

THE INDIAN OPPORTUNITY

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FEATURE ARTICLE

TAKING THE AUSTRALIA-INDIA RELATIONSHIP TO A NEW LEVEL.

Julian Leaser

India is a country with many suitors. With a very large, youthful population and rapidly growing wealth, it is a nation that is poised to exert extraordinary global influence.

India's median age is 27, ten years lower than the median in Australia or China. Within the next five years, one in five of the world's working age population will be Indian. One million Indians turn 18 every month and by 2030 there will be over 850 million internet users in India.

India defies neat categories. It has complex borders and straddles two of the most volatile regions in the world – the Indo-Pacific and West Asia. It has defence relationships with both America and Russia. It has a border with China with which it went to war in 1962; and in June last year there were again border skirmishes and the amassing of troops on both sides. Yet like Australia, China remains India's major trading partner.

Delhi has more diplomatic missions than anywhere outside New York and the strategic importance of India is reflected by there being more defence attaches in Delhi than anywhere in the world.

The rise of India has been noticed by other nations. Japan, Israel and Singapore have built deep relationships in recent years combining economic and security opportunities. They have been fast movers and held to India even when the path has been rocky.

Australia and India are both recognising that the relationship between their countries has unique dimensions. Economic, people-to-people links, and a changed strategic environment have created real opportunities to expand the relationship.

Australia and India are two of the major democracies in the Indo-Pacific region with shared interests, shared values and a shared politico-legal tradition.

We have a shared outlook for a peaceful, prosperous Indo-Pacific region which is open, inclusive and stable; where infrastructure investments grow local economies rather than create unsustainable debt and reliance; and where nations operating within the region support the rules based international order especially in maritime activity.

Australia and India have common security challenges. Both face the threat of Islamist terrorism—Australia from home grown jihadis with a general anti-Western Islamist mentality and India with its particular difficulties with Pakistan. In 2018 India experienced 671 terrorist attacks while Australia experienced two terrorism incidents. While this aspect of the relationship should not be understated it is in the Indo-Pacific, the most strategically contested region in the world, that the relationship will be vital.

China's more aggressive military and economic posture has led nations in our region to work together more closely to protect our respective interest in a free and open Indian Ocean. As Australia's High Commissioner to Delhi, Barry O'Farrell has observed, "Across the Indo-Pacific we are seeing increasing strategic competition driving exploitation of some of the more fragile developing states." This is neither in the interest of the countries concerned nor of Australia or India.

The Comprehensive Strategic Partnership (CSP) announced by Scott Morrison and Narendra Modi in June takes the India-Australia relationship to the next level and recognises the need to further cooperation in security and defence.

The CSP makes the two nations' shared vision for the region clear. At a time when international rules that have maintained peace and stability are being contested, both nations want to see strong institutional architecture to ensure stability in the region, with ASEAN playing a strong role to ensure nations continuing to act cooperatively. The CSP also underpins both nations'

mutual efforts to fight terrorism.

The CSP provides a framework for defence and security cooperation to accelerate with a Mutual Logistics Support Arrangement allowing the two countries to use each other's military bases to collaborate at a more advanced level. It also outlines new cooperation in cyber technology and critical mineral exports.

The CSP comes off the back of a defence relationship between Australia and India which was already dramatically increasing from 11 defence exercises in 2014 to 38 last year. The AUSINDEX joint exercises in April 2019 were the largest ever deployment of defence personnel to India. India has become one of a handful of nations with which Australia has conducted complex submarine exercises requiring a high degree of trust. India's invitation for Australia to participate in exercise MALABAR in November this year, for the first time in more than a decade, is a practical demonstration of growing security ties between India, Australia, Japan and the United States – the four nations involved in the Quadrilateral Security Dialogue (the Quad).

The revitalisation of the Quad with Foreign Ministers meeting in September 2019 for the first time shows the importance of democracies in our region working together to improve strategic balance. India and Australia have also been working closely together on regional maritime cooperation.

