stephen Smith acknowledged Australia as India’s extended neighbor. In 2012, Prime Minister Julia Gillard in Asian Century White Paper prioritized India along with five other countries for building comprehensive and stronger country relationships.

In 2013, Mr. Smith, as Defence Minister, complemented Gillard by reiterating emphasis on India in the Defence White Paper and stated "the ongoing economic, strategic and military shift to Indo-Pacific" rather than using the conventional terminology of Asian-Pacific.

India and Australia, popularly connected by 3C’s i.e. Curry, Commonwealth and Cricket, have many a things in common. Both being the colonial countries under British imperial power, have inherited parliamentary system of governance. They boast of free press and independent judicial system. Both share a strong, vibrant, secular and multicultural democratic set up. The geographical proximity allows the countries to become extended neighbors. A common English language serves as a significant link. And of course, cricket binds the two countries well together. Commenting on the remarkable similarities between the two countries, Punendra Jain and Peter Mayer aptly writes “If Australia and India were approaching a proposal for an arranged marriage, astrologers would conclude that ‘the horoscopes are in agreement’.”

But despite sharing many commonalities, India and Australia relations appear to be cold and neglected. “Australia has mostly been the suitor and India the reluctant bride” - Sandy Gordon wrote. “An encounter between impatient Australia and non-committal India” - said Michael Wesley. Academicians have repeatedly pointed the much evident void. A Tale of Missed Opportunities (Gurry 1993b), No Will or Way? (Gurry 1993a), Australia’s Neglected Neighbour (Gurry 1996), Peaks and troughs (Kuruppu 2000), The Diplomatic Vacuum (Vicziany 1994).

The hyphenated India-Australia relations are guided more by the interests of superpower America and the threat of rising China. Concomitant to this, there are many significant irritants which have marred the blossoming of relations.

Globalization process, today, is calling the shots in the international system. And global power dynamics is also undergoing a remarkable change. So, no country can afford to remain isolated or distanced for long. Interdependency is imperative for securing development, security, peace and prosperity in the region.

Therefore, there is a need to relook and resurrect the lost thread in India-Australia relations. The paper intends to retrospect the relations. It will also deal with the underlying convergent and divergent perceptions and will, conclude with the policy measures to weed out the non-harmonious aspects plaguing the relations.

I. Relations Since 1950s: Peaks and Troughs

a) The Clash of Titans

At the onset of independence in India in 1947, Australia’s labour government that held power till 1949 had ‘close and sympathetic’ relations. Australia reciprocated India’s invitation for participation in Asian Relations Conference held in 1947 in New Delhi by sending its two representatives. Although differences arose over two critical issues- one that of United Nations Security Council veto rights and treatment to be meted out to newly defeated Japan and the second, of biased ‘white only’ immigration policy which prevented Asians from entering Australia; the relations was, by large, positive and forward looking.

In 1950, things took a conflictual turn with the arrival of two robust personalities – Jawaharlal Nehru, India’s first Prime Minister and Robert Menzies, the longest serving Prime Minister of Australia. The two differed in their ideologies. Nehru was a leader of third world struggles whereas Menzies was an Anglophile Empire loyalist.

Menzies was of the view that India, fresh from the freedom struggle, is not fit for self rule and the latter should have, therefore, offered loyalty to the British Crown as Australia did. The two also clashed...
over the White Australia Policy, the Suez Crisis in 1956, apartheid in South Africa, UN involvement in the Korean War and the Southeast Asia Treaty Organization (SEATO) Pact.

Difference in foreign policy was also a cause of tension in the relations. During cold war, India adopted more of an idealist posture and pursued non-alignment policy. Australia, guided by its geo strategic positioning, always felt a threat to its security and wanted to defend itself from resurgent Japan, therefore got allied with western powers and signed the ANZUS Treaty of 1951. The close alliance with USA allowed for nuclear ships to be stationed in Australian ports, while joint Australian and U.S. defense facilities in North West Cape, Pine Gap and Nurrungar connect Australia to the US nuclear infrastructure through the presence of US C ![ facilities.](image)

Other factors which strained the relations were the Australia’s trusteeship over Papua New Guinea and the clash between India and Pakistan over Kashmir’s accession. Quoting from the confidential foreign document, In determining the line to follow [on Kashmir] the fundamental principle should be to cultivate Pakistan rather than India if we must make a choice.


