



drishti

India – Australia Relations (April 2019)

 [drishtiiias.com/current-affairs-news-analysis-editorials/news-editorials/24-04-2019/print](https://www.drishtiiias.com/current-affairs-news-analysis-editorials/news-editorials/24-04-2019/print)

(This editorial is based on the article 'A natural next step' which appeared in 'The Hindu' on 24th April, 2019. The article talks about the deepening ties in India-Australia relations. It also highlights the importance of a stronger relation between India Australia, given the volatility that faces the Indo-Pacific region.)

Recently India-Australia bilateral relationship reached a historic moment when they undertook their third joint naval exercise which saw the largest ever peacetime deployment of Australian defence assets and personnel to India.

India and Australia has shared a cordial relation with each other since a very long time and has witnessed an increased commitment in recent past. Multiple engagement in fields such as bilateral trade, strategic relations, student exchange programs, similar commitments towards sustainable development has made this relationship all the more dynamic.

As the global momentum is markedly shifting towards the Indo-Pacific region it becomes imperative for both the nations to stand in unison and provide the stability the region desires owing to the over-indulging nature of China.

Historical Ties

India and Australia have built strategic trust over the years, slowly yet steadily. Australia and India for the first time established diplomatic relations in the pre-Independence period, when the Consulate General of India was first opened as a Trade Office in Sydney in 1941.

In March 1944, Lieutenant-General Iven Mackay was appointed Australia's first High Commissioner to India. India's first High Commissioner to Australia arrived in Canberra in 1945.

India-Australia relations touched a historic low when the Australian Government condemned India's 1998 nuclear tests. The relations since then has witnessed a significant thaw and when in 2014, Australia signed a uranium supply deal with India, the first of its

kind with a country that is a non-signatory to the Nuclear Non-Proliferation Treaty, in recognition of India's "impeccable" non-proliferation record it became evident what type of relation Australia wanted with India.

Bilateral economic and trade relationship

The India-Australia economic relationship has grown significantly in recent years. India's growing economic profile and commercial relevance to the Australian economy is recognized, both at the federal and state level in Australia.

India's exports to Australia stood approximately at US\$ 4.6 billion (A\$6.1 bn) in 2016 while India's import from Australia during the same period stood at US\$ 11 billion (A\$14.6 bn). India's main exports to Australia are Passenger Motor Vehicle & machinery, Pearls, Gems and Jewellery, Medicaments and Refined Petroleum while India's major imports are Coal, Non-monetary Gold, Copper, Wool, Fertilizers and Education related services.

India-Australia also has a Joint Ministerial Commission (JMC) which was established in 1989 to enable interaction at a government and business level on a broad range of trade and investment related issues.

The two countries are currently discussing a Comprehensive Economic Cooperation Agreement (CECA) which will provide greater market access to exporters of goods and services. The two sides have exchanged their goods and services offer lists. The conclusion of the CECA will expand the base of merchandise trade, remove non-tariff barriers, encourage investment and address the border restrictions to trade.

Defence relation

India-Australia both borders the Indian Ocean and has a shared interest in the maintenance of freedom of navigation and trade.

Australia recognises India's critical role in supporting security, stability and prosperity of the Indian Ocean region. Australia and India are committed to working together to enhance maritime cooperation and has a formal bilateral naval exercise (AUSINDEX) since 2015.

Civil Nuclear Co-Operation

A Civil Nuclear Cooperation Agreement was signed in September 2014 which came into force in November 2015 and provides the framework for substantial new trade in energy between Australia and India.

The deal ensures that Uranium mining companies of Australia can supply Australian uranium to India for civil use with confidence that exports would not be hindered by domestic legal action challenging the consistency of the safeguards applied by the IAEA in

India and Australia's international non-proliferation obligations.

It also ensures that any future bilateral trade in other nuclear-related material or items for civil use will also be protected.

Consular Cooperation

India and Australia signed The Mutual Legal Assistance Treaty (MLAT) and the Extradition Treaty in June 2008, which has been ratified by both the Governments, and has come into force since January 2011.

Importance of the Deepening Ties

The strategic trust on display during AUSINDEX is representative of a deepening strategic alignment between the two countries. It emphasizes on the shared outlook of both the nations as free, open and independent democracies, as champions of international law, as supporters of an open and inclusive Indo-Pacific and as firm believers that *'might is not right'*.

As India has emerged as a leader in this region working closely with Australia can work in the favour of both the nations as both can effectively address the shared challenges such as combating transnational crime, terrorism, people smuggling, and illegal fishing.

As India looks set on its agenda of Make in India it can significantly use Australian expertise in the field of health, education and tourism as these are areas in which Australia has a comparative advantage.

India which will have the largest working population in the world by 2027 will need to up-skill 400 million people. Australia is well-equipped to assist with this huge need for knowledge-sharing, education and skill development. The two countries also have enormous potential to build on their people-to-people links and thus their soft power influence. India is the third largest source of immigrants to Australia and the second largest source for skilled professionals. This should give sufficient impetus to build a public understanding of each other and thereby improve public policy.

Both India and Australia are situated in the most dynamic region on the planet (the centre of economic and strategic gravity is shifting to the Indo-Pacific as we speak). **India and Australia are also wary of China's assault on maritime security and freedom of navigation in the Indo-Pacific region. Both the nations can therefore serve together as the net security provider in the region.**

There is a great scope for regional economic integration in the Indo-Pacific, one of the most flourishing trade zones in the world. **The Regional Comprehensive Economic Partnership (RCEP) is a good platform for India to work towards the goal of regional economic**

development, since India is not yet a part of the Trans-Pacific Partnership (TPP-11 or CPTPP).

Trilateral engagements with crucial nations like Indonesia and Japan and deeper engagement with regional groups like the Indian Ocean Rim Association and East Asia Summit will also strengthen the ties between India and Australia.

Areas of Cooperation

Water – Australia and India face some similar challenges in water resources management, particularly in managing over-allocation and water quality, while balancing the water needs of the community, industry and maintaining system flows. Both the nations can come together in finding a novel solution to this common problem.

Energy – Meeting the energy needs of 240 million people, which currently lack access to electricity, is a key priority for India. Australia is a natural partner for India in the energy sector as it is a world leader in energy and the sector contributes around 10% to Australia's GDP.

Science and Technology – India and Australia have a strong track record of collaborating in research and innovation. The \$84 million Australia-India Strategic Research Fund (AISRF) is Australia's largest.

Challenges

The region faces a range of traditional security challenges that relate to issues of trust in the form of China which has emerged as a regional power and has little faith in rule based order. There are also a growing number of non-traditional and trans-boundary security challenges, including terrorism, natural disasters and pandemics.

Also, India faces unfavourable trade with Australia and despite opening talks for a comprehensive economic cooperation agreement in 2011, the agreement which would have significantly lowered the trade balance in favour of India, has remained elusive.

Way Forward

The India-Australia bilateral relationship has been largely a case of "*one step forward, two steps back*" — though one witnesses a positive shift in relations since 2014 — after a gap of 28 years. India no longer sees Australia at the periphery of India's vision but at the centre of its thoughts.

The opportunity as well as challenge is that the two nations are at very different levels of development. There can be converging and diverging interests. Therefore, the future must be woven around the three pillars, which are economic relationship, geostrategic congruence and people-to-people ties, and the glue that can bind this is a sustained momentum.