But as the CSP indicates it will be in the interplay of technology and security that our relationship will need to move to the next level.

India is the world's emerging technology superpower with 1.3 billion people connected via their mobile phones. As a source of data and as a major market for technology, India will be pivotal to the future regulation of technology. As cybersecurity becomes a bigger issue, decisions made by India about emerging technologies like Artificial Intelligence, machine learning 5G and 6G and the position it takes in multilateral technology forums will shape the rules and norms of behaviour for technology globally. India has some of the most sophisticated emerging technology companies like

TCS, Wipro and Infosys all of whom have significant Australian presences. Bengaluru (Bangalore) is the new Silicon Valley.

All of the new technologies need critical minerals like Lithium and Cobalt. Australia is a critical minerals super power with one of the world's largest deposits of critical minerals. We have 17 of the 22 critical minerals needed to make a smart phone. Australia also has sophisticated regulatory systems and security architecture. We need to share our knowledge and resources with India. This will provide both Australian jobs but also Australian influence in the direction of the future development of technology and security.

A closer security relationship may help burnish a closer economic relationship.

India's economic modernisation over the last 30 years—deregulation, privatisation and opening India up to Foreign Direct Investment—have helped to reform India's autarkic socialist model. The Modi Government has brought hundreds of millions of people into the formal economy delivering bank accounts, mobile technology and the Aadhaar (India's biometric ID system) to almost every Indian. These measures combined with demonetisation and the creation of the GST have led to a reduction in the black economy and the ability to deliver services like gas for cooking, sanitation and healthcare on an unprecedented scale.

India's diplomatic efforts to seek Foreign Direct Investment first from the Asian Tigers then the United States and Prime Minister Modi's barnstorming world tours during his first term have encouraged the world to have another look at a "New India." Modi's mantra is "we have replaced red tape with red carpet." This has been an important message for Australian business which has viewed India through outdated perceptions. The License Raj and the image of Shane Warne surviving a cricket tour on a suitcase of baked beans reflects an India of 20 years ago not the country it has become.

India's decision not to participate in the Regional Comprehensive Economic Partnership is disappointing and India's ongoing protection of its agricultural sector

have caused issues in some sectors of the Australian economy. Both Governments have recognised these challenges.

On the positive side Australia has produced Peter Varghese's landmark report India Economic Strategy to 2035 with its nuanced strategy of ten sectors and ten states and ambitious targets for India to be in our top three export markets in 15 years and the third largest destination for Australian investment in Asia. The Government of India will soon release the companion report, Anil Wadhwa's Australian Economic Strategy.

That both countries have produced reports focussing on the economic opportunities in the other country is unprecedented and underscores the importance of trade and investment to the relationship. Both reports will also provide business with a road map to realise future opportunities.

The economic relationship will be built off the back of the extraordinary Indian diaspora in Australia. Over 20 years, the number of Indians in Australia has gone from around 60,000 to more than 700,000.

The Indian community is the fourth largest, migrant community in Australia. The Indian-born population is expected to overtake the Chinese-born population by 2031, reaching 1.4 million. As a local MP with a significant Indian constituency I know the Indian community contributes significantly to Australia. Indians are the second highest taxpaying diaspora, behind the British. In every visa category except refugee and humanitarian migration, Indians are the top applicants. As Peter Varghese noted "the Indian diaspora may prove over the next two decades to be the most politically active of any migrant group in Australian history since the Irish." Today there are nine federal electorates where the Indian born population is over 5% and three where it is over 10%.

Our Indian Diaspora is newer, younger, more entrepreneurial and more highly skilled than Indian diasporas in other comparable countries and at a time when there are limitless choices for Indians—including at home—they have chosen to be in Australia. Many

in the diaspora have significant links in India and they provide an opportunity to leverage those links to benefit both countries.

There will be some obstacles, but the rise of India is an unalloyed good for Australia and a deeper relationship will be an important legacy of the Morrison Government.

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