This period was marked with fluctuations, with India-Australia relations witnessing happy and not so happy moments. The change of government in Australia brought many discernible changes in its foreign policy. Labour party under the Prime Ministership of Gough Whitlam (1972-1975) put a stop to Australia’s involvement in the Vietnam war; secondly, France was taken to International Court of Justice for carrying out atmospheric nuclear tests in the South Pacific; third, recognition was given to China, North Vietnam, East Germany and North Korea; fourth, cultural accord was signed with many of the Asian states including India in 1971 and development assistance to third world countries was greater than before, and fifth, ‘white only’ biased immigration measures were scrapped. Whitlam extended hand of friendship by visiting India where no Australian PM had done since 1959. Because of India’s cold attitude, the relations did not make much head way.

The relations dropped low in 1975 when liberal party under the leadership of Malcolm Fraser criticized India’s closeness to Soviet Union. He stated “The policies of India to us seem to some extent unreal. They condemn the United States in her effort to build a support base at Diego Garcia in the Indian Ocean which is necessary to preserve balance but they don’t condemn the build up of the Soviet Union in the Indian Ocean.” The 1971 Indo Soviet Treaty of Peace, Friendship and Cooperation further affirmed Fraser’s allegations.

Australia’s apprehensions of the regional instability were placated when the international environment underwent significant changes. Demise of cold war, collapse of a socialist bloc-Soviet Union and the advent of globalization which focussed on economic growth and prosperity, allowed it to relook and re-question its security perceptions.

Australia reshaped its foreign policy and based it on multiculturalism. To enhance engagement with the Asian countries, they adopted the ‘Look West’ policy. The 1994 Defense White Paper stated “a new strategic architecture will evolve as the structures of recent decades fade. Much will depend on the policies of major Asian powers- Japan, China, and India- and on their relationships with one another and with the other countries in the region”.

Australia advanced its trade, culture, tourism, education, sports and entertainment links with Asian powers including India. But the smooth running with India was again marred when Australia sold 50 Australian ‘mirage’ aircrafts to Pakistan in 1990 during the heightened tensions in Kashmir. Secondly, the cautious attitude of Australia rather than that of a strong action to the racially biased constitution of Fiji led to distrust in the Indian political circles. Thirdly, Australia’s vociferous concerns regarding India’s naval build up was considered unnecessary by the latter.

The flips flops in the relations continued. In some situations where Australia was a suitor and India acted as a reluctant bride. On the other, India was also well aware of Australia’s policy of taking one step forward and two steps backward.

In 1996, under conservative government of John Howard, emphasis was again laid on India. White Paper of 1997 stated “with economic growth and closer links with the Asia Pacific, India will become a more significant influence in regional and global affairs, and a more important trading and investment partner for Australia.” But when it came to supporting membership of India in APEC and UN Security Council, Australia turned its back.

In 1998, India’s nuclear tests became a major thaw in the relations. Australia’s harsh reaction did not go down well amongst the Indian authorities. Prime Minister John Howard criticized it as an ‘ill-judged step’ that would have ‘damaging consequences for security in South Asia and globally’. His foreign minister Alexander Downer called the tests ‘outrageous acts perpetrated by India’. Canberra withdrew its High Commissioner from New Delhi, suspended ministerial and official level visits and defense relations, and cancelled naval ship and aircraft visits, officer exchanges and other defense-related visits. India too responded by severing all military ties with them.
III. THE 9/11: SECURITY CONCERN

The repercussions were felt in the Asian region with September 11, 2001 attacks on World Trade Centre. Regional security and stability were threatened. China was also emerging as a major power, challenging the dominance of US. America, to hedge the power of rising China, cozied up with India and acknowledged it as a responsible nuclear state. Australia, being a US client state, too, toed the same line and started warming up the relations with India. Foreign Minister Alexander Downer visited New Delhi in March 2000 and announced resumption of military ties. The 2000 Defense White Paper resuscitated India’s importance by stating that ‘it is India’s growing role in the wider Asia Pacific strategic system that will have more influence on Australia’s security.’ In the post 9/11 environment, a Memorandum of Understanding on Co-operation in Combating International Terrorism was signed in August 2003 followed by a Memorandum of Understanding on Defense Cooperation in 2006. Second track security dialogue between two countries also took momentum. Joint naval exercises were also held between the two countries along with US, Japan and Singapore coded as Malabar Exercise. Navy-to-navy talks began in January 2007 and proposals were made to joint talks between the Indian and Australian air forces.

