

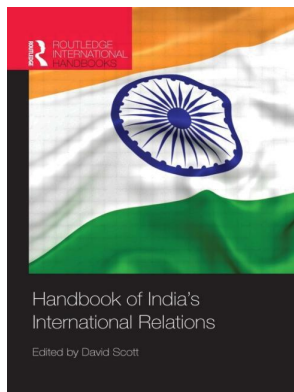
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Looking east 2

East Asia and Australasia/Oceania

Walter C. Ladwig, III

Introduction

Building on the discussion in the previous chapter of India's role in South East Asia, this chapter looks *beyond* to India's relations with the nations of East Asia and the Pacific. This geographic space is characterized by the influence of both a status quo Great Power (the USA), the bilateral alliances and forward military forces of which greatly shape regional security dynamics, and a rising regional power (the People's Republic of China). Since both the USA and China have such extensive economic and security ties with many countries in East Asia/Australasia it is difficult to discuss regional dynamics there without reference to them. However, since India's relations with both of these countries are taken up elsewhere in this *Handbook*, these two 'elephants in the room' will be pushed to the background of the discussion in this particular chapter.

India's role in the broader Asia-Pacific region is not one that is widely recognized—even by some regional specialists. For example, in a recent academic text on the politics of the region, India merits only a few passing references and is described merely as a country that 'interacts with the Asia-Pacific in various ways'.¹ Although it would be a significant mistake to overlook or discount the role that India is playing in this region, such omissions are somewhat understandable. From a geographic standpoint, India does not border the Pacific Ocean and it is only through its far-flung Nicobar and Andaman island territories that it is even adjacent to the key maritime choke points linking the Indian and Pacific Oceans. For those who narrowly conceive of East Asia stretching in an arc from Myanmar to Japan on the basis of race or a mythical quasi-Confucian culture, India would not appear to 'belong'. In terms of security linkages, India has traditionally had little involvement with either of the two key security issues in the region: the China-Taiwan dispute and the Democratic People's Republic of Korea's (North Korea) quest for nuclear weapons. Finally, from an economic standpoint, at present India's economic linkages with the region do not approach the depth or breadth that the nations of East Asia and Australasia have among themselves. While all of these factors may appear to be good reasons for not considering India's role in the region, to do so would be a mistake. A steadily expanding economy, paired with a growing partnership with key regional actors, is positioning India to have a dynamic impact on the emerging economic and security architecture of the Asia-Pacific.²

Going beyond South East Asia

The desire to play a significant role in Asia certainly existed among India's post-independence leadership. As Jawaharlal Nehru argued in the mid-1940s, 'the Pacific is likely to take the place of the Atlantic in the future as the nerve centre of the world. Though not directly a Pacific state, India will inevitably exercise an important influence there'.³ However, with India embroiled by internal security challenges, external conflicts with Pakistan and China, and constrained by the so-called Hindu rate of growth, it would be several decades before Nehru's words could be legitimately echoed by his successors. Yet, in 2002 Prime Minister Vajpayee could declare that 'India's belonging to the Asia Pacific community is a geographical fact and a political reality', and that the region was 'one of the focal points of India's foreign policy, strategic concerns and economic interests'.⁴

After its initial success with the Association of Southeast Asian Nations (ASEAN), India moved into phase two of its 'Look East' policy, which encompasses a region 'extending from Australia to East Asia'.⁵ Indian officials envisioned playing 'an ever-increasing role' in this *extended neighbourhood* that had been extended still further eastwards. Simultaneously, India expanded the range of issues on which it would engage East Asian nations from trade to wider economic and security issues, representing a further 'strategic shift in India's vision', one predicated on the understanding that 'developments in East Asia are of direct consequence to India's security and development'.⁶ India's engagement with this broader region is a foreign policy priority that has been embraced by successive Bharatiya Janata Party (BJP) and Congress governments.

