



AUSTRALIA, INDIA AND THE UNITED STATES: THE CHALLENGE OF FORGING NEW ALIGNMENTS IN THE INDO-PACIFIC

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Executive summary and recommendations

India is emerging as a key Indo-Pacific partner for Australia and the United States

- India is becoming an important security partner for the United States across the Indo-Pacific. India is likely to become a major security partner for Australia in the Indian Ocean and Southeast Asia.
- In engaging with India, Australia will need to work outside its normal comfort zone of security partnerships, having regard to India's unique strategic perspectives and traditions.
- Australia will increasingly need to consider how its relationship with India fits with the ANZUS alliance and the US-led alliance system.

Connecting India with the US alliance system

- Australia should facilitate India's participation in a web of security relationships in the Asia Pacific, as an important contribution to regional stability (page 14).
- Australia and India can work together to mobilise new partnerships and ad hoc coalitions among the 'middle powers' of the Asia Pacific (page 16).
- Australia should find new ways of helping to connect India into the Asia Pacific order. Australia should consider using the Five Power Defence Arrangement as the core of a new maritime security arrangement in Southeast Asia that includes India (page 17).
- In the long term, Australia needs to look towards an evolving Indian Ocean order in which the United States, India, Australia and others will all play significant roles (page 17).

Building an Australia-India-US security partnership in the Indian Ocean

- Australia should promote trilateral security cooperation with the United States and India with a primary focus on the Indian Ocean (page 18).
- Key areas for trilateral Australia-India-US security cooperation include:
 - Joint exercises at sea and on land (page 19)
 - Shared use of training facilities in northern Australia to promote multilateral interoperability among regional partners (page 20)
 - Building a system of shared maritime domain awareness in the Indian Ocean, including shared access to Australian and Indian facilities (page 20)
 - Collaboration in search and rescue/humanitarian and disaster relief, including formal regional cooperation arrangements (page 20)
 - Special projects in the Bay of Bengal and/or the Arabian Sea (page 21).

Cover photo: Narendra Modi at the inauguration of the NISER campus in Bhubaneswar, 7 February 2016 (Narendra Modi/Flickr CC-BY-SA 2.0)

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Introduction

The rise of Asia's two giants, China and India, is forcing Australia to re-examine its understanding of the regional order that has existed since the 1940s. There has been much debate about the choices that Australia faces with a rising China, but there has been less discussion about the strategic consequences of India's emergence.

Many are beginning to see a rising India as a major element in the Indo-Pacific strategic balance. Australia's security relationship with India has been growing much closer over the last decade, driven by concerns about China as well as a host of other shared interests. In the long term, India is likely to become a

key security partner in the Indian Ocean and possibly one of Australia's most important security partners in the Indo-Pacific region.

But there has been little consideration how this burgeoning strategic relationship with India will fit with Australia's core security relationship with the United

States or with the US alliance system. India is not a traditional ally or customary partner for Australia. This report looks at the choices faced by Australia in building its strategic relationship with India in a way that fits with the US alliance and the broader regional order.

The report begins by looking at India's role in the Indo-Pacific strategic balance and its growing security relationships with the United States and Australia. These have followed separate but largely parallel paths, spurred by similar imperatives. In recent years the United States and Australia have both courted India as a political, economic and security partner, and after

some hesitation, India is moving to overcome some of the inhibitions that have previously constrained these relationships.

Although the three countries share many values and institutions, neither Australia nor the United States has previously been close to India. There are important differences in history and perspectives, including traditions that preclude India from entering into any formal security alliances. Nevertheless, the countries are moving towards a closer alignment that could perhaps be understood as a 'joint venture' for dealing with the changing regional order.

The latter part of this report examines two areas that Australia must consider in working with India. First, what are Australia's perspectives on how India connects with the Asia Pacific region? If India can play an important role in the region, how might Australia help facilitate its integration into a regional rules-based order in a way that meets both India's and Australia's strategic needs?

Second, how might Australia foster a trilateral partnership with both India and the United States? The centrality of the US alliance for Australia makes trilateral cooperation highly preferable and indeed, an imperative in the long term. But India's traditions constrain its ability to cooperate. This report proposes that Australia should build a defence partnership with the United States and India with a primary focus on the Indian Ocean. This would initially emphasise working together in selected areas, including joint exercises, maritime domain awareness, and search and rescue/humanitarian and disaster relief. Building trust and habits of cooperation among the three countries will be an essential step in creating resilient partnerships to deal with long term transitions of power in the region.

This report looks at the choices faced by Australia in building its strategic relationship with India in a way that fits with the US alliance and the broader regional order.

1. India's role as an Indo-Pacific power

It is almost trite to talk about the emergence of India as a major regional power. India is the second most populous nation on earth with the world's third largest armed forces¹ and the third largest economy in purchasing power terms.² India's sphere of security interest is growing far beyond South Asia to include much of the Indian Ocean region and parts of the Pacific, and it is undertaking a military modernisation program that will significantly expand its military reach. Although it faces many developmental and institutional challenges, India will likely become an ever more important factor in the regional balance of power.

India's growing role in the region is underpinned by impressive economic growth since the 1990s. Growth is now running at more than 7.5 per cent p.a, considerably faster than China.³ This is making India an increasingly important economic power that Australia must pay more attention to. But there are still considerable uncertainties about the nature of India's future economic role, including the extent to which it will open and globalise its economy. India has historically shown little attraction to free trade and although the current Indian prime minister, Narendra Modi, has strong economic credentials, his government is more focused on developing the domestic market than an export driven economy. Nor is India an enthusiastic participant in the regional trading arrangements that are now in the process of being established. India is not a member of the Trans Pacific Partnership (TPP), meaning that the TPP, in the event it is implemented, will likely divert trade away from India. Although India is a party to the negotiations for the Regional Comprehensive Economic Partnership (RCEP) with ASEAN, China, Japan, South Korea and Australia, it remains very reluctant to lower trade barriers.⁴ In short, there are considerable uncertainties about the nature of India's future economic relationships in the region. It would also be a mistake to assume, as some in Canberra have, that the security and economic aspects of India's relationships will develop in parallel.

India's economic growth is now being accompanied by significant changes in its strategic outlook, including steadily improving relations with the United States, Australia and other US allies such as Japan. The positive trajectory of these relationships will probably continue as India's strategic perspectives continue to evolve and

as Delhi's concerns about China's assertiveness grow. For Australia and the United States, India is becoming an ever more important partner in the Indo-Pacific strategic balance. But India's potential role as a partner must also be understood in the context of its unique strategic perspectives and traditions.

India's strategic perspectives are a product of its culture and history, including its experience of colonisation. After gaining independence in 1947, India adopted distinctive strategic perspectives built around the concept of nonalignment. Its principles included a commitment to state sovereignty, Third World solidarity, and the preservation of India's freedom of action through refusing to align with any Cold War bloc. These ideas dominated Indian strategic rhetoric throughout the Cold War and continue to be influential today, although they are now more commonly expressed through the idea of 'strategic autonomy'.