IV. CONVERGENCES IN INDIA-AUSTRALIA RELATIONS

India and Australia share, most importantly, democratic norms and are a voice for building stronger institutionalized governance in the region. But, unfortunately, relations between the two countries have been guided more by security perspective. The two have engaged and cooperated in many other areas which have been ignored at our own peril. Focus on the multiple converging areas will aid in strengthening of relations, so much so that despite being distances far, the two can become trusted allies and leaders in securing regional peace and security. This part will deal with the convergences between India and Australia.

a) Trade

Australia is India’s eighth largest trading partner and India is Australia’s fifth largest. India’s ranking among Australia’s export destinations has risen from twelfth to fourth in the period 2003-04 to 2009-10. Trade is growing exponentially. From A$ 6.54 billion in 2003-04, trade in goods and services between India and Australia reached A$ 18.35 billion (US$ 19.16 billion) in 2011-12. India’s exports to Australia were A$ 3.30 billion (US$ 3.45 billion), while India’s imports from Australia were A$ 15.04 billion (US$ 15.73 billion). India’s export of goods to Australia in 2011-12 was A$ 2.49 bn (US$ 2.60 bn) and India’s import of goods was A$ 13.11 bn (US$ 13.71 bn). India’s export of services was A$ 0.80 bn (US$ 0.84bn) and import of services was A$ 1.9 bn. (A$ 2.0 bn). India’s main service exports to Australia are computer and information services and tourism. Main Australian service exports to India are education, education-related travel and tourism. India is Australia’s largest export market for gold and chickpeas, second largest market for coal and copper ores and third largest market for lead and wool. Four products – coal, non-monetary gold, copper ores & concentrates and petroleum – accounted for over 80 percent of India’s imports from Australia, with coal and gold being the dominant imports in 2011-12. India’s major exports to Australia in 2011-12 are pearls and gems, jewelry, medicaments and passenger motor vehicles.

The India-Australia Joint Ministerial Commission was also established in 1989 and has held fourteen meetings to date, the last one was in New Delhi on 30 January, 2013 which was co-chaired by Australian Trade Minister Dr Craig Emerson and Shri Anand Sharma, Minister for Commerce & Industry. Negotiations for a Comprehensive Economic Cooperation Agreement (CECA) has already begun. The Gillard Government also launched an Asian Century White Paper stating that Australian Government wants to increase overall relations with India in every sphere. Both the countries have set a goal of A$ 40 billion bilateral trade by 2015 (from the current level of A$ 18.35 billion).

b) Foreign Direct Investment

In terms of investment, the Australian direct investment in India was $205.1 million in 2001 which rose to $755 million in 2010. Indian investment in Australia was negligible in the early years and Indian investors appeared on Australian Foreign Investment Review Board’s list for the first time in 2007-2008, ranking in 20th place with $793 million of investment approved. In 2009-2010, India’s ranking rose to 13th place with $1.6 billion of investment approved. Major Indian investments in Australia include Sterlite Industries (copper mines; Aditya Birla Group (copper mines); Gujarat NRE Co. (coal mines); Asian Paints; Reliance has entered into a partnership agreement with Uranium Exploration; IFFCO and Legend Holdings of Australia have entered into an agreement involving investment of over A$ 100 mn by IFFCO in Legend’s phosphate projects with buyback arrangements; NMDC and Rio Tinto have entered into an agreement for joint exploration in India, Australia and other countries. TATAs have enhanced their investment in a mining joint venture (led by Vale of Brazil) in Queensland. Tata Power and Australian company Geodynamics have entered into an
agreement involving Tata Power taking an 11.4 per cent stake in Geodynamics for A$ 44.1 million. Petronet LNG, New Delhi has signed an agreement with Exxon Mobile in August 2009 to source 1.5 mmtpa of LNG from the Gorgon Project, for 20 years starting from 2014. The Adani Group of India, owners of the country’s largest private port have acquired a coal mining prospect from Linc Resources in the Galilee Basin in Queensland. The deal is valued at $1 billion. $500 million in cash paid to Linc Resources and a royalty of $2 per tonne over 20 years. Adani has also acquired rights to manage the Abbot Point Coal loading terminal for a period of 99 years at a cost of A$ 1.83 billion. Lanco Infratech made an investment in Australia, spending almost A$850 million to buy Griffin coal assets. GVK Power and Infrastructure has finalized purchase of two thermal coal mines from Australia’s Hancock Prospecting for about US$ 2.4 billion and is also investing in development of rail network from the mine to the nearest port, which entails a total investment of US$10 bn. NMDC has concluded the purchase of half stake in Perth based Legacy Iron Ore in September 2012 and is conducting due diligence for the purchase of the Ridley magnetite project of Atlas Iron Ore. Infosys has acquired Portland Group, a sourcing and category management services firm in Australia for A$ 37 million. ICICI Bank has obtained necessary RBI approval to open its branch office in Australia. All the major Indian IT companies have a presence in Australia and are rapidly growing. These include Infosys; Satyam Mahindra; TCS; HCL; Polaris Software Lab Ltd; Birlasoft; NIIT; ICICI Infotech; Wipro; Mahindra-British Telecom Ltd; i-Flex; igate; among others. Satyam Mahindra has the largest product development centre outside India in Melbourne.22

