

Prime Minister of Australia

Address to the Indian Council of World Affairs
12 November 2009

From fitful engagement to strategic partnership

It is indeed a great honour to be here in Delhi and to have the opportunity to address such a distinguished audience on the future of Australia's relationship with India. It is also an honour that I speak to you today as a guest of the Indian Council of World Affairs which has such a rich tradition of nurturing international relations since its inception in 1943.

And further to speak to you in this building whose foundation stone was laid by India's Prime Minister Jawaharlal Nehru in 1950.

Walking into Sapru House you feel immediately immersed in the sense of purpose of this great institution.

An institution that over the decades has hosted so many critical meetings that have demonstrated India's long-standing desire for international understanding, engagement and the development of a peaceful and prosperous international order.

I am delighted that today the annual Australia India Roundtable, co-hosted by the Lowy Institute and the Indian Council of World Affairs, is taking place in the room next door. There is much to be had in the exchange of ideas because ideas have so much power to shape how we see the world, how we act in the world - and how we shape our world's future together.

30 years ago, as a student at the Australian National University, I became fascinated by the study of Asia. I became fascinated by the conceptualisations of Asia from the continent itself. I became fascinated by the vision of Asia's future as captured 30 years earlier by Prime Minister Nehru and the newly emerging modern India.

With the benefit of the hindsight of more than 60 years, Nehru's vision expressed at the Asia Relations Conference he convened in Delhi in April 1947 on the eve of India's independence is remarkable.

As Nehru observed:

"We stand at the end of an era and on the threshold of a new period of history. Standing on this watershed which divides two epochs of human history and endeavour, we can look back on our long past and look forward to the future that is taking shape before our eyes. Asia ... has suddenly become important again in world affairs. If we view the millennia of history, this continent of Asia ... has played a mighty role in the evolution of humanity. It was there that civilisation began and man started on his unending adventure of life. Here the mind of man searched unceasingly for truth and the spirit of man shone out like a beacon which lightened up the whole world."

Reflecting on the international conference which he audaciously convened some months before India's independence, Nehru continued:

"Today this isolation (of Asia) is breaking down because of many reasons, political and other. The imperialisms are fading away.... This Conference itself is significant as an expression of that deeper urge to the mind and spirit of Asia which has persisted in spite of the isolationism which grew up during the years of European domination. As that domination goes, the walls that surrounded us fall down and we look at each other again and meet as old friends long parted. In this Conference and

in this work there are no leaders and no followers. All countries of Asia have to meet together on an equal basis in a common task and endeavour."

Speaking a decade before I was even born, Nehru saw already what we have now witnessed: the rise of Asia following centuries of European colonialism to become the centre of global strategic and economic gravity that beckons for the century ahead. I am a graduate in Asian Studies at the Australian National University.

A great university that brought together the systematic study of the high civilisations of East Asia (my own specialisation), South Asia, Central Asia and South-East Asia. It was during my undergraduate days that I had the great privilege studying from time to time at the feet of the great professor Arthur Basham.

His enduring masterpiece *The Wonder That Was India* became required reading. When I say required, it was not that we were forced to read it. It was that Basham's passion for Indian civilisation was infectious. This seminal book was recently re-issued here in India - suggesting that Basham's judgments have stood the test of time. Basham sitting in his study patiently introduced me to the impact of India on China through the arrival of waves of Indian Buddhist missionaries from the Han to the Tang - bringing with them entirely different notions of the role of the state to that which had already become entrenched through China's Confucianism. Basham, in my memory of him, was a great scholar, a patient teacher, and an extraordinary Anglo-Australian exponent of Indian civilisation and her great influence around the world over the centuries - whether in religion, philosophy, culture, science, commerce or politics. Including through the 13th century centre of Buddhist learning, Nalanda University, that helped to spread Indian thought across Asia. And can I say that Australia is pleased to support Prime Minister Singh's intention to revive this great regional centre of learning.

Of course, India's contribution to the world is both ancient and modern. Ancient through the power of its civilisation. Modern through its great example as the world's biggest democracy. Modern through the impact of its economy, its science and its technology. Modern also in India's engagement in the institutions of global and regional governance and the great challenges of our time.

It is here where India and Australia have a common history and a common future. Our bilateral and broader regional engagement extends back to the first days of independence. I referred earlier to Nehru's 1947 initiative in convening the first pan-Asian conference in New Delhi. What is important to note here is that Australia also attended that conference as an observer - at Nehru's invitation.