In some respects, the perceptions that India has not traditionally been part of the Asia-Pacific region could actually work to its advantage. While historical animosity colours the bilateral relations of many nations in the region, India is free from such baggage. Furthermore, in a part of the world where rival claims to maritime zones and border disputes are widespread, Delhi lacks any territorial disputes with the nations of the region. Despite Chinese efforts to curtail its influence, India gained political acceptance in its bid to be recognized as an Asia-Pacific power in 2005 when it was invited to attend the inaugural East Asian Summit (EAS)—an effort some believed would be the stepping stone to the formation of an East Asian Community (EAC) to mirror the European Community.⁷ Support for India's inclusion in the EAS 'to serve as a counterbalance to China' came from South-East Asian nations such as Singapore, Indonesia and Thailand, as well as from Japan and the Republic of Korea (South Korea)—all of which championed India's participation despite objections from China.⁸ While some Indian commentators view their nation's inclusion in Asia-Pacific regional forums as 'a recognition of [India's] fast growing economic and political clout', analysts taking a realistic view of events in Asia recognize that India was not invited to attend the EAS based on its economy alone, but also to prevent Beijing from dominating the institution.⁹ In looking east beyond South-East Asia, India has developed links with East Asia, Australasia and Oceania.

East Asia

In East Asia, the dynamics of India's bilateral relations with South Korea, Japan and Taiwan are impacted by the common experience of having China as a neighbour.

South Korea

Signs of India's growing links with South Korea were formally evidenced in the Agreement on Long Term Cooperative Partnership for Peace and Prosperity, signed during the visit of

President Roh to India in October 2004. The framework included economic co-operation and expanded trade ties, as well as a foreign policy and security dialogue that promotes bilateral defence co-operation.¹⁰

Given that both states fought wars with China and face significant security challenges from revisionist 'partitioned' neighbours, it may be surprising that India's burgeoning relationship with South Korea is one that is driven by economics rather than geography or deep historical ties. In the early 1990s South Korea was actually one of the first countries to respond to India's attempts to open its economy to East Asia. There has been an average annual growth rate in their trade of 23.5% for more than a decade and a half. From a meagre US \$530m. in 1992/93, bilateral trade between Asia's third and fourth largest economies expanded to a high of \$12,630m. in 2008/09, before a slight slip back to \$12,000m. in 2009/10 as a result of the global economic slowdown. Unsatisfied with this progress, in 2010 Indian and South Korean leaders announced a goal of expanding bilateral trade to \$30,000m. by 2014. Towards that end, after three and a half years of negotiation, a free trade agreement (FTA) between India and South Korea, called the Comprehensive Economic Partnership Agreement (CEPA), entered into force on 1 January 2010. Intended to eliminate 85%–90% of tariffs on bilateral trade by 2019, as well as liberalize foreign direct investment (FDI) and facilitate trade in services such as information technology, law, engineering and finance, the agreement already saw a 70% increase in bilateral trade in the first quarter of 2010. At present India's exports to South Korea are primarily mineral oils, raw ore and cotton, while it imports electrical machinery, steel and nuclear energy-related technology. South Korea is also a top-10 source of FDI in India. The \$12,000m. project undertaken by South Korean steel giant Posco at Paradip in Orissa to construct an integrated mining and steel production plant is the single largest foreign investment in India ever, as well as the largest foreign investment ever undertaken by a South Korean firm.

Although not as extensive as their economic co-operation, Indo-South Korean ties have extended into the military realm as well. India conducted joint naval exercises with the South Korean navy in 2000, 2004 and again in 2006. Although often overlooked, the South Korean Navy possesses a sizeable complement of surface combatants and submarines, comparable to the navies of France and the United Kingdom. May 2007 marked the first ever visit by a South Korean defence minister to India. This was coupled with expanded political ties as New Delhi and Seoul established a 'long-term co-operative partnership for peace and prosperity' that is intended to take Indo-Korean relations to 'a higher level'. The framework included economic co-operation and expanded trade ties, as well as a foreign policy and security dialogue that promotes bilateral defence co-operation. The two sides also signed a Memorandum of Understanding on joint defence production with the possibility of collaboration on self-propelled guns, armoured vehicles and smaller naval vessels such as mine-sweepers and frigates.

From a geostrategic perspective, Seoul and New Delhi are beginning to find a convergence of interests in key areas, much of which is China-related. Seoul is particularly concerned that China's on-going military build-up will enable it to dominate the sea lanes of the South China Sea—a development that would significantly undercut South Korea's political independence from its giant neighbour. As a result, Seoul has actively supported India's naval presence in maritime Asia to offset China's regional power. Despite Chinese opposition, South Korea has championed India's inclusion in East Asian regional forums like the EAS. New Delhi and Seoul are also united in their concerns about the proliferation of nuclear weapons and missile technology in their respective sub-regions. These worries also converge in China, which has aided both Pakistan and North Korea with their weapons of mass destruction (WMD) programmes.