Strategic autonomy is now the 'Holy Grail' of Indian security policy. While rarely defined, it encapsulates a belief that India should not rely upon others or be constrained in its actions. For many, strategic autonomy is considered to be the *sine qua non* of great power status: any compromise of India's strategic autonomy is perceived to potentially compromise India's destiny to become a great power. But how this objective should be achieved is now becoming the subject of greater debate. For traditionalists it would forbid an alignment with the United States and cast considerable doubt on security cooperation with any but the smallest countries. Others less attached to traditions of nonalignment, including Narendra Modi, are increasingly appreciating the necessity of enhanced security relationships with other states, and indeed the leverage that such relationships can bring for India.

Some in Australia might consider India's quest for strategic autonomy as quixotic in a globalised world where military coalitions and security cooperation is the norm even for the biggest of powers. For Australians, a goal of strategic autonomy makes about as much sense as economic autarchy. But India's antipathy towards foreign alliances can be compared with America's historical aversion to 'foreign entanglements'. For around 150 years after its independence, Washington sought to protect its strategic autonomy while it built



Narendra Modi at a media briefing with Barack Obama in the United States, 2015

Photo: Narendra Modi/Flickr CC BY-SA 2.0

its national power, until it was forced to intervene in European wars in the twentieth century. However, India may not have the luxury of spending a century or more building its national strength in isolation from others.

As with America, India's ideas of strategic autonomy are likely to evolve as it moves beyond defensiveness and plays an ever greater role in managing the international system. A greater international role for India will almost inevitably require it to be much more strategically interconnected than in the past, exerting influence via cooperation rather than in spite of it. But the dream of strategic autonomy — whatever that may be — is likely to remain both a talisman and a brake on India's strategic relationships for a long time to come.

India's ideals are now being affected by the changing strategic environment and the rise of China. The expansion of China's interests westward towards South Asia is bringing India and China into much closer contact than at any time in history. India is now facing a

quite different conundrum to the one it faced in the Cold War, when it sought to make the best of its position by leveraging benefits from both superpowers. In recent years, as strategic competition has grown between the United States and China, some have dreamed that India might act as a 'swing state' between them, aligning with neither and gaining benefits from both. But it is becoming increasingly clear that there are too many divergences of strategic interest to make a 'swing' by India towards China realistic and, indeed, nor has China shown interest in courting India as a strategic partner.

All this has led to a growing realisation in Delhi that India will need to develop a much closer relationship with the United States in order to achieve its goals. Since the turn of this century, India has followed a cautious path of moving closer to the United States and its allies, including Australia. Although this has occurred at a sometimes glacial pace, the trend is clear. A recent report by the US Council on Foreign Relations on the US-India relationship notes that: "India's shift

away from nonalignment remains incomplete, but continued geopolitical changes around the world, the importance of economics, and China's rise have all created a landscape in which Indian and U.S. interests are in the process of structural alignment."⁵

Although there has been an uptick in India's willingness to engage with the United States and Australia, India still remains hesitant and cautious. Modi himself is less concerned with the old taboos, but many in India's powerful bureaucracy remain concerned that an alignment with the United States will compromise India's strategic autonomy and its aspirations. India is also highly conscious of international status and insists on being treated as an equal of the United States and not a junior partner. These considerations affect every move by India towards the United States and Australia.

Delhi also understands that while its moves towards Washington increases its leverage with Beijing, that leverage could actually be reduced if India becomes too close to the United States. Delhi hopes that Beijing will seek Delhi's favour through offering concessions to India. India therefore aspires to calibrate its relationship with the United States and China in order to keep its options open. However, there is no clear evidence that Beijing will respond this way. Indeed, China is becoming only closer to Pakistan, indicating that Beijing is not prepared to make significant concessions to New Delhi.

An 'updated' version of traditional Indian thinking about its strategic choices vis a vis China and the United States is summarised in a report by a number of influential strategists, *Non-Alignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century*.

Although the report seeks to develop a new form of nonalignment for India it is also sprinkled with nuggets of realism. The report, for example, notes:

It is in our interest that China remains preoccupied with its first-tier, more immediate maritime theatre [in the western Pacific]. The retention of strong U.S. maritime deployments in the Asia-Pacific theatre, a more proactive and assertive Japanese naval force projection, and a build-up of the naval capabilities of such key littoral states as Indonesia, Australia and Vietnam: all may help delay, if not deter, the projection of Chinese naval power in the Indian Ocean. We need to use this window of opportunity to build up our own naval capabilities. Our regional diplomacy should support this approach by fostering closer relations with these 'countervailing' powers. This should include a network of security cooperation agreements with these states and regular naval exercises with them.⁶

Although Modi is less compelled than his predecessors to genuflect to the altar of nonalignment, India's foreign policy bureaucracy still holds tightly to the underlying ideals of strategic autonomy and multipolarity — and it will take a long time for Modi's more liberal approach to filter through the Indian system. While India is leaning more and more towards the United States, unless it faces an existential threat there is little or no likelihood that India would enter into an alliance-type relationship with Washington or its allies. This simply would not be in India's strategic DNA. Australia must consider how it should respond to and shape these dynamics in light of its own interests.

2. US-India engagement: a strategic joint venture

India and the United States are now feeling their way towards a strategic relationship involving alignment but not alliance. In a previous era it might have been called an *entente cordiale*, while the US Council on Foreign Relations has suggested seeing it as a strategic *joint venture* — that is, a mutual understanding of the two countries to focus on a slate of shared pursuits in which their interests converge and with clear mechanisms for coordinating and managing expected disagreements.⁶

For many decades, the United States and India were ‘estranged democracies’: the world’s two largest democracies occupied different sides of the Cold War and seemed unable to see eye to eye on much at all. Washington saw India either acting as a shop-steward for the Third World or as a Soviet ‘fellow traveller’. For its part, Delhi prickled at what it saw as American ‘neo-imperialism’. Washington was regarded as unreliable and its support for Pakistan was perceived as helping to create a Frankenstein state on India’s border. This fed into a distinctive strain of anti-Americanism that to some extent still runs through Indian strategic discourse.

These perceptions have gradually softened since the 1990s, especially as they have come to share many concerns about a rising China. The United States’ desire to engage with India accelerated when the George W. Bush administration announced that it would ‘help India become a major world power in the twenty-first century’.⁸ Bush was open about placing India in the context of China, arguing that its relationship with India would help create “an environment in which China is more likely to play a positive role than a negative role... and a different path to development than if China were simply untethered, simply operating without that strategic context”.⁹ These moves came well before the US announcement of its so-called ‘rebalance’ to Asia. In recent years, Washington has also increasingly come to share India’s concerns about Pakistan’s support for violent extremism.

A big turning point in the relationship came with the 2008 ratification of the US-India nuclear agreement, when the United States made unilateral concessions to India, recognising it as a de facto nuclear weapons state and offering access to civil nuclear technology. Washington’s willingness to rewrite the international non-proliferation regime in India’s favour was a

psychological game-changer, facilitating greater military ties and opening the door for the supply of US defence technology.¹⁰ But practical progress in building the relationship has been slow.

It was only with Modi’s election as India’s prime minister in 2014 that the security relationship with the United States began to gain real substance. Modi’s growing concern about the threat presented by China to the regional order has led him to be far more open to cooperation with the United States and its allies. The Obama administration also stepped up efforts to engage with India. By the time Modi made his fourth prime ministerial visit to the United States in June 2016, it was clear that there had been a sea change in the strategic relationship. The recent finalisation of the terms of an agreement to facilitate the use of each other’s military facilities signals that Modi is now willing to move past some of India’s longstanding taboos about the United States.