As Nehru observed in his opening remarks:

"We welcome also observers from Australia and New Zealand because we have many problems in common, especially in the Pacific and in the Southeast region of Asia, and we have to co-operate together to find solutions."

Nehru's insights on Australia's common destiny with India and our wider region were shared on the Australian side, under Australia's Labor Government of Prime Minister Chifley.

As Chifley's foreign minister Herbert Vere ("Doc") Evatt said on the occasion of India's independence in 1947:

"Our geographical proximity and our common interest in the affairs of the Indian Ocean and South-East Asia naturally throw our lots closely together."

Australia has therefore long recognised that India's strategic importance to us extends well beyond the Indian Ocean.

In a publication by the Indian Council of World Affairs on regional security in 1948, Foreign Minister Evatt also wrote:

"In any approach to the problem of organising security in the Pacific, Australia naturally recognises the special position of India."

For his part, Nehru not only recognised Australia's role in Asia, he welcomed it. Speaking at the Asian-African Conference in Bandung, Indonesia in 1955, Nehru sent his greetings to us, saying, and I quote:

"Australia and New Zealand are almost in our region. They certainly do not belong to Europe, much less to America. They are next to us and I should like Australia and New Zealand to come nearer to Asia."

Since Nehru spoke those words, Australia over the decades has become an integral part of the region. My central message to you today is that the Australian Government sees the strengthening of the Australia-India relationship as a natural extension of Nehru's original vision. Furthermore, it is time we simply both got on with it. And here I would like to become a blunt Australian, if you will forgive me. For too long there has been a waxing and a waning interest between our two countries. We keep rediscovering each other, only to then lose our way.

When Australian Foreign Minister, Stephen Smith, addressed the Indian Council of World Affairs in September last year, he described our relationship like this, and I quote:

"Australia's past approach to India has been like a 20/20 cricket match: short bursts of enthusiasm followed by lengthy periods of inactivity."

But as the Foreign Minister also said, that 'period of fits and starts is over'. This relationship is bigger, much bigger, than the classical "three c's" of cricket, the Commonwealth and a common language. And the time has well and truly come to lift our vision. To broaden our engagement. And more than half a century later, to realise the ambitions of our political forebears. Because together, there is much we can do for each other - and for the peace and prosperity of the region and the world.

As Prime Minister of Australia, my objective is to build a comprehensive, enduring strategic partnership between Australia and India that will not result in yet another false dawn. The important economic and strategic links between Australia and India that our predecessors identified over half a century ago only continue to grow, making it never more opportune than now to cement a significant and lasting partnership for the 21st century.

It is on this that I would like to focus the remainder of my remarks:

- First, I would like to give you a brief sense of how I see Australia's place in the world in the context of India's changing place in the world;
- Second, I will summarise the scope I see for strengthening the bilateral relationship; and
- Third, I will outline where changing global and regional dynamics present even further scope for Australia and India to work together for mutual benefit.

Australia and India are no longer the countries of the 1940s.

We have both changed. And with this change, our interests have come ever closer together. I describe Australia as a middle power committed to the principles of creative middle-power diplomacy. Meaning that we both have global and regional interests, and the resources, capabilities and outlook to prosecute these interests and to protect them. Australia is the 14th largest economy in the world. And the fourth largest in Asia after Japan, China and India. We have the fourth largest pool of funds under management globally. Our stock exchange is the second-largest in the region after Japan.

And we have a dynamic and resilient economy. Australia was the only member of the 33-member OECD so far not to go into recession - but in fact grew - in the face of the Global Economic Crisis.

Of the world's nine remaining AA+ rated banks, four are Australian.

We have the lowest debt of all major advanced economies, and the second-lowest unemployment rate. Australia has the 13th largest military budget worldwide, the fifth largest in Asia. We are among the top 10 military contributors in Afghanistan, and the largest non-NATO contributor. We have forces serving in 13 countries around the world. Australia is now fundamentally enmeshed in Asia. Seven of our top 10 export markets are in Asia. Over 60 per cent of our exports go to Asian markets.

And last year close to 300,000 students from Asia came to study in Australia.

Australia is spearheading efforts in the Pacific region to secure stability and security for small island states, including our leading role in supporting the establishment of newly independent East Timor, stabilising the Solomon Islands and pressing for an early return to democracy in Fiji.

We are also a recognised and active player in confronting global challenges:

- first, through our membership - along with India - of the G20, we are members of the premier institution of global economic governance;
- second, through Australia playing a leading role in addressing the pressing global challenge of climate change, and
- third, through Australia's establishment - with Japan - of the International Commission on Nuclear Non-Proliferation and Disarmament - which will deliver its seminal report in the months ahead.

