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India and Australia: The end of estrangement?

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On the eve of the visit of US President Barack Obama, Australia's Prime Minister Julia Gillard declared that Australia is willing to reconsider its ban on uranium exports to India. The ban is widely believed to be a major obstacle to a stronger India–Australia relationship, which has so far remained weak despite numerous soft ties, growing bilateral trade driven by India's insatiable demand for minerals, and shared maritime security concerns. While estrangement during the Cold War was understandable, Australia's and India's subsequent inability to forge a closer relationship is not. Gillard's latest move is being seen as a game changer that will end strategic discrimination against India and signal Australia's willingness to shed its Cold War blinkers and come to terms with the end of India's nuclear isolation. It is unfair, however, to expect a dramatic improvement in the India–Australia relationship as a consequence of lifting the ban.

Modest Immediate Gains

Australia's direct gain, in terms of trade and employment, from uranium exports to India will be modest. Unlike the United States, Australia is not an exporter of weapons and high-technology products that can be supplied after nuclear trade begins. Similarly, while Australia's decision will help to diversify India's suppliers, it will not significantly improve India's nuclear energy security. Furthermore, India cannot immediately benefit from Australia's decision, because a stringent safeguards' agreement would have to be negotiated before nuclear trade can begin. Unsurprisingly, India has not shown undue haste and is allowing Australia time to realize the importance of the bilateral relationship. Hard bargaining at this stage, when stakes are small, will help in securing India's long-term interests.

If the immediate gains are indeed modest, then why did Australia decide to reconsider its stand now? The move is particularly intriguing because a ban on uranium supplies to countries that have not signed the Non-Proliferation Treaty is a holy cow for the Australian Labour Party's left wing, and Gillard would have to spend political capital to get the ban lifted. On the one hand, Australia has long debated lifting the ban and, on the other, both Obama and Gillard have denied that Australia's move is influenced by the United States' strategic calculus. But the media is abuzz with contrary reports, because it is widely believed that a closer India–Australia strategic relationship is indispensable for the United States' new security arrangement for Asia.

Resurrecting a Quadrilateral of Sorts

If the past is a reliable guide to the future, then strategic synergies between Australia and India are unlikely to grow considerably in response to the United States-induced bonhomie. A few years ago, the US-inspired Quadrilateral dialogue (2007), which was aimed at drawing Australia, India, Japan and the United States into a strategic alliance, failed to take off for three reasons that continue to be more or less valid.

First, the partners differed with regard to their assessment of the threat posed by a rising China. While Australia remained ambivalent, the others viewed rising China as a major defence challenge. Second, India's strategic relationships with the members of the trilateral dialogue, the precursor to the Quadrilateral, were not yet mature. While the United States already had mature strategic relationships with Australia and Japan, the India–Australia relationship was barely cordial and the Australia–Japan, India–Japan and India–US relationships were cordial but not yet strategic. Third, Australia and Japan were in a dilemma: China was their most important trading partner, while their strategic interests were tied to the United States. The wide-ranging consensus within Australia's strategic community in favour of a pragmatic China policy resolved the Australian dilemma. Perennial political instability and Second World War baggage similarly resolved the Japanese dilemma. India did not face the Australian–Japanese dilemma. China was not yet India's most important trading partner and its strategic interests were not yet aligned with the United States. However, a balance of power in China's favour along the heavily militarized Sino-Indian border, and Chinese access to cheap force multipliers like Pakistan, ensured that India remained cautious.

The divergence among the United States' Asian allies not only forced Washington to reconsider the utility of an overt concert of democracies, but also allowed China to exploit the collective action problem. The Quadrilateral was quietly shelved and the Obama administration's initial pro-China tilt and global financial crisis ruled out its early resurrection. Obama now seems to be resurrecting a quadrilateral of sorts with focus on Australia and India, the weaker nodes. Yet it is unlikely that things will be different this time, because the United States' activism appears to be driven by Obama's electoral calculus, each of these countries' trade relations with China continue to deepen, China is increasingly an indispensable part of multilateral forums, Japan continues to wobble, and the Indian government is already in election—that is, safe—mode, while China has already begun to escalate tensions across the Himalayas.

However, the contrary can also be argued. The Japan–Australia Joint Declaration on Security Cooperation (2007), India–US Civil Nuclear Agreement (2008), India–Japan Joint Declaration on Security Cooperation (2008) and Australia–India Joint Declaration on Security Cooperation (2009) have supplied the missing links of the Quadrilateral. Japan also subsequently adopted a flexible approach to nuclear trade, although this has been temporarily derailed by the Fukushima disaster, and further signalled its intention to engage India as a strategic partner as well as to commit itself to the United States' new security arrangement for Asia. Now it is Australia's turn to signal its strategic commitment to the US scheme. Australia's latest move is expected to enmesh India, as well as Australia, further in the US-led security arrangement. In short, these countries are now strategically better connected than they were four years ago. But this counter-argument is weakened by the fact that all of these relationships are not strong and interrelated. Most importantly, unlike the Australia–Japan relationship, which presumes the United States' primacy and is embedded in a trilateral dialogue involving the United States, India's relationship with Australia is strictly bilateral and non-hierarchical, and India refuses to 'trilateralize' the bilateral relationship.

A Vulnerable Relationship

To conclude, in the absence of economic and strategic synergies, the lifting of the ban on uranium exports to India will not immediately alter the India–Australia relationship. It is, however, an important first step, which—if followed by other steps, such as the realignment of Australia's maritime security policy—has the potential to bring India and Australia closer together in the medium run. In the meantime, their relationship will remain vulnerable to sudden developments such as the attacks in 2009 on Indian students in Australia. And, in any case, in the foreseeable future the two countries would not be able to assume international security responsibilities beyond their borders, even under the United States' leadership. If the United States still insists on a quadrilateral-like arrangement, it will be worse off, because the arrangement will remain weak. A weak arrangement will allow China to target the weaker links at little cost and also to project itself as the victim of encirclement. This in turn highlights the importance of multilateral security dialogues—built around the Asia-Pacific Economic Cooperation (APEC) and the Association of South-East Asian Nations (ASEAN)—for maintaining regional order.

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