Objectives and constraints in the US-India strategic relationship

The US-India strategic relationship is driven by several imperatives, the most immediate being the perceived threat presented by China to the regional order. Although there are some important differences on some issues, including on the Middle East, there are also basic commonalities including in promoting political stability and opposing violent extremism. But the relationship is also subject to significant constraints. For both, the relationship is *sui generis*. Each struggles to create a new type of partnership quite different from established categories.

For India, key objectives of the US engagement are:

- Hedging against China and increasing strategic leverage with Beijing. Delhi understands that ultimately only the United States can help provide a balance against China.
- Keeping the United States engaged in the Indo-Pacific, at least until India has developed sufficient strength to promote a truly multipolar order.
- Gaining access to US defence technology and expertise.

But for India there are also many caveats and constraints on the relationship, including:

- Distrust over perceived US hegemony, including its support for Pakistan. This, for example, drives suspicions over promoting interoperability in case India becomes enmeshed in US strategic designs. Similarly, any proposed information sharing arrangements create concerns of potential 'leakage' by the United States to Pakistan.
- Concerns over Washington's reliability as a partner mean that India will seek to put its eggs in several strategic baskets. India is, for example, careful to diversify its weapons procurement programs among several partners including Russia, Israel and France.¹¹
- India's aspirations towards strategic autonomy, including concerns that Washington may be seeking to entrap India as a junior alliance partner.
- Concerns over potentially being used by Washington as a 'stooge' against China.
- Capacity constraints and ideological obstacles in the Ministry of External Affairs and the Ministry of Defence. The ability of India's bureaucracy to thwart even the simplest of initiatives should not be underestimated.

From Washington's perspective, the key objectives of the relationship include:

- Developing India as a balance to China, including through facilitating a greater role for India in East Asia and helping to build India's power projection capabilities.
- Encouraging India to be a friendly security partner in Indian Ocean, including acting as a net security provider to the region alongside or in place of the United States.
- Supporting India as a prosperous democratic alternative to China's authoritarian system.

While Washington does not perceive significant risks about India there are doubts about India's usefulness. Washington is highly focused on the Middle East, Europe and East Asia as its key strategic theatres, and other than as a potential balancer against China, US strategists sometimes find it difficult to know how

to fit India within the US strategic vision. There are also significant frustrations at India's bureaucratic and ideological constraints that often obstruct even simple acts of cooperation. There is considerable scepticism as to whether India could be relied upon to take even simple actions consistent with US objectives.

Just as the engagement is forcing India to move beyond traditional postures, India is also forcing the United States to act outside its comfort zone. The United States has numerous security partnerships throughout the world, but all these involve Washington as the senior partner and security provider. With India, the United States is developing a relationship with a power that considers itself a peer (morally and intellectually, if not materially). In general, over the last decade or so, Washington has shown an unusual degree of sensitivity and patience in its dealings with India, including taking care to avoid any suggestion of an alliance with India. Washington stresses India's independence and that it is in the United States' interests to see India rise as an independent power that takes greater responsibility for its own neighbourhood. While trying to move India's strategic perceptions closer to the United States, Washington has not, in general, expected public support from New Delhi in the manner generally expected from US allies.

The relationship is gaining an unprecedented level of maturity under the leadership of Narendra Modi and Barack Obama. There are many points of irritation between the two countries, including trade and human rights, and these will likely continue in the future. However, both leaders have been able to separate those ongoing irritants from a closer security relationship. This maturity contrasts with previous times when even relatively low-level disagreements could easily derail progress on broader strategic issues.

The India-US strategic relationship has global, Indo-Pacific and Indian Ocean dimensions, all of which are important to Australia. The breadth of the partnership was spelled out in the 2015 *Joint Strategic Vision for Asia-Pacific and the Indian Ocean Region* which

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provided a roadmap for the United States and India "to better respond to diplomatic, economic and security challenges in the region".¹² Their relationship in the Indo-Pacific includes cooperation in bringing India into Asia Pacific groupings to support the existing strategic order in East Asia. Although India's military capabilities in East Asia are limited, it does, for example, provide valuable rhetorical

support for principles of freedom of navigation in the South China Sea.¹³ India is also an increasingly valuable political partner for the United States in key regional groupings such as the East Asia Summit and the ADDM+ (the regular meeting of regional defence ministers from ASEAN and its dialogue partners, including China, the United States, India, Japan and Australia).

To date, there has been relatively limited defence cooperation between the United States and India in the Indian Ocean. In this theatre, Washington would like to see India taking a more active role in contributing to regional security. This could help take the strain off US defence resources and help balance China's growing naval presence in the Indian Ocean. While Washington sees India as a useful partner in the Indian Ocean, it is rather more cautious in encouraging India to exert pressure on China in the Himalayas, an area in which the United States would be hesitant to become involved.¹⁴

One might compare the United States' partnering with India in the Indian Ocean with Britain's strategy at the beginning of the twentieth century, when it was challenged by the growth of German naval power. Britain then forged partnerships with emerging naval powers, the United States in the western hemisphere and Japan in the Pacific, allowing them a measure of regional hegemony, while Britain concentrated its resources in the North Atlantic against Germany.¹⁵ This analogy captures some of the dilemmas Washington

faces in responding to China's growing power across the Indo-Pacific.

Despite commonalities in strategic interests there are still many constraints on the relationship, including India's concerns about strategic autonomy and status. If some in Washington quietly hope that India will become an ally, they will be disappointed. Indeed, India's reluctance to commit to the relationship sometimes makes it look more like an alignment of convenience. In the long run, as India builds its national power, it will increasingly seek to dominate its own strategic space, including in areas where the United States is now the predominant power.

US-India defence cooperation

Defence cooperation between the United States and India has grown slowly but significantly over the last decade. Over the last 12 months, the defence relationship is increasingly looking closer to an alignment. However, from India's perspective each step is still measured against concerns about strategic autonomy.

The overall defence relationship is governed by a Defence Cooperation Agreement which provides a framework for intelligence sharing, training, technology transfers and missile defence cooperation. That framework is being filled out by substantive arrangements including in the following key areas:

- **Training and exercises:** From the early 1990s training was identified as a politically easy form of cooperation. The two countries have conducted joint military exercises since 1992, which have since increased in frequency, scale, complexity and jointedness. These include large-scale exercises between their navies, armies and air forces. India now conducts significantly more exercises with the United States than with any other country. However, with only few exceptions, those exercises are on a bilateral basis, and India remains sensitive to the formal inclusion of other exercise partners.
- **Arms sales:** Washington has long aspired to displace Russia as India's principal arms supplier.

The United States aims to improve India's power projection capabilities and to help 'lock in' India as a strategic partner. US defence sales to India have included C-130J Hercules, C-17 Globemasters, Apache attack helicopters and P-8I maritime reconnaissance aircraft.¹⁶ But the two countries still have quite different views on how arms sales fit into the broader relationship. While Washington considers it as part of building a broader security relationship, many in New Delhi regard it as an end in itself.