Australia's society is also changing as our engagement with our region deepens.

Over the past few decades, Australia has transformed from a predominantly Anglo-Celtic society to a vibrant, multicultural community. Our people speak more than 300 languages, with nearly one-third of our people having migrated to Australia since 1945. Today close to half - 43 percent - of the Australian population was born overseas or have a parent who was born overseas.

So in summary, the Australia of the 21st Century is a modern, democratic, diverse and prosperous nation with both global and regional interests and pursuing an activist policy of international engagement in the prosecution of those interests.

For India's future, this audience is more familiar with the complexity of this narrative than any visiting Australian Prime Minister, but please allow me to present an Australian perspective.

India is emerging as a significant global power. India is also a critical country in the region to which the centre of global strategic and economic weight for the century ahead is now shifting. By 2030, India is projected to overtake China as having the world's largest population. Economically, India looks set for steady, robust growth - with India's economy last year exceeding US\$1 trillion. Some forecast India will be the world's third-largest economy by 2025. This comes from sustained economic reform, sound macro-economic management and rapidly growing international trade and investment - policies pioneered by your prime minister in the early 90s, which have dramatically lowered rates of poverty in India over the last 15 years.

India is also expanding its strategic reach and capabilities.

It is forging closer links with the United States and leaving a larger footprint across the Indian Ocean. The Indian Navy is the fifth-largest in the world. Globally, India is increasingly engaging in and exerting influence through the multilateral system - whether in the UN, G20, the East Asia Summit or beyond. India is a confident, outward-looking power intent on securing its rightful place in the world through an active foreign policy firmly anchored in her national interests. In short, India is going to play a more

prominent role in shaping global and regional security and prosperity. India is a democracy. India's priority is economic growth. India has deep and abiding commitment to regional peace. As the balance of power in Asia shifts and evolves, these attributes will become even more important. Australia seeks a region where the peace and prosperity of the last several decades continues into the future. It is crucial that the shifts in economic power from west to east do not open the door to instability and conflict.

History teaches us that times of change in the distribution of global power can be potentially dangerous. And this is why an India which is economically strong, an India anchored in the principles of pluralism and political democracy, an India deeply committed to the building of the global and regional institutions of cooperation is so important. I strongly believe that Australia and India, as never before, are in a place where we have a great deal to offer each other. And that it is in our mutual interests to maximise the opportunities this presents for our mutual advantage.

I envisage a strategic partnership with India where we can build a long-term comprehensive and integrated relationship that covers the economic, political, security and cultural spectrum. I believe both our governments now recognise this potential. If senior level visits are any guide, we have had a record 10 Indian Ministers visit Australia since early 2008. Nine Australian Ministers have visited India in the same period. I make up the 10 to equal the score. So both our teams on the field of play are well deployed.

On the economic front, India is now Australia's fifth largest export market for goods and services, and is rapidly moving to become our third largest export market. It is our fastest growing major merchandise export market. This is built on a strong foundation of mineral and petroleum resources and energy.

But India is also now the sixth largest market for Australia's services, such as information and communications technology, education, tourism, finance, mining, construction and software development.

From India's point of view - as the world's fifth largest energy consumer - there is a real and growing interest in Australia as a reliable, cost-competitive and long-term supplier of energy. I would like to see us forge a strong energy partnership. We have made a strong start. We are working together under five Action Plans in the areas of mines, coal, new and renewable energy, petroleum and natural gas and power.

Indian companies are also making significant investments in Australia. In August, India's Petronet LNG signed a US\$20 billion deal with Exxon-Mobil for the new Gorgon project in Western Australia. This was the first long-term gas contract between our two nations.

I appreciate that there is one aspect of the energy relationship which remains unresolved: Australia's long-standing position on the export of uranium to countries that are not party to the Non-Proliferation Treaty. This is not a policy directed at India. It applies globally and it has since 1978 under different Australian Governments. We have not sought to isolate India on critical nuclear policy concerns. In fact the reverse is true.

Australia was an active supporter in the Nuclear Suppliers Group of lifting the nuclear moratorium against India following the US-India nuclear deal. This reflected Australia's appreciation of India's non-proliferation record. The government understands that India looks to the day when its ambitious civil nuclear energy program can include Australian uranium. The strength of the India-Australia relationship is reflected in the capacity of both governments to work beyond this different policy approach. And it still leaves

plenty of room to build an enduring energy partnership at a time when growing competition for energy and energy resources places a premium on such a partnership. On the broader trade and investment relationship, I welcome the imminent conclusion of the joint feasibility study on a prospective Free Trade Agreement between Australia and India.