Subsequent co-operation between Islamabad and Pyongyang in a 'nukes-for-missiles barter trade' reinforces the perception that India and South Korea face a common challenge. Finally, as the world's fifth largest importer of oil—the majority of which comes from the Gulf—South Korea shares India's abiding interest in the security of the sea lanes of the Indian Ocean that link energy supplies to markets in Asia.

As a concrete sign of the importance India attaches to the bilateral relationship, it hosted South Korean President Lee Myung-bak as the guest of honour for the 2010 Republic Day celebration. During the course of Lee's visit to India, the two sides announced an upgrade of their relationship to a 'strategic partnership', which will involve enhanced co-operation on nuclear non-proliferation, regular high-level military exchanges and increased collaboration between the two navies on sea lane security in the Indian Ocean.¹¹ Accords were also signed on technology co-operation in areas such as space and information technology, and South Korea offered India further assistance with civil nuclear technology to meet its growing energy needs. Visits to South Korea by India's Minister of External Affairs in June 2010 and its Minister of Defence in September 2010 reinforced such security convergence.

Japan

Unlike many countries in Asia, India bears no historical animus towards the Japanese. Since recovering from the diplomatic fallout over India's 1998 nuclear tests, Tokyo and New Delhi's shared interests in restraining the scope of China's influence in Asia, as well as their 'deep interest in tackling regional and global security challenges', have led to a strengthening of increasingly significant defence ties that one overly exuberant South Asian commentator has termed an 'Asia-Pacific alliance between India and Japan'.¹² Although it has been increasingly common to focus on China as the leading power in East Asia, it should not be forgotten that Japan's economy is larger than China's (though being overtaken in 2010) or India's and, with a defence budget that exceeds \$40,000m., its military is among the most advanced in the world. In particular, Japan's Maritime Self-Defence Force is easily the most capable indigenous navy in the Asia-Pacific, and 'will likely continue to "outclass" those of regional rivals for the foreseeable future, in spite of recent modernization efforts within the Chinese navy and air forces'.¹³

A host of factors are driving enhanced co-operation between India and Japan. They share a similar desire to see a multi-polar Asia that is stable and secure. Both nations are also heavily dependent on oil from the Gulf and have shared concerns about the security of sea lanes in the western Indian Ocean and South China Sea. On a geopolitical level, they can both be considered potential rivals to China for primacy in the broader region. As Japan continues to evolve into a 'normal' nation willing to undertake a regional military role, tensions—both historic and strategic—continue to plague its relations with China. The military build-up undertaken by Beijing in the past decade has concerned both Japan and India. Japanese politicians have been quite explicit about the fact that India's presence in East Asia provides a needed balance to China's influence.¹⁴ In an effort to forestall competition from its southern and eastern neighbours, China has attempted to prevent both Japan and India from gaining equal international status by opposing expansion of the UN Security Council to include the two nations, resisting the legitimization of India's nuclear arsenal, and attempting to block India's participation in pan-Asian regional forums. Such clumsy efforts have only had the effect of driving New Delhi and Tokyo closer together.

This is not to suggest that ties between India and Japan are driven strictly by realist geopolitical considerations. Among the rising powers of Asia, both Japan and India are established

democracies while China remains an autocratic state. As a 2006 editorial in Japan's largest daily newspaper argued, 'India is an extremely important partner with which Japan can shape a new international order in East Asia because the two countries share common values of freedom and democracy'.¹⁵ Former Japanese Prime Minister Shinzo Abe had emphasized the importance of institutionalizing liberal values such as human rights, the rule of law, and democracy in Asia. This focus dovetailed nicely with enhanced ties with the world's largest democracy. The notion of relying on shared principles to support strategic dialogue reached a high point in May 2007, when, at a meeting of the ASEAN Regional Forum (ARF), senior leaders from Japan and India joined their counterparts from the USA and Australia for consultations among the 'democratic quad' in Asia.¹⁶ Support for the initiative was short lived, and although the successive Aso Government in Tokyo continued to prioritize values-based diplomacy, the new Labor Government in Australia made it clear in early 2008 that it did not favour a renewal of the dialogue for fear of antagonizing Beijing and 'the quad' fell by the wayside, though bilateral and trilateral links between the four participants continue to strengthen.