- **Technology transfers:** India has long demanded access to technology as part of its aspirations to build an indigenous arms industry. The transfer of cutting-edge defence technology has become a particular focus over the relationship through the India-US Defense Technology and Trade Initiative (DTTI). Washington has recently offered access to US electromagnetic launch technology for Indian aircraft carriers, a 'crown jewel' that could have a transformative effect on India's power projection capabilities.¹⁷

More high-end technology transfers are in the offing. During Modi's June 2016 visit to Washington, Obama announced that India would henceforth be classified as a "Major Defense Partner",¹⁸ allowing it access to technology on a par with the closest allies and partners of the United States (including Australia). Although this designation was especially created for India, it is assumed that it will be equivalent to the "major non-NATO ally" designation under US legislation. In practice, access to high-end US technology will also require India to enter into further agreements with Washington, which Delhi has often been hesitant to do.

- **Logistical support:** After years of negotiations, in June 2016, Delhi and Washington finalised the terms of Logistics Exchange Memorandum of Agreement (LEMOA) which will facilitate the use of each other's defence facilities and logistical support. Although Washington has similar arrangements with some 80 other countries, India's entry into the LEMOA is considered to be a major departure from its non-aligned traditions.¹⁹ Although discussion in India has

predictably focused on US access to Indian military facilities, just as important is the access that India will potentially gain to US defence facilities across the Indo-Pacific — including, for example, Bahrain, Diego Garcia and even Guam.

- **Information sharing:** Washington and Delhi have been sharing intelligence in certain areas for some years, but information sharing in other areas has been constrained, in part by Indian suspicions over the potential for leakage to Pakistan. As with other dimensions these suspicions are slowly easing. The signing of an agreement for information sharing on so-called 'white shipping'²⁰ (i.e. commercial shipping) in June 2016 will likely be the start of more comprehensive cooperation in maritime domain awareness in the Indian Ocean. This may include cooperation in both air and underwater surveillance.

- **Other forms of cooperation in the maritime domain:** Although the maritime domain has long been identified as a key area for cooperation, there have been significant road blocks to operationalising the relationship. India has long resisted operational coordination or promoting interoperability with the US Navy. This was seen with considerable suspicion among Indian bureaucratic decision makers, as a dangerous step on a slippery slope of dependence. There are also taboos operating even in indirect proximity with Pakistani forces, a reason why India declines to participate in the US-led Combined Military Forces operating in and around the Persian Gulf.

The establishment of an India-US Maritime Security Dialogue in April 2016 signals a much greater willingness to operationalise the maritime relationship. The dialogue, in a 2+2 format co-chaired by senior officials from the Indian Ministries of Defence and External Affairs and the US Departments of Defense and State, indicates a willingness to address some of the bureaucratic obstacles to cooperation. One of the key items on the dialogue's agenda is shared maritime domain awareness in the Indian Ocean.

3. Unlikely partners: Australia-India strategic engagement

Australia faces similar imperatives and caveats in its relationship with India as does the United States, but the relationship also presents its own unique challenges. For India, a close relationship with a subordinate ally of the United States creates several ideological and hierarchical issues. For Australia, a close security and defence relationship with a major power outside of the Western strategic sphere also requires some new thinking.

In many ways Australia and India are the odd couple of the Indian Ocean. Indeed, the relationship has been characterised more by difference than by alignment.²¹ For decades India and Australia had divergent geopolitical perspectives, ideological differences and weak economic links, and the relationship was also coloured by issues of race, identity and status. Although their colonial history gave them a shared language, civil and political institutions and a love of cricket, this history often seemed to divide them as much as bring them together.

The differences between the two countries were most marked during the Cold War when Australia and India were on different sides of several divides. Australia built its economy on trade and foreign investment, while India followed a path of economic

self-reliance. Australia cemented its alliance with the United States while India avoided formal alignments. Some of these differences have lingered. India long resented Australia's vocal support for the nuclear non-proliferation order, and Australia's ban on supplying uranium to India was seen as a failure to respect India's international status. Only recently has this impediment been removed.

Objectives and constraints

Since the turn of this century, Australia has begun to see India as an important partner. Australia's evolving view of India is intimately linked to its strategic reorientation towards the Indo-Pacific. The idea of an Indo-Pacific 'strategic arc'²² that runs from the north Pacific to West Asia reinforces India's role as a key regional partner that could eventually rank alongside Australia's traditional partners. Australia, India and Japan could anchor an alignment of Indo-Pacific democracies that could also include other democracies in the region. The idea of Australia, India, Japan and the United States forming the basis of a new regional coalition was proposed a decade or so ago as part of so-called 'Quadrilateral' arrangements. Although the Quadrilateral did not proceed there is now broad recognition of their shared interests.

China is the most immediate driver of the Australia-India strategic relationship. Perceptions of India's potential strategic importance have only increased with China's growing assertiveness. Although there may be caution over rushing into what might be perceived as an anti-China coalition, few in Australia would argue that a much closer partnership with India is not a good thing. From Australia's perspective there may be challenges in building the India relationship — some of them considerable — but there are few perceived downsides.

From India's perspective too, Australia is increasingly recognised as an important partner as it builds networks across the Indo-Pacific to balance China. India is probably more attracted to Japan as a 'peer' Asian security partner, but it is also increasingly

Australian and Indian personnel during AUSINDEX 2015

Photo: Commonwealth of Australia



recognising Australia as a partner in Southeast Asia and across much of the Indian Ocean region.

Indeed there is a long list of other important issues beyond China that are driving the security relationship. These include:

- A mutual recognition of the value of cooperation in Indian Ocean maritime security.
- Mutual objectives to build institutions and a sense of regionalism in the Indian Ocean.
- Shared interests in peace and political stability in Southeast Asia.
- Opposition to violent extremism.
- Shared interests in security of sea lines of communication and principles of freedom of navigation.
- Mutual interests in the continued role of the United States in East Asia and the Persian Gulf.
- (For India), the value of Australia as a politically stable source of energy and other resources.
- (For Australia), a recognition that in the long term the region is moving towards multipolarity and that India will be one of the major regional powers. Although Australia may prefer to see the continuation of US primacy in the region, this is unlikely to last forever. Australia is simultaneously seeking to reinforce the US leading role while also partially hedging against the likely long term decline in US predominance. If Australia faces a more multipolar region in the long term then a good relationship with a strong, friendly and democratic India will be in Australia's interests.

Despite these many common interests, there are also considerable constraints on the Australia-India relationship. From India's perspective these include:

- Traditions that inhibit defence cooperation with other countries, particularly close allies of the United States such as Australia.
- Status. India has strong expectations that it should be treated as a great power in the international

system and as a leading power in the Indian Ocean. Demands for the recognition of India's status were behind India's strong reactions towards Australia's policies on the supply of uranium. In general, India has been comfortable in engaging with major powers and with very small states, but it has been less comfortable in engaging with activist middle powers such as Australia.

- Residual hesitations in partnering with what some in Delhi still perceive as an 'Anglo-Saxon' state in India's region. Although this factor is being overtaken by growing people to people contacts, the 2008 controversies over safety of Indian students in Australia indicate that it remains a potential factor in the relationship.

There are also some factors that constrain Australia's security engagement with India. These include:

- Despite advances in the relationship, there is still scepticism in Canberra about the ability of India to become a 'useful' partner willing to make practical contributions to regional security.
- Australia's expectations that India would open its economy to trade. Australia's aspirations to build a comprehensive economic relationship are not being met.
- The relatively small size of Australia's defence forces and its high level of commitments in the Asia Pacific and the Middle East create issues of prioritisation. Australian defence officials may look for immediate returns or reciprocity in the relationship with India, which is often lacking.