I expect the study to recommend in favour of a bilateral FTA and look forward to launching negotiations soon after. I look forward to building an open trade and investment relationship with India - as we pursue similar FTAs with the other major economies of the region including Japan, China and Korea. This includes intensification of our collaboration in science and technology.

Today Australia and India will launch a \$100 million collaboration project on science and technology. Both our countries have strong traditions in the physical and life sciences and related technologies and I believe the potential in these fields is vast. Whether related to strategic change in East Asia; combating terrorism (including in Afghanistan); ensuring maritime security; acting on transnational crimes including people smuggling; or working together on new security challenges such as natural disasters - there is great scope for security cooperation between our two countries to broaden further.

Our defence forces are intensifying cooperation, with over 50 activities last year including joint exercises, and in particular maritime exercises. This year we also inaugurated regular defence talks between the chiefs of our defence forces, and strengthened intelligence and counter-terrorism cooperation. I am committed to seeing this security cooperation strengthen between our two countries.

I believe this is in both our interests and the interest of long-term regional stability. Another area of increasingly tapped potential is our people-to-people links. Around 250,000 people of Indian heritage live in Australia, and we value the contribution they bring to our society, our economy, our nation. Last year 115,000 Indian citizens visited Australia.

We also have close to 100,000 Indian students studying in our country, with India recently overtaking China to become the largest source of overseas students in Australia. On current estimates, there is a shortfall of 1.6 million university places in India and this gap is increasing, making our partnership in this area increasingly important to meet the education needs of Indian students.

As you all probably know, there has been recent controversy over a series of attacks on Indian students in Australia. As Prime Minister of Australia, I am deeply disturbed and disgusted by attacks of violence against any foreign students studying in our country as our guests. They have been criminal attacks targeting Indian students for the little money they earn to support their studies. These attacks will not be tolerated. They will be dealt with by the full force of the Australian law enforcement and criminal justice systems. The Australian Government is working with all our state governments to make sure everything is done to protect overseas students and make their experience in Australia a positive one.

The Australian Government is committed to doing its utmost to guarantee that the sons and daughters Indian parents entrust to the care of the Australian community remain safe and come home with a valuable education and wonderful memories. No government can guarantee that no acts of violence will occur. But let us calmly work together to deal with future challenges as they arise.

I would like to end today by focusing on what I see as the growing scope for Australia and India to work together on global and regional challenges. We are now less than 30

days away from the 15th Conference of the Parties in Copenhagen. This meeting is an historic opportunity to tackle perhaps the greatest environmental challenge of our time. This is not a challenge that any country can meet alone. Leadership from major emerging countries - especially India - will be essential if we are to see a global deal on climate change in Copenhagen in December. Already India has made significant domestic commitments through its National Action Plan on Climate Change. The plan is an ambitious set of actions across energy efficiency, solar power and forestry. The world was encouraged and inspired by Prime Minister Singh's statement made at the New York UN Summit that India is willing to quantify its emission reductions and contribute to the global goal of reducing emissions.

And today I am looking forward to building on our bilateral climate change cooperation between, including through the Global Carbon Capture and Storage Institute and the Asia-Pacific Partnership on Clean Development and Climate (APP). The global economy of today is more inter-connected, complex and interdependent than ever before. There is no better illustration of this fact than the way in which the recent financial crisis in the US quickly spread to the UK, Europe and then the rest of the world, causing the global economic crisis and the first contraction in the global economy since IMF records began.

The lesson of this crisis has been that in our inter-connected world, cooperation is vital. One of the most important challenges for Australia this year has been working with India and others in the G20 to frame and implement a global policy response to the gravest economic crisis we have confronted since the great depression.

The G20 brings together economies representing:

- around 90 per cent of global market capitalisation;
- around 85 per cent of global GDP;
- around 80 per cent of global trade; and
- more than two-thirds of the world's population.

The G20 also draws together:

- five countries from the Americas;
- five from Asia;
- five from Europe; and
- five from elsewhere, including South Africa, Russia and Australia.

Critically it includes India and China which, between them, will shape the pattern of history in the 21st century. In this, you are seeing a rebalancing of global architecture to reflect new global economic and strategic realities. This is something that Australia strongly supports, and we played a key role in pressing for this rebalancing, including through leading G20 work on IMF reform, to better reflect the growing economic weight of emerging economies such as India.