On the military level, following an agreement to strengthen co-operation between the two navies, India and Japan conducted reciprocal naval exercises in the Indian Ocean and the Sea of Japan in 2005.¹⁷ The following year, the service chiefs of all three branches of the Japanese Self-Defence Forces made official visits to India, while the Indian Minister of Defence, Pranab Mukherjee, visited Tokyo for consultations with his counterparts, which produced an agreement to promote defence exchanges between the two countries. During Prime Minister Singh's visit to Japan in December 2006, the two countries established a framework to transform their relationship into a strategic partnership that would impact all aspects of interstate ties from trade and investment to defence co-operation.¹⁸ This was followed by a 2008 Joint Declaration on Security Cooperation between Japan and India, which the two nations claim will form an 'essential pillar for the future architecture' of security in Asia.¹⁹ These protocols commit both sides to information exchange and policy co-ordination on regional affairs in the Asia-Pacific region and on long-term strategic and global issues. This marks only the second such security agreement that Japan has entered into and it is only India's third after the USA and Australia. To further co-operation, the Indian Chiefs of Naval Staff and Army Staff visited Japan for conferences with their counterparts in 2008 and 2009, respectively.

The most visible example of Indo-Japanese security ties occurred in mid-April 2007 when the first ever multilateral exercise featuring India, Japan and the USA took place off of Tokyo Bay, featuring four Japanese guided missile destroyers, two American destroyers, and an Indian destroyer, corvette and tanker. A reciprocal exercise, *Malabar 07-2*, also involving Australia and Singapore, was held in the Bay of Bengal in September 2007. Featuring three aircraft carriers, 28 surface vessels, 150 aircraft and over 20,000 personnel, the five-day naval exercise was one of the largest ever held in the region. *Malabar 2009* held in the eastern sea of Okinawa in late April 2009 brought together 10 vessels from the Indian, Japanese and US navies in six days of exercises, marking the second time that the three navies had operated together in the western Pacific.

Commenting on the significance of enhanced Indo-Japanese ties, then-Prime Minister Abe suggested that this would become Japan's 'most important bilateral relationship in the world'.²⁰ This is a bold pronouncement given the importance of Japan's security alliance with the USA; however, India appears to be putting similar weight on the bilateral relationship. As former Indian external affairs minister Lalit Mansingh has noted, 'if we are forced to choose between China and Japan, my bet will be on Japan'.²¹ A number of Japanese and Indian scholars have assessed that the intensifying strategic partnership between Delhi and Tokyo is part of a concerted effort to build an Asian regional order that counters China's increasing power.²²

In the economic realm, Indo-Japanese ties have expanded considerably over the past decade. India looks to Japan as a significant partner for co-operation in the fields of science and technology. Since 2000, Japan has been the seventh largest source of FDI in India. In 2009, for the first time, Japan's investment in India (\$5,220m.) exceeded its investment in China (\$3,650m.), which signals an expansion of future economic interaction between the two countries. In the logic of comparative advantage, India's abundance of labour and steadily increasing human capital pairs nicely with Japan's capital-intensive but labour-scarce economy. Having been the first recipient of Japanese aid in 1958, India is also the leading recipient of Japanese overseas development aid. For example, Tokyo has supported major infrastructure projects within India, most notably the Delhi to Mumbai industrial corridor, which seeks to create a 1,483-km global manufacturing and transport corridor that spans six states. Since 2007, India and Japan have been undertaking negotiations on an FTA, known as the CEPA, which Prime Minister Singh hopes to have completed for signing by the time of the next annual summit at the end of 2010.

Given this trajectory of Indo-Japanese ties, there was deep apprehension in Delhi over the political earthquake that took place in Tokyo in late August 2009 when the ruling Liberal Democratic Party (LDP) was voted out of office for the first time since the Second World War. The Democratic Party of Japan (DPJ) leader and new Prime Minister, Yukio Hatoyama, had made no secret of his priority of building relations with China and fostering pan-Asian co-operation, which left a large question mark hanging over the future of Indo-Japanese ties—particularly since, in contrast to previous years, the DPJ's election manifesto in 2009 made scant reference to India. Consequently, it was an important sign that Hatoyama was eager to visit Delhi in December 2009 for the annual prime ministerial summit—the only annual prime ministerial-level dialogue Japan has with any country. The 2009 meeting resulted in the announcement of a New Stage of Japan-India Strategic and Global Partnership, which seeks to deepen bilateral co-operation on economic, regional and global issues as well as an action plan to concretely advance the security co-operation agreed to in 2008 in areas such as maritime security disaster management and disarmament.²³ That did much to signify that Hatoyama's 'Asia-centric' vision included India and that Indo-Japanese ties command bipartisan support in Tokyo. With Hatoyama's sudden resignation and replacement by finance minister Naoto Kan, uncertainty has again returned. The relationship is likely to undergo a shift of emphasis, with concerns about China, geopolitical rivalry and shared democratic values being downplayed in favour of economic linkages and deepening co-operation in existing areas.