Defence and security cooperation

Although security issues have received significant airplay in the relationship, in practice defence cooperation, while growing, still remains relatively undeveloped. The two countries have entered into several security agreements over the last decade or so, most recently the 2014 Framework for Security Cooperation which is intended to create a framework

for cooperation to be pursued in specified areas.²³ A considerable number of defence and security dialogues are now held between the two countries, including a new 2+2 dialogue among defence and foreign secretaries. But we have only recently begun to see this rhetoric and dialogue being translated into more substantive cooperation.

The Indian and Australian navies are likely to be at the forefront of defence cooperation between the two countries. They are the two most powerful navies among Indian Ocean states and share security responsibilities across this vast ocean. The navies also share many traditions inherited from the Royal Navy, including global strategic outlooks and a culture of international cooperation.

The AUSINDEX naval exercises held in the Bay of Bengal in 2015 were an important step forward in the defence relationship, and were the first substantive bilateral naval exercises between India and Australia

for at least 50 years. But we should also be careful in allowing rhetoric to outrun the reality — the Indian navy currently conducts bilateral exercises or similar operations with at least eight other nations and the Australian navy conducts

bilateral exercises with many more countries. Although AUSINDEX fill an important gap in the relationship, it indicates how far the two countries have to go in giving substance to the defence and security relationship.

Cooperation among the other armed forces is at a lower level. There are nascent links between India's Coastguard and Australia's Maritime Border Command which could become significant. The growing number of shared US-built platforms potentially creates significant opportunities for cooperation among the two air forces. There are a number of potential areas of cooperation between the two armies, including between special forces which are expected to conduct exercises in October 2016.

But overall, defence cooperation remains relatively undeveloped and largely still in the realm of the potential. The recent signing of an information sharing

agreement on 'white shipping' may presage broader collaborative arrangements in maritime domain awareness. Australia would also benefit from the conclusion of a logistics sharing arrangement in the nature of the arrangements India has with Japan and the United States.

Attempts to develop the economic relationship

Many in Canberra have assumed that much closer economic relations would be a key part of a comprehensive relationship and that Australia should develop an economic relationship with India to rival its partnerships with China, Japan and South Korea. But in practice the economic dimension of the relationship has been far slower to develop than the strategic dimension.

The Australia-India economic relationship has historically been very thin. Although trade has grown significantly over the last decade, it remains relatively small compared with Australia's other partnerships. Australia's trade with India totalled A\$18 billion in 2014-15 (compared with A\$150 billion for China), making India Australia's 10th largest trading partner, after Malaysia.²⁴ The investment relationship also remains undeveloped. Few Indian investments in Australian resources have come to fruition. Australian resource companies are effectively locked out from India by virtually impenetrable regulatory barriers.

Over the last several years, Canberra has sought a free trade agreement with Delhi to underpin the broader relationship. But despite years of negotiation, including some four visits to India by Australia's trade minister in 2015, a Comprehensive Economic Co-operation Agreement (CECA) remains elusive and there is little likelihood that an agreement will be finalised any time soon. Although the potential gains in trade are huge there are a lot of reasons for caution. The CECA is not a free trade agreement and would result in little if any reduction in Indian tariffs on Australian exports. Despite its pro-business credentials, the Modi government has little attachment to free trade, particularly in the agricultural sector. The main focus of the CECA, if ever realised, will be in facilitating Australian investment

Australia-India defence cooperation remains relatively undeveloped and largely still in the realm of the potential.

and certain services, although even in those areas it is unlikely to yield significant immediate gains.

Perhaps the CECA could have some value in demonstrating mutual commitments to the relationship and, potentially, as a framework for future negotiations over access to the Indian market.²⁵ But in practice Australia has done itself few favours in trying to push for the CECA ever harder in the face of unenthusiastic and sceptical Indian trade negotiators. Nor will the proposed RCEP regional free trade agreement, if implemented, likely have a significant impact on bilateral trade.

It is now apparent that Australia will need to approach its economic relationship with India differently from other Asian economic partners. Australia should also not make the mistake of thinking that India regards a comprehensive economic relationship as an essential foundation to a security relationship — in fact, economics and security tend to follow quite different trajectories in Indian thinking.

Challenges in building the Australia-India strategic relationship

Differences in histories, strategic environment and perspectives, size, wealth and cultures create many challenges for the Australia-India strategic relationship. India and Australia have quite different traditions and attitudes towards security cooperation. Although India may no longer pursue the rhetoric of nonalignment, many in New Delhi hold the idea of strategic autonomy as a cherished goal. In contrast, Australia sees security cooperation as a virtual prerequisite for national independence and as an important means of enhancing its regional influence. Indeed, if strategic autonomy is part of India's national DNA, then strategic collaboration is part of Australia's.

These differences are compounded by different understandings of status in the international system. India is highly sensitive to questions of hierarchy and can be demanding that others recognise its major power status. India does not consider Australia as a strategic peer, but nor is it clearly able to dominate the relationship. Australian analysts Bergin and Bateman argue that the relationship with India must be one

of equal partners and that India's reluctance to treat Australia on an equal basis could create problems in the future.²⁶ This is certainly a factor in the relationship, but from Australia's perspective these concerns may make it even more important to engage with India.

Another potential area of difference is China. Shared concerns about China are an important driver of the relationship, but there are also differences. India's views on China are driven by the 1962 war, its ongoing border disputes, China's support for Pakistan and China's growing role in the Indian Ocean. For its part, Australia has the luxury of distance from China and its perspectives tend to be driven more by concerns about maintaining a US-led regional order. As Frederic Grare of the Carnegie Endowment comments: "The contentious character of China's relations with its neighbours over the past few years certainly explains the new-found desire of both India and Australia to forge a closer security relationship. Yet, common concerns do not necessarily imply similar interests. Nor do these concerns inevitably translate into identical approaches and policies."²⁷

Some Australian analysts are sceptical about the extent to which Australia can ultimately rely on India as a decisive factor in balancing China. Hugh White questions whether India's interests are aligned with Australia, arguing that New Delhi does not seek to maintain US strategic dominance in Asia. He claims that India will never allow itself to be used by the US as a 'stooge' against China and that geography and mutual deterrence will moderate Sino-Indian strategic rivalry.²⁸ But this view reflects Indian thinking from a previous era. It fails to take into account the depth of India's concerns over China and its realisation of the value of the United States as a strategic stabiliser, at least in the medium term. The growing willingness of India to align with the United States and its allies and its recognition of the value of the US presence in the region demonstrates just how far India has moved past its old taboos. In addition to the China factor, Australia and India also have a long list of shared security concerns in the region, creating multiple imperatives for the relationship.

4. Connecting India with the US alliance system

This report has discussed the developing strategic relationships between each of the United States and Australia and India. This part considers Australia's interests in encouraging broader and deeper connections between India and Asia Pacific states. How can India be encouraged to better connect with the US alliance system in light of its aspirations towards strategic autonomy?

New strategic geometries in the Indo-Pacific

Since the early days of the Cold War, the United States has acted as the key security provider in East Asia through the so-called San Francisco alliance system, a series of formal bilateral treaty arrangements between the United States and its Asia Pacific allies and partners. This system of bilateral alliances and alignments reflected the realities of the region post-1945, including difficult relations between several US alliance partners and fears of entrapment in Cold War conflicts. Although relations between many Pacific states have improved significantly since then, the reasons why an Asian NATO would not work remain largely true today. The United States has also been the main security provider in the Indian Ocean region since the early 1970s. US security relationships in the IOR are also generally bilateral, often for similar reasons as in the Pacific.