Australian presence is evident in India, too. Cochlear (Hearing implant system), FAT Systems Pty Ltd (Biofuels projects), GHD (Global engineering services company), Leighton Contractors Pty Ltd, Macquarie Group (M&A advice, principle investing), ResMed (manufacturer of sleep apnoea equipment), Woolworths (JV with Tata Group for electronic store Croma) have set up their businesses.

c) Rise of China

‘Blue Book’ of China has for the first time spelled out its policy to secure its interests in the Indian Ocean region.25 The region holds strategic importance for preserving sea lines of communication in China. The Red Dragon has pursued the policy of ‘String of Pearls’ to preserve its sea lines of communication in Indian Ocean Region. It has increased the presence of submarines to over 45 in comparison to India which is 14.26 The Blue Book says that it wants to deepen economic engagement and not to show off its military strength. But this is contrary to the aggressive and imperialistic attitude exhibited by extending its influence over the resources in South China Sea. With China, being an authoritarian and closed country, it is difficult for the Asian region to engage with it. Also, China has never taken up the mantle of being a harbinger of peace and security in the region. It has been a free user of public goods till now provided by United States for close to two decades. China’s attitude smirks more of asserting its hegemony and taking control of region which makes Asian countries sceptical of its real design. And the scepticism is affirmed by an explicit warning in Blue Book that Indian Ocean could end up as an “Ocean of conflict and trouble”

d) Multilateral Fora membership

The two secular and democratic countries have extended their coordination and cooperation at important multilateral fora, including the ASEAN Regional Forum, East Asia Summit, the Group of Twenty, and the Indian Ocean Rim Association for Regional Cooperation. Australia has also lent its support to India’s permanent membership at the UN Security Council and its membership at APEC while India wants Australia to be included as an observer nation at South Asian Association for Regional Cooperation (SAARC).

e) Common Concerns

21st century has given rise to new security threats. Australia and India need to enhance its engagement in the areas of counter-terrorism, non-proliferation, disaster management, and combating illegal migration. Another area which requires immediate focus is Afghanistan. Drawdown of U.S. forces has made the country fertile for the comeback of Taliban. The consequences of this security void can spillover and ominously impact the regional stability and peace. The two common wealth countries along with US, Singapore and Japan conducted multilateral naval exercise in 2012, christened as Malabar exercise.

f) Cultural Exchanges

Many Indian Associations in Australia play an important role in promoting Indian culture by organizing cultural functions occasionally. High Commission of India & ICCR sponsor the Dance troupes from India to Australia to perform Traditional Indian cultural Programmes during Diwali celebrations with the help of Indian Associations in various cities in Australia. Know India programme is also a great learning Experience for Diaspora children about the rich Heritage and cultural of India, if countries like India, the U.S and China failed to engage with each other more constructively as their interests begin to overlap.27 Australia and India, to secure its interests in the Pacific and Indian Ocean, can cooperate and engage constructively and critically with China to
build a stable and peaceful Asian order. Australia-India Youth Dialogue is also held for furthering collaboration, sharing ideas and innovations to build sustainable long term relationships with each other.

g) Indian Community

In 2012, India became the largest source of migrants to Australia. They are contributing significantly to the Australian economy as teachers, doctors, accountants, engineers and I.T. professionals.

h) Tourism

Tourism between the countries is growing rapidly; 1,65,500 Australian tourists visited India in 2010 and 1,38,700 Indian tourists visited Australia in 2010.