Despite the great public enthusiasm, there are reasons to be somewhat more circumspect when examining Indo-Japanese ties. Economic engagement between the two countries has failed to keep pace with the development of security ties. Trade between the two nations has been increasing, from \$6,540m. in 2005/06, to \$7,470m. in 2006/07, \$10,190m. in 2007/08, \$10,910m. in 2008/09 and \$10,360m. in 2009/10. Nevertheless, it remains relatively low, given sizes of economies and markets, with Indo-Japanese trade only one-third the size of Sino-Indian trade and less than one 20th of Sino-Japanese exchange. While India and Japan have established a bilateral trade target of \$20,000m. for the end of 2010, Japan's continuing anaemic economic growth could prove a serious obstacle to deeper economic relations between the two nations. From an Indian perspective, there is also a significant imbalance to the trade, with India primarily exporting minerals and raw materials, while importing electronics, pharmaceuticals and heavy machinery. In terms of the relative importance of the export market to each country, Japan is India's 10th largest export destination, while India is only Japan's 26th most important market. Given that implementation of the Comprehensive Nuclear Test Ban Treaty (CTBT) has been a key objective of successive Japanese governments, which do not appear satisfied by India's voluntary moratorium on nuclear testing, nuclear non-proliferation issues are likely to

continue to plague Indo-Japanese ties. In the medium term, these issues are more likely to be a minor irritant than a deal breaker. However, it is not clear what Japan's reaction would be if India felt compelled to test nuclear weapons again. Nevertheless, given the negligible diplomatic or security engagement between India and Japan during the many decades of the Cold War, the deepening of Indo-Japanese ties during the past 10 years should be considered an important development.

Taiwan

Having been an early supporter of the People's Republic of China in its bid to join the UN, India's scrupulous adherence to a 'one-China' policy limited diplomatic interaction with Taiwan until the mid-1990s. However, the economic imperatives of forging ties with a top 25 world economy as part of Look East led to the establishment of bilateral ties in 1995 through 'unofficial' consular offices (called 'cultural centres') in New Delhi and Taipei. India's foray into north-east Asia was taking place at the same time that the Taiwanese Government was actively attempting to diversify its international economic linkages away from mainland China, which accounts for more than two-thirds of its overseas investment, and more towards South-East Asia and beyond. As with Japan, interest in closer ties with India is also driven by the upswing in India's relations with the USA, a recognition that the South Asian giant can help ensure that Asia is not dominated by a single nation, and the belief that the democratic character of both governments provides a solid foundation for a future relationship.

Despite active efforts to promote economic, cultural and scientific exchanges, Indian leaders have attempted to avoid any official high-level contact between serving government officials of the two nations. On the other hand, unofficial contacts have been steadily growing. For example, parliamentarian and former defence minister George Fernandes visited Taiwan in 2004, while during a reciprocal visit the same year, former senior officials in the Taiwanese Ministry of Foreign Affairs met with former Prime Minister Gujral and former Deputy Prime Minister Advani. The following year, a group of Taiwanese legislators met with Indian parliamentary counterparts from the *Lok Sabha* in New Delhi. In 2007 then-Kuomintang (KMT) leader and subsequent Taiwanese President Ma Ying-jeou visited New Delhi, where he met with serving Indian government ministers and opposition leaders in an effort to expand scientific and economic co-operation with India. Ma was the first leader of the KMT party to visit India since 1942.

