

AUS-CSCAP
AUSTRALIAN MEMBER COMMITTEE
OF THE COUNCIL FOR SECURITY
COOPERATION
IN THE ASIA PACIFIC



Draft Report – 49th Meeting – India’s Act East Policy

The 49th meeting was held on 15 June at ANU on the theme of -
‘India’s Act East Policy – Implications for Australia’.

The meeting opened with an explanation by our overseas guests as to what India’s ‘Act East’ policy actually entails, and how this differs from its earlier ‘Look East’ policy

In the modern era, India looking east goes back beyond the Asian Relations Conference under Nehru’s guidance. Since 1947 looking east was constrained by Cold War dynamics, India’s central role in the non-aligned movement and war with China in the 1960s which set back progress in advancing the policy. It was not until the early 1990 with changes in the global geo-political landscape accompanying the end of the Cold War, and major economic reforms introduced in India, that India seriously began to look outward again, with the country’s vision extending to the east. More recently - certainly since 2014 – *the Look East policy* has expanded beyond economic, trade and investment considerations, to embrace strategic and deeper international relations issues; it has also expanded beyond south-east Asia to include north and east Asia. In the past 10 years India has developed much stronger relations with Japan, (where the earlier relationship had been of little consequence), Korea, Vietnam, and in some respects, China. Since the creation of modern India, the India/China relationship had been at best unsettled, and at worst characterised by conflict. With China rising as a potential regional hegemon, there is a growing recognition in India that China is a challenge not only to be managed, but balanced.

The meeting heard that over the next 10 to 20 years, more and more points of economic and strategic intersection were expected to emerge between India and countries of the region, some of which may involve building de facto alliances. This would emerge in the maritime domain as much as the littoral, with a more open, inclusive and balanced system emerging. Furthermore, this would occur despite unilateral expansionism by China.

Australia, which earlier had been on the edge of India's peripheral vision, was now certainly in focus, and how this 'Act East' policy would impact Australia was discussed. In the past, there had been fewer points of traction and common interest holding India and Australia together, despite some historic commonality. At the governmental level, there was a shared disinterest in a stronger relationship. This was now changing - and it was suggested that emerging geo-political, economic and trade considerations would draw the two countries closer together. The presence in Australia of a growing Indian diaspora and a natural symmetry of other interests were emerging to consolidate these gains.

The 'Indo-Pacific' geographic construct was now receiving wider currency and acceptance, challenging the former 'Asia-Pacific' reference. This reflected a new geo-political concept that located India (and the Indian Ocean region) more firmly as an integral part of our regional focus. It was further contended that the relationships that India held with countries of Asia and Australia -- countries with similar political and democratic structures - would grow and evolve organically - and in so doing they might also be expected to effectively 'balance' the rise of a country like China with its distinctive history and governance practices. The term '**organic balancing**' of China was thus introduced into the discussion.

Several examples were given of India acting east. Prime Minister Modi was travelling much more in the region, and India was speaking out on issues such as the South China Sea, the international Rules-based Order, and open trading. India had set up manufacturing hubs in Laos, Cambodia and Indonesia, had welcomed investment in the eight north-eastern states of India, and was developing an African/India infrastructure growth corridor. Other developments reflecting a growing engagement in the region included meetings with President Xi Jinping and Prime Minister Shinzo Abe, investment in Vietnam, membership of the Shanghai Cooperation Organisation (SCO) and consideration of membership of APEC. India was also using its soft power in

the region to much better effect, especially via its *widespread* diaspora, building on historic cultural and religious linkages. While membership of BRICS (Brazil, Russia, India, China and South Africa) geographically strains the 'Acting East' moniker, it does signal global engagement.

The discussion focused on what the India - Australia relationship might mean for the emerging strategic balance in Asia. It was suggested that a substantial difference existed between Australia's relationship with China, and India's relationship with China, with the suggestion that in one sense China looms larger for Australia than it does for India given our economic and trade dependency, but less so strategically, with a common contested border between India and China. Other factors include a larger and more involved and active Chinese diaspora in Australia. It was interesting to note here the difference preferences of Chinese and Indian students in Australia, where Chinese students were concentrated in the eight top universities, while Indian students were more widely spread across Australian tertiary institutions of varying quality. The probable *reason, it was suggested, was* that Chinese students seek quality education to enhance their marketability back home, while Indian students seek a tertiary qualification for permanent residency purposes.

India's relationship with China was dominated by geography. It was claimed that even if China became a democracy tomorrow, India would still have major concerns, given their history of border clashes and counter territorial claims, while Australia could find democratisation in China appealing. One certain shared interest for India and Australia, was a desire not to have China as the dominant power in the region. Both countries recognised that while China remained a one-party state with very different political and social values, 'containment' was not an option, and both felt that a regional balance to China would be desirable. Some in the meeting felt that this would grow organically; others felt that even with shared democratic values between Australia and India, this was not sufficient to necessarily translate into strategic congruence, as illustrated by US-India relations in the past. It was argued that the United States, which was currently straining its relations with a number of allies, demonstrated this point well. Furthermore, the Modi/Xi relationship of late had helped stabilise the region following the Doklam incident, an incident that in the past would have caused a major break in relations. India will always

have a natural tendency to 'push back' against China as it attempts to overthrow its century of shame and regain a strategic sphere of influence to which all global powers aspire.

Attention turned to the 'Quad', the proposed association/alliance of major Indo-Pacific democracies - India, Japan, the US, and Australia. For over fifty years India, as a democracy, had been urged (by the US) to play a larger role in preserving the stability of Asia, and this continued to be the case. Several participants noted that the Quad, despite being seen by China as a 'containment threat', was neither an alliance nor a formal agreement, and therefore lacked any real substance. Others claimed that until such time as the Quad involved at least one ASEAN contestant state, it would lack credibility on such issues as competing claims in the China's South China Sea. There was concern at this point around the role of ASEAN and some scepticism that its proclaimed centrality and being in the 'driving seat' of Asian affairs, lacked substance, with one participant seeing these concepts as mere myths or 'convenient fictions' that were in Australia's national interest to perpetuate.