While US bilateral security relationships remain fundamental to the Indo-Pacific security order, there is also growing recognition that they may not be sufficient to address the changing balance of power. This has spurred new and more complex strategic geometries. One trend is towards closer relationships between US allies, essentially directly connecting the 'spokes' in the US alliance system. A second involves developing closer security linkages with states outside the US alliance system, including Indonesia, Vietnam and India. A third trend is towards 'minilateral' security dialogues, small informal groupings of states that share common security interests on particular issues.

One of the oldest minilateral security groupings in Asia is the Five Power Defence Arrangement among Australia, Malaysia, New Zealand, Singapore and UK. This was established in the early 1970s but continues

to operate as a valuable, if low key, security connection between those countries. Newer minilateral groupings are often in trilateral format. This includes the US-Japan-South Korea Defence Trilateral Talks (established in 1999), the US-Japan-Australia Security Dialogue (established in 2002), the US-Japan-India Strategic Dialogue (established 2011 at assistant secretary level, and held at foreign ministerial level from 2015), the Australia-India-Japan Trilateral (established in 2015 at foreign secretary level) and even a US-Japan-Mongolia Trilateral (2015). Some of these dialogues were initially established at an official level and later progressed to ministerial level.

The Australia-Japan-US Trilateral Security Dialogue, which now runs in a 2+2+2 format (involving foreign and defence ministers from each of the countries), has been a successful template. It has facilitated growing (if nascent) trilateral cooperation between the three parties,²⁹ but more importantly has helped to build the security relationship between Australia and Japan.

New minilateral security arrangements are not just confined to the US strategic orbit. China has sponsored the Shanghai Cooperation Organisation, and also participates in the China-Japan-South Korea trilateral summit. India has also tried to sponsor security cooperation arrangements among Indian Ocean island states such as Sri Lanka, Maldives, Mauritius and Seychelles.³⁰

According to US analyst Michael Green these minilateral groupings are an important addition to the regional security architecture, by filling the vast space between 'realist' bilateral alliances and 'idealist' multilateralism.³¹ The groupings can help mitigate deficiencies in the effectiveness of the region's multilateral institutions and the 'stove-piping' that is inherent in the US bilateral alliance system, and can be used to leverage common values and interests in order to shape the larger regional agenda. They can provide an important symbolic message to China of the shared concerns of the participants and also has the potential to be used by US allies to more effectively shape US strategic behaviour.

Some of these arrangements could potentially evolve into 'federated defence' systems.³² Michael

Green argues that by better leveraging host nation capabilities, federated efforts could maintain a 'low-cost, small footprint' approach that is both affordable and suited to regional dynamics. This could allow the United States to leverage its strengths in information, facilities, equipment and capabilities. The concept aims to be practical and cost-effective, building on the desire of allies and partners for closer working ties with one another and with the United States. The key to such a system lies in promoting multilateral interoperability among friends and allies.³³

Some fear that minilateral groupings could fuel a security dilemma in the region³⁴ while others see them as enhancing security through providing opportunities for a soft form of hedging. The popularity of trilateral arrangements may reflect a view that larger groupings could create a security dilemma and provoke unwanted reactions — as was demonstrated by the ill-fated Quadrilateral Security Dialogue (QSD) proposal in 2007.

The Quadrilateral Security Dialogue

The QSD was a high-level security dialogue among Japan, India, the United States and Australia first proposed by Japanese Prime Minister Shinzo Abe in 2006.³⁵ The dialogue was to be complemented by an expansion of the bilateral *Malabar 2007* naval exercise between India and the United States to include Japan, Australia and Singapore. But China reacted negatively to the proposed dialogue and naval exercises, and all four putative partners backed away from the initiative. The Indian government faced a backlash from its leftist coalition partners over the *Malabar 2007* naval exercises, which led its defence minister to effectively ban the Indian Navy from future participation. Prime Minister Kevin Rudd also pulled out of the QSD in a very public manner, doing Australia no diplomatic favours among its erstwhile partners.

There is now a growing view that the failure of the four partners to continue with the QSD initiative may have been a mistake. Some argue that its abandonment might have contributed to China's more assertive strategic behaviour in recent years. This had led to periodic suggestions from Japan,³⁶ India,³⁷ Australia³⁸



US and Indian navy officers during Exercise Malabar 2007

Photo: US Navy

and the United States³⁹ for the Quadrilateral grouping to be renewed in one form or another.

Yet there remain considerable hesitations about establishing a new QSD even at a non-political level. The experience of 2007 has encouraged a view among some that, in managing China's reactions, four-way relationships are bad and three-way relationships (even a series of interlocking relationships) are good. For this reason, both Delhi and Canberra would likely take an incremental approach towards resurrecting any four-way security relationship, as a graduated response to future Chinese actions. That does not mean that some less controversial steps could not be taken. Australia is seeking to be an official observer to the *Malabar* naval exercises between India, the United States and Japan, and there is also scope for an upgraded track 1.5 dialogue among senior analysts and officials from the four countries. While the ability to make a graduated response might make some sense, a failure to take any steps towards formalising a quadrilateral relationship can also be seen as successful intimidation.

India's new connections in the Indo-Pacific

As discussed in *Australia and the US Asian Alliance Network*,⁴⁰ Australia has a significant interest in promoting security cooperation with US allies and others to reduce the potential for over-reliance on its bilateral alliance with the US. Australia also has a strong interest in including India in such arrangements as a friendly power in the Indian Ocean and as a way of building India into a rules-based security order

across the Indo-Pacific. Australia cannot simply rely on the United States in this respect; while the India-US security relationship is now on a very positive trajectory, it remains subject to its own risks and vagaries.

As noted, Modi has taken a more open approach to multi-party security relationships than past Indian leaders. As it takes a more confident role in the international order, India's fears of foreign entanglements are slowly receding. Over the last decade or so, India has developed closer security and defence relationships with several Asia-Pacific partners, including Japan, Vietnam and Singapore. India is also building closer

defence ties with countries in the Indian Ocean region, including with small island states.

While India is progressively leaning towards the US strategic orbit, it is not yet clear how it will connect to the existing US-led security order in a way that allows it

to claim its strategic autonomy while also adding to its leverage against China. There is still much caution about moving the India-US security relationship beyond the bilateral. Delhi still remains leery of multilateral security relationships in which the United States is a party.

India finds it easier to participate in minilateral arrangements that include Japan. India has participated in a trilateral security dialogue with Japan and the United States since 2011. Japan has also participated for several years in the India-US *Malabar* naval exercises — although New Delhi can't yet quite bring itself to officially call it a 'trilateral' exercise. Since June 2015, India has also participated in an Australia-India-Japan trilateral dialogue at foreign secretary level. There is considerable potential for enhanced maritime security cooperation between the three, including potentially combining existing bilateral naval exercises into a trilateral format and/or expanding the long-running India-Japan coastguard exercises into a trilateral format with Australia's Maritime Border Command.