While the Taiwanese Government has been promoting India as an attractive alternative to the mainland for investment, its efforts to expand economic linkages have so far had only modest results. India's trade with Taiwan has been increasing in recent years, from \$2,010m. (2005/06), to \$2,590m. (2006/07), \$4,160m. (2007/08), \$4,370m. (2008/09) and \$4,500m. (2009/10), but this still made up a fairly modest 0.96% of India's overall trade. Although India accounts for only roughly 1% of Taiwan's imports and exports, it stands as the 15th largest destination for Taiwanese exports as well as the 15th largest importer to Taiwan. India primarily exports minerals, cereals and cotton to Taiwan with mineral fuel oils accounting for slightly less than one-half of its total exports. Imports from Taiwan are primarily diesel fuel, electronic machinery and plastic. Taiwan views India's favourable demographics and technological competence as potential engines of growth, making it potentially a huge market as well as a major investment destination. Apropos of that, in 2007 Taiwan's Council for Economic Planning and Development set a goal of India becoming a top-10 trade partner by 2015. To that end, India and Taiwan have been undertaking talks over the last several years aimed at the establishment of an FTA between the two countries.

Australasia and Oceania

India's wider engagement with the Asia-Pacific includes two Commonwealth developed states, Australia and New Zealand, as well as Oceania—the myriad, mostly small Pacific island microstates of the Pacific Basin.

Australia

In looking East, India has also turned its gaze south-eastwards. For much of the 2000s it appeared that Indo-Australian relations had recovered significantly from the diplomatic crisis perpetuated by India's 1998 nuclear tests. A series of annual bilateral talks, begun in 2001, that focused attention on common security interests led to a renewed appreciation of the role that both countries could play in maintaining regional security.²⁴ As the Indian strategist C. Raja Mohan argued in 2003, Australia possessed untapped potential as an economic and strategic partner for India.²⁵ For its part, the Australian Government of John Howard recognized the important role that India could play in shaping the security architecture of the wider Asia-Pacific region: 'increasingly, we are looking to our west and observing India's growing political and economic weight and India is looking east seeking to forge stronger links with our region. The indications are that India is set to become one of Australia's most important regional and bilateral partners'.²⁶ Under Howard, Australia strongly supported India's entry into the ARF and publicly backed India's bid for a seat on the UN Security Council.

Since the election of Kevin Rudd's Labor Party in 2007, Indo-Australian relations have plateaued. A Mandarin-speaking sinophile, Rudd made relations with China the priority of his foreign policy, while his party's strong position on the Nuclear Non-Proliferation Treaty (NPT), lack of support for the US-India-Japan-Australia quadrilateral dialogue, put it at odds with New Delhi on these issues. Diplomatic tensions were exasperated by a series of violent attacks on Indian students in Australia in 2009 and 2010, which provoked widespread outrage in India and overshadowed recent gains in Indo-Australian ties. Following Rudd's surprise ousting as Prime Minister, Indo-Australian relations can only improve. His successor, Julia Gillard, who visited India in 2009 as Deputy Prime Minister, has emphasized the importance of strengthening bilateral relations with India and is unlikely to hold relations with New Delhi hostage to Sino-Australian ties.

In contrast to the political ups and downs of the last several years, steady progress has been made in the economic realm. Bilateral trade grew from \$5,769m. (2005/06), to \$7,920m. (2006/07), \$8,970m. (2007/08), \$12,540m. (2008/09) and \$13,800m. (2009/10), making India Australia's eighth largest trading partner and fastest growing export market. Since 2007 India and Australia have been undertaking a joint feasibility study of the merits of entering into an FTA—the results of which were expected by the end of 2010. With the balance of trade heavily favouring Australia, India imports gold, copper ore and wool, while exporting gemstones and textiles.

In the security realm, bilateral agreements between the two nations have emphasized their 'common interests on a number of important issues, including the Asia-Pacific and Indian Ocean regions'.²⁷ This recognition of mutual interests led to a series of agreements in 2006 and 2007 on joint naval exercises, enhanced maritime security co-operation, increased military exchanges, and joint training of the two nations' armed forces.²⁸ The year 2007 also saw the visit of both the Australian defence minister and the Chief of the Australian Defence Force to India. Defence co-operation between the two countries also extends to research and development of military technology, as well as collaboration on counter-terrorism efforts. After postponing twice, Prime Minister Rudd made a visit to India in November 2009, during which the

two countries announced a 'strategic partnership'. Notably, India and Australia both also have 'strategic partnerships' in Asia with Japan, South Korea and the USA. The Joint Declaration issued by the two sides pledges co-operation in areas such as maritime security, counter-terrorism and a continued defence dialogue as well as 'policy coordination on regional affairs in the Asia region', which is a diplomatic euphemism for shared concerns over China's growing power.²⁹