V. DIVERGENCES IN INDIA-AUSTRALIA RELATIONS

a) Nuclear Non Proliferation

Australia projected a hypocritical stand in May 1998 when India exploded series of nuclear weapons in Pokhran, Rajasthan. The former was of the view that nuclear proliferation in the region will propel an arms race thus disrupting the peace and stability. Although both the countries profess and stand stoutly for non proliferation but the confused reaction of Australia did not go down well with the Indian political authorities. Firstly, Australia failed to respect India’s view on a discriminatory CTBT regime which allows nuclear states to enhance their nuclear capabilities or, to be precise, permits vertical proliferation but debars non nuclear states to develop theirs. Secondly, it did not take into account the turbulent yet dangerous nuclear neighbors- Pakistan and China and the imperative of India to go nuclear. Thirdly and most importantly, Australia does not provide explanation of its sale of uranium to communist China who reportedly pass on to nuclear irresponsible states -Pakistan and Iran. And India, on the other hand, use it for its energy use.

The nuclear non proliferation once again became a political issue when India signed a civilian nuclear deal with USA in 2006. Australia, third largest producer of Uranium, was pressurized, most notably by India, to sell its uranium. Howard government initially resisted as India has not signed nuclear non proliferation treaty but later agreed. In August 2007, Howard announced Australia would sell uranium to India under strict conditions through an agreement allowing Australian nuclear inspectors to ensure the uranium was used only for power generation. But the Leader of the Opposition, Kevin Rudd vowed to ‘tear up’ any nuclear deal to mark the contribution of the overseas Indian community to the development of India, with India if Labor won the next election. And weeks after the announcement, Rudd’s government came to power, he honored its election promise scrapping the nuclear deal and thus delivering a significant blow to India’s energy needs. Supply of Uranium has been a major strain in the Australia-India bilateral relations and more so of the fact that former has not been able to justify its sale to Communist China, who although being a member of nuclear non proliferation treaty, holds a notorious record of supplying nuclear technology and materials to North Korea and Pakistan, and has nuclear ties with Iran. And India, despite not being a signatory of NPT, has an impeccable record of using uranium for its own security and energy needs.

To straighten out the uranium entanglements between India and Australia, the Gillard government “is considering how it might put in place arrangements that would enable exports of Australian uranium to India”.

b) Indian student attacks

Attacks on Indian students in Australia bruised the relations and generated widespread protests. In 2007, more than 65,000 students were enrolled in various educational institutions throughout Australia. By 2008, it was estimated that 35,000 new Indian students were arriving each year, bringing the total to around 95,000 – about the same number as Indians studying in the USA.

(To manage the crisis, the government arranged a hasty trip to India by a high-powered delegation composed of members from federal and state governments, the police and education in early July 2009. In their meetings with officials, the media and parents, they stressed that Australia would never tolerate racism and would devote more resources to ensuring the safety of Indian students.

This controversy seems to be ebbing with the recent poll survey conducted by the Lowy Institute and Australia India Institute, ranking Australians as the second most preferred country to study abroad next to US, by Indians. 75 per cent respondents who participated believed Australia was a good place to be educated.

VI. CONCLUSION

The striking similarities of political culture, economic interests and geographical proximity which India and Australia share, beyond the Cricket, Curry and Commonwealth, make them natural allies. The signing of Indo-US nuclear deal opened much leeway for signing a nuclear agreement with Australia. And with the nuclear thaw now being sidelined, it’s time to look independently at Australia beyond the American guard. China’s expansion in South China Sea and its similar intention in Indian Ocean can be countered by the united might of Indo Pacific region. Trade also holds the potential to ameliorate ties.
between the two. With pro-business Narender Modi government in place, India can relax its restrictive regime to have more FDI from Australia. Australia also needs to direct its energy on building regional organizations.

In September 2014, when Abbott visited India, he returned two looted 900 years old Lord Shiva statues and stated that return of sculptures was “testimony to Australia’s good citizenship on such matters and the importance with which Australia views its relationship with India”.

Pillalamarri comments that return of statute of Nataraja was significant as it represents that destruction can become creation and degeneration, regeneration. Similarly Australia’s return of statue came at a strategic time when Australia’s relationship with India is following a similar pattern of rebirth after a period of distance.

Amitabh Mattoo says that,

The Australia-India relationship is clearly an idea whose time has come, but it will require political nurturing before it acquires a momentum of its own.

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