

# India-Australia Policy Dialogue: Changing Geo-Economics in the Eastern Indian Ocean

November 2019

- On 20th November 2019, Brookings India hosted an India-Australia Policy Dialogue on 'Changing Geo-Economics in the Eastern Indian Ocean' in partnership with the High Commission of Australia.
- The private roundtable included **Mr. Sean Kelly**, Critical Minerals Strategy Implementation, Department of Foreign Affairs & Trade, Australia; **Ms. Helen Mitchell**, Economic Analyst, Office of National Intelligence; **Dr. Jane Golley**, Director, Australian Centre on China in the World (CIW), Australian National University.
- On the Indian side, experts included **Amb. Biren Nanda**, former High Commissioner to Australia (2012 – 2015), and Senior Fellow, Delhi Policy Group (DPG); **Dr. Rajesh Chadha**, Program Director, National Resources, Brookings India; and **Ms. Swati D'souza**, Consultant, Brookings India.
- The discussion was moderated by **Dr. Constantino Xavier**, Fellow, Foreign Policy, Brookings India. The event was attended by experts from diverse sectors, including minerals and mining, strategy, energy, diplomacy, private industry, and academia.

## Convergence in the Eastern Indian Ocean

Constantino Xavier began the discussion by asking participants to explore the nature of the Indo-Australian strategic partnership along various dimensions. A participant outlined the major point of difference between the two countries, highlighting India's preference for a multipolar world order in comparison to Australia's acknowledgement of the United States as the pre-eminent global power. They then argued that the strategic imperatives for a healthy Indo-Australian partnership include China's rise and expansionism, its robust economic partnership

with Australia and the agreement by both countries that the East Asia Forum is a useful space for multi-dimensional discussion. The participant concluded by noting two issues which promote debate: first, Australia's possible contentious participation in the Malabar exercise. Second, they brought up two contesting perspectives on the 'quad' security dialogue: one widely-held idea that it is a way to counteract China's rise, and another that it 'cannot amount to much'.

## Critical minerals and energy cooperation

After opening exchanges on the common challenges facing the two nations, the discussion shifted towards the growing need for rare earth and critical minerals and China's stranglehold over the same. A participant observed that a study identified the United States as being import reliant on 31 out of 35 rare earth minerals and depends completely on China for 19 of them.

The speaker also observed that Australia possesses substantial resources of some of these minerals, which could benefit those wary of China's dominance of the market. They clarified that Australia's next move is to build a dependable supply chain for these minerals, look for additional sources and develop its trade relations with key partners such as India. The speaker used cobalt as an example, arguing that Australia's position as the world's largest cobalt producer allows for many new trade and

partnership opportunities, and the challenge lies in identifying and acting upon them. Composite minerals research and collaboration on rare earths research and trade were identified as other areas of cooperation, with Australia's stocks of lithium and plutonium being among the highest in the world.

Two discussants spoke of the importance of strengthening partnerships around the trade of Liquefied Natural Gas (LNG) and coal, two energy sources which India and Australia share a history of partnership on. One discussant mentioned that a key priority for the two countries is to examine India's gas consumption and engage with Australia on how to increase and manage it. The speaker argued that the relationship going forward will be based on intellectual cooperation and sharing expertise.

## Sharing information and intelligence

Participants also discussed elements of the Indo-Australian strategy and security partnership. Discussing intelligence cooperation, a participant noted that the form this cooperation will take is still being deliberated, and efficiently pooling each country's intelligence infrastructure together is a common challenge. Other participants mentioned the importance of maritime intelligence sharing, with Australia's expertise likely to come in handy as India seeks to increase its influence in the Indian Ocean region in order to counter China's rise.

## Security, economics or both?

A discussant noted that maritime cooperation is an emerging area of shared interest—India and Australia are part of a maritime security working group, and are discussing the dynamics of the Malabar exercise, and looking to create joint capabilities with each others' naval networks. Despite the unlikelihood of Australia joining the Malabar exercise soon, there exist open channels of dialogue between the strategic partners. On terrorism and common security threats, including the rise of China, India and Australia share common concerns, and are looking to work together to leverage common strengths.

They argued that the way forward was for economies with shared interests to band together. Another participant encapsulated

Another participant called attention to the strengths of the intelligence networks in both countries, noting that warnings about the Colombo bombings had come in from both sides. The participant also noted that there is a Joint Working Group on terrorism and transnational crime, as well as assessments in motion regarding a long-term intelligence partnership. One element of this potential partnership was the joint value of Australia's expertise within the Southeast Asian region paired with India's expertise in South Asia and the Bay of Bengal region.

this dilemma in the Australian context, noting that Australia's 'economic best friend' was unfortunately not its 'security best friend'. Participants discussed the debate surrounding the Regional Comprehensive Economic Partnership (RCEP), which India has not signed so far. Outlining Australia's enthusiasm for an India-backed RCEP, participants noted that the agreement is indeed weaker without India, and that an emerging area of cooperation is to negotiate stronger regional economic ties and remove the hurdles to India joining the partnership. This would strengthen trade in the entire Southeast Asia region, leverage each country's economic strengths and bring India and Australia closer.



(From L to R): Dr. Rajesh Chadha, Program Director, National Resources, Brookings India; Amb. Biren Nanda, former High Commissioner to Australia (2012 – 2015), and Senior Fellow, Delhi Policy Group (DPG); Dr. Constantino Xavier, Fellow, Foreign Policy, Brookings India; Dr. Jane Golley, Director, Australian Centre on China in the World (CIW), Australian National University; Mr. Sean Kelly, Critical Minerals Strategy Implementation, Department of Foreign Affairs & Trade, Australia; and Ms. Helen Mitchell, Economic Analyst, Office of National Intelligence.

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