Delhi has been less enthusiastic about proposals for an Australia-India-US trilateral dialogue.⁴¹ Such a dialogue would complete the 'set' of trilateral dialogues

involving Australia, India, the United States and Japan but it would also raise a number of issues. For India, any trilateral arrangement between the United States, India and Australia creates concerns over alliance and status that do not seem to exist in the Japan trilateral. It may, for example, be difficult for India to treat Australia other than as a minor alliance partner to the United States — something not desirable from Australia's perspective. It may therefore be wiser to promote trilateral defence cooperation at an operational rather than a political level, as these status issues are much less apparent among the armed services.

There is also potential to establish minilateral dialogues including other partners, some of which lie outside the US-led security sphere. These include proposals for India-Indonesia-Australia trilateral dialogue (held since 2013 at a Track 1.5 level) and an India-Vietnam-Japan trilateral dialogue.⁴² An India-France-Australia dialogue would also recognise the shared security interests of these states in the Indian Ocean. These could leverage India's relationships with other states and provide further support for a rules-based Indo-Pacific security order.

Australia and India as the core of new regional coalitions

Australia should also look to other approaches to connecting India with the Asian security order in ways that fit with India's strategic traditions. Rory Medcalf and Raja Mohan have argued that India and Australia should form the core of a series of informal coalitions among regional powers — allowing them to work in self-selecting groups that do not include China or the United States. They claim that this approach would build a regional resilience against the vagaries of China-US relations, including the extremes of either conflict or collusion. It would also reinforce the multipolar quality of the emerging Indo-Pacific order, encouraging continued US engagement without unduly provoking China.⁴³

These coalitions would not resolve the region's security problems, but could be a valuable instrument to help participating countries advance and protect their interests in the face of strategic change. The

Australia should also look to other approaches to connecting India with the Asian security order in ways that fit with India's strategic traditions.

non-inclusion of Washington in such coalitions would reduce claims that they are aimed at containing China and help neutralise reflexive anti-Americanism or Chinese-cultivated pan-Asianism within some regional countries.⁴⁴

Australia and India have some unique complementarities that make a partnership potentially significant for the Indo-Pacific strategic order. They both have substantial capabilities, the benefits of their strategic geography, and the potential to engage and mobilise a wide range of partners between them including a mix of US allies and notionally non-aligned states.

Australia has, for example, longstanding and good security relationships with Singapore and Malaysia, anchored by the Five Power Defence Arrangement (FPDA). Australia should consider leveraging these FPDA relationships as the core of a new cooperative regional maritime arrangement that includes India and Indonesia. Such an arrangement would initially focus on improving shared maritime domain awareness in both the South China Sea and the Bay of Bengal areas, beginning with sharing information on so-called 'white' hulled commercial vessels and later progressing to 'grey' hulled naval vessels. The arrangement would also address other shared concerns in the maritime domain, such as maritime crime and humanitarian and disaster relief. The arrangements could leverage off Australia's existing capabilities in the region, including its longstanding Operation *Gateway* maritime surveillance patrols, and potentially also benefit from India's growing capabilities in the Andaman and Nicobar Islands. Information sharing efforts of this type could potentially use broad-based open-source architecture, with the aim of fostering increased information flows and creating patterns of cooperation.⁴⁵

Sponsoring a cooperative regional maritime security system could be an opportunity for Australia to

leverage its already excellent FPDA relationships to the benefit of Australia and the region. An arrangement that engages Indonesia in a minilateral setting could help overcome some of the political constraints on the bilateral security relationship. Such an arrangement would bring India in a Southeast Asian-based security grouping in which Australia plays an important role, while helping to develop better, if indirect, connections between India and the US alliance system in Asia. Establishing such a system would not be without its challenges, including ensuring that it did not adversely impact the FPDA. However, it would likely fit well with New Delhi's own aspirations in the region and could represent an important shared project for the two countries.⁴⁶

Arrangements of this type that connect with but do not directly include the United States would be consistent with important elements in Australia's relationship with India. Australia has strong interests in seeing the continuation of US strategic predominance in Asia in the long term. But to the extent that changes in the regional balance of power will occur over time it is also in Australia's long term interests to see the development of a multi-polar system in the Indo-Pacific that includes India at the top table. While India may see US predominance in the Indo-Pacific in its interests in the medium term, it remains more ideologically comfortable in working with Asian partners.

It has been argued that Australia's motivation for developing its bilateral relationship with Japan involves reinforcing the bilateral 'hub and spokes' US alliance system while also hedging against its demise.⁴⁷ In a loose sense, there are similar considerations in Australia's security relationship with India: Australia is simultaneously seeking to reinforce the US leading role while also partially hedging against the likely long term decline in US predominance.

5. Building an Australia-US-India partnership in the Indian Ocean



Ships from India, Australia, Japan, Singapore and the United States during Exercise Malabar 2007

Photo: US Navy

Australia should promote the incremental development of a trilateral defence and security partnership with India and the United States with a primary focus on the Indian Ocean, the theatre where the interests of the three countries most clearly intersect. Although it is now secondary to the Pacific in Australia's strategic concerns, the Indian Ocean will likely be the scene of growing strategic instability in coming years, particularly if the United States begins to draw down defence resources from the theatre. This gives Australia a very direct interest in promoting India's role as a complement to the United States and, in the long term, potentially even facilitating any transition of power in the region — just as Australia helped facilitate a smooth transfer of power in the Indian Ocean from Britain to the United States in the 1960s and 1970s.

Australia, the United States and India have many shared interests in the security and stability of the Indian Ocean, even if they sometimes approach it from

different perspectives. Although Indian thinking about the Indian Ocean is a work in progress, most Indian strategists have a somewhat proprietorial approach to the region, seeing it as essentially India's backyard. There is a widely held, if somewhat vague, belief in India's long term destiny to become the dominant power in the Indian Ocean accompanied by a strong preference to exclude hostile powers from the region. In the latter part of the Cold War, Indian strategic concerns in the Indian Ocean were often focused on the United States. But New Delhi now sees the US military presence in the region as an important stabilising factor. Indeed, while India aspires to have a dominant role in the Indian Ocean, Delhi would regard a precipitous draw down of US military forces from the region as creating a space that might be filled by China.

India is now focused on the perceived threat that China presents in the Indian Ocean. This has been heightened by developments such as the deployment

of Chinese submarines to the Indian Ocean and the announced establishment of Chinese naval support facilities in Djibouti. There is a strong view among Indian strategists that China is challenging India's aspirations in the region, and this requires India to play a much more active security role in the Indian Ocean. Nevertheless, most Indian strategists understand that India simply does not have the material capabilities to address this threat on its own and it will not have sufficient capabilities to do so for years to come.

For more than a decade the United States has encouraged India to take a more active security role in the Indian Ocean region. This reflects several objectives: to develop India's capabilities as a balance to China; to encourage India to make a greater contribution to regional security; and to use India's huge military establishment to take pressure off scarce US defence resources. This could potentially allow Washington to focus its resources on higher order issues and reallocate defence resources to East Asia. Some see this as part of a new 'Nixon doctrine' of supporting friends and allies taking greater security responsibilities in their own regions.⁴⁸

But although Washington has clear goals for its relationship with India, it does not yet have a clear strategy towards the Indian Ocean. This is reflected in the split in US military responsibility for the Indian Ocean between US Central Command, US Africa Command and US Pacific Command (USPACOM). USPACOM, which is based in Hawaii and whose remit includes India and about half of the Indian Ocean, is mostly focused on developments in the Pacific and East Asia. It is not clear whether USPACOM has a well-defined understanding of its role in the Indian Ocean beyond having line responsibility for the India relationship.