Throughout this year, we in the G20 have taken decisions on:

- global financial stimulus;
- a global framework for toxic asset management within banks;
- the resourcing of the IMF to deal with any future institutional collapses;
- the implementation of extensive financial sector reforms; and
- measures against trade protectionism.

The IMF has estimated that actions stemming from the London G20 Summit in March this year actually cushioned the global economy which had been in virtual freefall since the preceding September. At the G20 Pittsburgh Summit in September, we agreed on a series of measures to shore up sustained and balanced global economic growth into the future, and to entrench the G20 as the world's premier economic forum. In all this, Australia and India are working together as never before on matters that affect the

wellbeing of literally everyone on this planet. I look forward to working with India on this great global endeavour.

Finally, Australia and India should be natural partners in the Asia-Pacific. We both have long-established, significant and growing interests in this region. We have a shared vision in seeing habits of cooperation - and not conflict - develop, as the centre of economic and strategic gravity shifts to this region over coming decades. This is why we so strongly support Indian participation in all the key regional forums. Such as the East Asia Summit. Such as the ASEAN Regional Forum. And that is why we support India's membership of APEC. It is also why I see India as central to Australia's proposal for an Asia-Pacific Community by 2020.

In proposing this initiative I am guided by a simple but deep conviction. That we can act to shape a future that we want to have. Or be passive as the future shapes us in ways we wish it never had. The challenge of the Asia-Pacific is to manage the inevitable stresses and strains of shifting economic and strategic contours. The Asia Pacific is where the big power relationships most closely intersect. It is the crucible where the relationships among the US, India, China, Japan and Russia are forged.

It is here also that the template for the US-China relationship will emerge and where the complementary and competitive interests of the major powers will need to be managed, harmonised and reconciled. We need strong regional engagement and a strong regional mechanism to ensure that strategic cooperation rather than friction - or worse, strategic polarisation - prevails. Nobody wants a strategic fault line through Asia. Nor should anybody see such a fault line as inevitable.

We also need a strong mechanism to deal with the host of other pressures that will come to bear in the Asia-Pacific such as:

- increasing potential for regional strategic and territorial competition;
- competition for scarce resources;
- the challenges of pollution, energy security, counter-terrorism, people smuggling and climate change; and
- the proliferation of weapons of mass destruction.

There is also the continued challenge of strengthening regional economic integration in increasingly interdependent regional economies. I would like to see an Asia Pacific Community evolve with the ability to address this spectrum of economic, political and security challenges. At present, none of the current regional institutions do this. There is growing regional recognition of this fact. And there is growing interest in discussing the creation of the right mechanism to help manage what will be an increasingly crowded strategic landscape.

This discussion will continue at a conference Australia is hosting in early December in Sydney, and I look forward to strong Indian participation. Australia and India are heavily engaged on many levels across the economic, political, security and other spheres. We are both pluralist democracies. We are both significant economies. We are both globally engaged. We both seek to forge our national wealth through open economies. And we both want to see the stability of Asia underpinned by principles of open regionalism, the peaceful settlement of disputes, and the creation of multilateral institutions that engender strategic confidence and transparency. Ours is a relationship growing fast but with much room to grow further. We should seize the opportunities that our converging interests create. Now is the time to broaden and deepen this relationship. To develop the structural linkages across our economies which will serve us well in the long term. To build our shared strategic interests in Asia and the Indian Ocean. To reinvigorate the way we work together in multilateral forums.

And to use the ties of migration, education, cultural exchange and tourism to broaden the engagement between our two societies. This is why I want to see us be ambitious in the relationship. To forge a genuine strategic partnership underpinned by strong economic, energy and security frameworks that deliver lasting mutual benefits for our peoples and for the peoples of this great region of the 21st century - Asia.

To conclude, where I began, with Prime Minister Nehru who concluded his remarks at that 1947 conference on Asia's future as follows:

"We meet here not to discuss our past history and contacts but to forge links for the future.

...

"There is a new vitality and powerful creative impulse in all the peoples of Asia...Strong winds are blowing all over Asia. Let us not be afraid of them but rather welcome them for only with their help can we build the new Asia of our dreams."

Somewhat less profoundly perhaps, Prime Minister Nehru reflected elsewhere his view that:

"Life is like a game of cards. The hand you are dealt is determinism; the way you play it is free will".

This perhaps has a particular resonance for our two great nations as together we seek to shape our region's future.

Australia and India have been dealt highly complementary hands.

And now we have the choice to make the best of them. And I believe we shall.