The Quad was described as a loose association of like-minded democracies within the region, and to suggest otherwise and curtail its development because of how it could be perceived by others, simply played into China's hands. The value of the Quad was in its diplomatic signaling to China (and any other power that might see it as antithetical to its interests – Russia? DPRK?) that concern was growing among at least four like-minded democracies about strategic developments in the region. This is where its real value lay - as a potential *latent* balance to China, not a statement of contestation. Others suggested that instead of trying to force China to change its hegemonic tack, the Quad would simply exacerbate China's *sense* of strategic vulnerability, and achieve the opposite.

Australia, under the Gillard Government, had stated it would never be part of a containment strategy of China, but as one participant pointed out, anything we do in this space will be seen as containment. He felt that we should not allow China to set the 'red line' in regional contestation, and for us to unilaterally curtail our encouragement of the Quad because of Chinese pressure, would narrow our foreign and strategic options significantly. There would always be a measure of pain in pursuing our national interests, and we need to decide what issues become public, and thus subject to outside criticism, and what remain for closed door diplomatic resolution. The meeting accepted that

China was well beyond containment' and besides this was hardly in our, or others, national interests. For example, Australia would not be the prosperous nation it is if China had been contained. In its least confrontational form, it was felt that the Quad could provide an opportunity for better managing collective responses to future challenges. In its most confrontational guise, it could be perceived as a direct challenge to China, and invite an unwelcome response. One participant urged that while signaling a possible investment in the Quad, Australia should also pursue a much more nuanced approach to China.

The idea of the Indo-Pacific as a coherent geo-strategic concept (vis-a-vis the Asia Pacific region) exemplified some of the above developments. India's understanding of the Indo-Pacific was quite different to others - the US for example. While India was 'acting east' it also had major interests to the west; in fact, Pakistan was perhaps currently its primary strategic concern, particularly with the OBOR infrastructure investments, and with Afghanistan and Iran not far behind. The Indo-Pacific construct appears to be designed to bring India into the Asian strategic picture, suggesting that the maritime domain has primacy, and giving prominence to India's strong position in the Indian Ocean, just as China had a comparative advantage in the Western Pacific. Because of its western boundary, India's need for a large army and strong, land-based defences was evident, leading one participant to suggest that China's military build-up was as much in response to India's military power as that of the US. It was also pointed out that China's support for Pakistan, and its help in creating another nuclear state on its borders, was seen by India as showing just how far China was prepared to go in encouraging strategic ambiguity in the region. As China had long viewed India as an artificial British construct, India's balkanization could not be excluded as a Chinese hope.

As the Belt and Road Initiative (BRI) had been raised, our Indian guests reminded the meeting that China was not acting independently in its promotion of the BRI. Funding, design, contracting and financing of the various infrastructural features was a joint undertaking with the host country concerned, and India itself was also active in building cooperation with countries of the region especially on marine corridors, infrastructure and sea-lines of communication in the Indian Ocean region. Unlike India, where countries had not negotiated successfully with China on the BRI, they had lost autonomy – eg. Sri Lanka with port development handed over for 99 years. While not stated in so many words, some felt that a Quad-based Belt and Road

alternative, incorporating the sea-lines of communication and trade through the Indian Ocean, might be a better means of countering China's BRI influence.

It was agreed that each member of the Quad defined the Indo-Pacific in a different way. For Australia, it was a convenient formulation which had the ability to widen the involvement of interested countries - a role for Indonesia, astride the Indo Pacific maritime crossroads, was an obvious candidate.

Before attention turned to other topics, one participant expressed doubt as to the value of the Quad. He noted that as our Indian colleagues at the meeting had probably spent a life-time of skepticism about Australia's future in Asia, he wondered whether they currently felt that Australia had matured sufficiently to change that attitude. Australia still adhered closely to the United States alliance, and often failed to display the robust independence that would render Australia as a worthy and equal member of the Quad. Australia was the smallest link in the Quad, should it emerge into a proto alliance. India would not want to again be left holding a quadrilateral orphan. Did India take our renewed approach to the Quad seriously? The question remained unanswered, as did the issue of India's enthusiasm for the Quad given its now full membership of the SCO.

But strategic balancing was only part of the debate – some felt that economic and trade considerations and other common interests would eventually bring about quadrilateral conversion. Inviting India into APEC (and the Trans Pacific Partnership, TPP) would be much more than symbolic - it would signal a stronger endorsement of the need for free and open economies and a disposition towards trade liberalisation at a time when these concepts were under threat, especially from the principal partner in the Quad. At the moment several south-east Asian countries (and beyond) looked to China rather than India for a development model, so India in acting east, would need to understand this to better establish its regional strategic and development credentials. China's GNP per capita was currently five times that of India. It had lifted untold millions out of poverty in a single generation - a huge achievement, that was only slowly being demonstrated in India, and then at a massive cost to equity and the environment.

The meeting concluded with advice from our Indian guests that India, in acting east, was exercising a definite shift in focus and engagement in the region, but with recognition of the comfort levels of the various countries concerned, and the need to ensure that their strategic 'elbow room' was not impinged. As far

as China was concerned, the relationship with India would remain competitive, and even at times assertive, but constructing a new strategic equilibrium or balance to China was a policy that would continue.

The meeting concluded with a short AusCSCAP Business report, and the induction of several new members – Ian Lincoln, John Gould, Lauren Richardson, and Stuti Bhatmagar.