Nuclear issues are an important aspect of Indo-Australian security ties because Australia has 23% of the world's uranium reserves. Nuclear co-operation received a significant boost when the Government of John Howard decided to follow George W. Bush's Administration's lead in extending de facto recognition of India's nuclear status—which would allow India to purchase uranium from Australia.³⁰ However, this policy was reversed by the Labor Government, which has repeatedly insisted that India must join the NPT before it could ever buy Australian uranium. The refusal to honour Howard's commitment was viewed as a snub to India which, despite its unwillingness to sign the NPT, actually has an impeccable non-proliferation record—unlike many of the 'legal' nuclear powers. Despite this policy, Australia did support India's efforts to obtain a waiver from the Nuclear Suppliers Group (NSG) that would allow it to purchase uranium elsewhere. Labor leaders have been somewhat coy on this issue, leading some Australian analysts to believe that Australia will eventually supply uranium to India.³¹ Despite this uncertainty and the present tensions in the relationship, Indo-Australian security ties remain more robust than either nation's bilateral defence co-operation with China—the ongoing military modernization of which was described by Australia's 2009 Defence White Paper as a potential 'cause for concern'. With enhanced security ties to both Japan and Australia, India has assimilated itself with what Mohan calls the 'northern anchor' and 'southern anchor' of US military presence in Asia.³²

New Zealand

Although separated by a considerable distance, India and New Zealand can be said to have common roots in their shared historical links to the United Kingdom, parliamentary style of government and democratic character. While New Zealand maintained cordial relations with India for long periods during the Cold War, India–New Zealand ties were significantly harmed by India's 1998 nuclear tests. The High Commissioner of New Zealand was withdrawn in protest and a resolution strongly condemning the tests sailed through parliament with the support of all political parties. In subsequent years, questions about India's nuclear programme and its accession to the NPT and Comprehensive Test Ban Treaty (CTBT) dogged several high-profile visits, including that of then-Minister of External Affairs Jaswant Singh to New Zealand in 2001 and Prime Minister Helen Clark's 2004 visit to India, the first by a New Zealand head of government in nearly two decades.

In more recent years, New Zealand's strong commitment to both the existing structure of nuclear non-proliferation agreements and eventual nuclear abolition has caused tension in its relations with India. At the NSG meetings in 2008, when India and the USA were seeking the blessing of nuclear suppliers for their nuclear deal, New Zealand played an active role in attempting to block the waiver that would allow the selling of nuclear technology to India unless Delhi signed further restrictions. While New Zealand eventually lifted its objections after being personally lobbied by President Bush, Wellington's hard-line, anti-nuclear stance earned it the opprobrium of India's hyperbolic media.³³

Economic interactions between the two countries are modest with bilateral trade totalling \$754m. for 2009/10. India was New Zealand's 13th largest export destination and 24th largest

trading partner. India imports coal, wool, wood pulp and machinery, while exporting gemstones, jewellery and textiles. Despite the relatively small size of the economic relationship, the two countries commenced negotiations on an FTA in February 2010, which, according to New Zealand's High Commissioner to India, 'will be very important for putting a much more dynamic nature into the relationship'.³⁴

Although India and New Zealand share interests in cultivating relations with China while remaining close to the USA and ensuring the security of sea lanes in the Indian Ocean, their defence co-operation has been as modest as their economic linkages. As befitting a nation in the Pacific, defence interaction has occurred primarily in the naval realm. In June 2006 the New Zealand frigate *Te Mana* made port calls in Kochi and Mumbai and the New Zealand Chief of Navy agreed with his Indian counterparts to undertake joint exercises. The following month, the frigate *INS Tabar* conducted joint exercises with the New Zealand Royal Navy as Vice-Admiral Sereesh Mehta, the chief of Eastern Naval Command, paid a reciprocal visit to Auckland. In 2007 a pair of New Zealand frigates visited Port Blair in the Andamans after conducting passage exercises with the Indian Navy. The same year, the New Zealand Defence Minister visited Delhi to meet with his counterpart and representatives of the Indian Navy to deepen defence co-operation between the two nations. In February 2010 the New Zealand navy sent observers to the Indian Navy's seventh biennial MILAN exercises in the Andaman Sea, which saw the participation of 10 other regional navies.