In recent years Australia has given greater recognition of the importance of the Indian Ocean region and the need for it to play an active role there. Australia has long benefited from US strategic predominance in the Indian Ocean region, which it would like to see continue for as long as possible. Like Washington, Australia sees considerable value in encouraging India to assume

an expanded regional security role to supplement the United States. Although Australia understands India's aspirations towards regional leadership, a key objective of Australia's engagement with India will be to help mould India's aspirations to take into account the legitimate interests of Australia and other regional states.

In comparison with India, Canberra is somewhat less defensive about the growing Chinese presence in the Indian Ocean. There is perhaps a greater willingness to acknowledge China's interests in the Indian Ocean. Australia's preference would be to see the United States and India playing leading roles in the Indian Ocean in a manner that avoids explicit strategic competition with China. However China should also be encouraged to play a role as a responsible stakeholder in the regional order.

An important and growing theme in Australia's approach to the Indian Ocean region is its support for regional institutions. Its current efforts have included working with India to promote institutions such as the Indian Ocean Rim Association (IORA) and the Indian Ocean Naval Symposium (IONS) as more effective groupings. This shared goal has also become an important element in Australia's partnership with India. In contrast, the United States takes a relatively passive role towards Indian Ocean regionalism, not necessarily to its advantage. Arguably Washington might benefit from adding its weight to building much more effective pan-Indian Ocean institutions, just as it was a significant beneficiary from the project to build the Asia Pacific as a region in the 1980s and 1990s.⁴⁹

Despite caveats and sensitivities in the relationships, there is much that can be achieved among the three countries in the Indian Ocean region. This report recommends that Australia take an incremental and bottom up approach focusing on joint exercises, intelligence and cyber cooperation, shared maritime domain awareness and HADR/SAR:

- **Joint exercises:** For the last two decades, joint exercises have been the key point of defence cooperation between India and the United States,

and it is an area that Australia is only just beginning to enter. Australia has the greatest interest in promoting cooperation in the maritime domain. Although Australia participated in the US-India *Malabar 2007* naval exercise, India has since resisted repeating this. Australia must continue to focus on participating in the India-US *Malabar* naval exercises alongside Japan, beginning with observer status.

Exercises involving the United States that are officially beyond bilateral appear to create particular sensitivities for Delhi. Australia should therefore explore opportunities for personnel from the three countries to participate in exercises that may not necessarily be officially trilateral in nature. One example is the major biennial *Talisman Sabre* exercises in northern Australia, which in 2015 included New Zealand and Japanese personnel, although it remained a bilateral US-Australia exercise. Similarly, Australia should be open to operating under US or even Indian command in bilateral US-India exercises.

As a related initiative, Australia should also make available its huge training areas in Northern Australia for use by India in conjunction with Southeast Asian partners such as Singapore, Malaysia and Indonesia. This would provide excellent opportunities for improving multilateral interoperability between Indo-Pacific partners and further develop Darwin as a hub for regional defence interactions.

- **Maritime domain awareness:** A key area for trilateral cooperation is in intelligence, surveillance and reconnaissance (ISR) to improve maritime domain awareness. The vastness of distances across the Indian Ocean makes tracking of vessels and aircraft a difficult task and beyond the resources of any single country. It is a field that India has shown particular interest in cooperating with both the United States and Australia. It is also a field that probably holds fewer political sensitivities for India.

The recent signing of 'white shipping' information sharing agreements between India and Australia, and India and the United States might be a step towards a broader trilateral information sharing arrangement

that could grow to include 'grey shipping' (i.e. naval shipping). This could include implicit understandings on areas of primary responsibility for ISR in the Indian Ocean.

Information sharing arrangements could be bolstered by sharing of facilities. The finalisation of the India-US LEMOA may ease the way for similar facilities sharing arrangements between Australia and India. Australia should be open to allowing India to use its facilities on Cocos Island (once they have been extended and improved) as part of a mutual arrangement in relation to Indian facilities in the Indian Ocean. The United States, India and Australia are all making major investments in ISR capabilities, which will include Boeing P-8 maritime aircraft as a key element in maritime ISR capabilities. The use of common platforms could create important opportunities for cooperation in training, support and maintenance.

- **SAR/HADR:** Cooperation in maritime search and rescue (MSAR) and humanitarian and disaster relief (HADR) is a relatively easy way of promoting greater interaction between armed forces without triggering political sensitivities.

The Indian Ocean is a region that is particularly susceptible to natural disasters and has few capabilities to deal with them. This provides an opportunity for Australia, India, the United States and others to establish cooperative arrangements for use of existing capabilities to respond to natural disasters. India, the United States and Australia along with Japan demonstrated the soft power benefits of HADR cooperation when they worked together to provide relief to Indonesia and other countries following the 2004 tsunami. This experience formed a foundation for further cooperation between those countries through the 2007 Quadrilateral Security Dialogue. India, Australia and the United States, along with countries such as France, have the strongest capabilities to respond to natural disasters. An ongoing HADR agreement between them would facilitate responses throughout the region and provide practical experience in working together.

MSAR is another way of promoting interaction among armed forces without major political sensitivities. The experience of the search for Malaysian Airlines flight MH370 demonstrates the growing importance given to responding to these events, and the reputational price for failing to take an active role in such activities. Australia, India and France hold primary responsibility for MSAR in large portions of the Indian Ocean. They, together with the United States, have the greatest capabilities in the region and greater cooperation between them will further leverage their abilities.

- **Subregional cooperation:** Consideration should also be given to the potential for cooperation on a subregional basis. Two key areas in the Indian Ocean include in the Persian Gulf/Gulf of Aden and in the Bay of Bengal area.

The Bay of Bengal suffers considerable maritime security problems including human, arms and drugs smuggling, piracy, natural disasters and unregulated population movements.⁵⁰ India plays a leading role in the region, although the United States and Australia are also active in security relationships, including capacity building. For decades Australia has played an active role in maritime surveillance operations in and around the Malacca Strait.⁵¹ Consideration should be given to opportunities for cooperation, including in coordinating capacity building efforts with regional states. There is also scope for

cooperation in maritime ISR, including through use of facilities in Australia's Cocos Islands and India's Andaman and Nicobar Islands.

The Persian Gulf/Arabian Sea could also become an important area for trilateral security cooperation. This area is currently a key regional focus for the United States and the Australian and Indian navies are also more or less permanently deployed in the area. The Royal Australian Navy operates as part of the international Combined Military Forces with a focus on counterterrorism and drug smuggling, while the India Navy operates independently with a focus on anti-piracy. India is cautious about operational cooperation with US forces in the Gulf, especially if it might involve indirect cooperation with Pakistan. This may create an opportunity for operational cooperation between Australia and India that may not carry the political baggage of operational cooperation with the United States.

Over the last decade the US and Australian defence and security relationships with India have developed on separate but largely parallel paths. Although India's sensitivities towards the United States are easing, they will likely remain a significant constraint on Australia's options for some time to come. Australia should focus on promoting trilateral Australia-India-US cooperation in the Indian Ocean region through a bottom up approach, focusing on specific projects in which the countries can be equal partners.

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