Despite this modest history, there may be reasons to be optimistic about Indo-New Zealand ties in the future. The right-of-centre National Party Government that took office in late 2008 appears to both support and welcome India's increased role in the Asia-Pacific—particularly as a balance to China. The Wellington Government recently introduced the Sir Edmund Hillary Prime Ministerial Fellowship for the express purpose of bringing Indian political leaders to New Zealand. The first recipient was the Congress party's General Secretary, Rahul Gandhi, who visited in February 2010. In welcoming Gandhi, New Zealand's Prime Minister was quite forthright in stating that India is a 'priority' relationship for his Government.³⁵ For its part, India by-passed a career civil servant to appoint Admiral Suresh Mehta, the former head of the Indian Navy and one of the bright lights of the Indian strategic community, as its new High Commissioner to New Zealand. Such developments may indicate the start of a new chapter in Indo-New Zealand relations.

Pacific Basin

India's primary interaction with the small island states of the southern and middle Pacific, Oceania, comes via its dialogue partner status with the Pacific Islands Forum (PIF), which it has held since 2003. The PIF is a regional organization linking the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu, as well as Australia and New Zealand. India's focus in its engagement with the PIF micro-states is development and human resource capacity-building. Grants-in-aid provided by India fund projects in areas of local priority such as renewable energy, water and waste management, while India's technical expertise assists critical local industries such as coconut production and provides aid to Fiji's sugar industry to help it diversify into biofuels. India also sponsors training courses for regional diplomats and civil servants in practical areas such as public finance management, and has created scholarships for youths from PIF countries to study in India. Excluding Australia and New Zealand, India's economic interaction with the PIF nations is quite small: in 2008 bilateral trade totalled \$355m. with them as a whole, with the large majority of that being with Papua New Guinea.

Of particular note are Indo-Fijian ties. India's relations with the most developed of the Pacific island states are heavily coloured by the tensions that exist between ethnic Fijians, who make up approximately 57% of the country's population, and the 37% of the Fijian populace that is of Indian descent—the latter of whom are heavily represented in the educational, professional and entrepreneurial sectors of the economy. Since the late 1980s Fiji has experienced a series of coups that ousted governments led or backed by Indo-Fijians. India's position as a champion of sanctions against these unelected Fijian regimes within the UN and the Commonwealth further harmed diplomatic relations. Ironically, a 2006 coup against a Fijian nationalist government led India to increase its interaction with Fiji, particularly as neighbours Australia and New Zealand downgraded their ties.

Since 2006 India has established a regular dialogue with the Fijian military government and Fiji's interim Prime Minister visited India in an unofficial capacity in 2009. New Delhi has used its engagement with the interim Government to emphasize the need for peace and harmony among Fiji's major communities as well as an early return to democracy in the island nation. India's re-establishment of linkages to Fiji can also be seen in geostrategic terms, particularly since the military Government has turned to China for support after having been expelled from both the Commonwealth and the PIF.

Constraints on India's role in the Asia-Pacific

In considering India's present and future role in East Asia and Australasia/Oceania, it is necessary to also discuss the factors that could constrain India's ability to engage with the region on a more robust basis. By most measures, phase two of the Look East policy must be judged a success. Nevertheless, India still faces a number of challenges in its efforts to project its influence into the Asia-Pacific region. At the grand-strategic level, there are questions about India's ability to articulate and implement a coherent long-term national security strategy, with its political establishment having some difficulty approaching defence and foreign policy issues in a systematic manner. Furthermore, there is not necessarily support for a robust Asia-Pacific role across the political spectrum. After vigorous protests by the Left parties over the multilateral nature of the 2007 *Malabar* exercise, the Indian Government did not include Australia or Japan in the 2008 version in an attempt to appease those parties that had recently withdrawn their support from the country's governing coalition.³⁶ Although the present Congress-led Government is not reliant on the Left parties, the vagaries of coalition politics in India can never be fully discounted.

A second challenge to Delhi's ability to focus its attention on the Asia-Pacific comes from India's *immediate neighbourhood*, which contains several weak countries that run the risk of becoming 'failed states'. Furthermore, India's tense relationship with its nuclear-armed neighbour, Pakistan, has long been the central concern of Indian foreign and defence policy. Although successive Indian governments have taken active steps to move government attention away from a single-minded focus on this sub-continental rivalry, Islamabad's continued support for terrorism within India and the very real threat of 'state failure' in Pakistan necessarily draw India's attention westward. Similarly, the continued economic and political challenges facing the small, fragile states on India's periphery—such as Bangladesh, Sri Lanka and Nepal—require attention that could otherwise be given to expanding its influence in the Asia-Pacific.

Though not insurmountable, India's political establishment faces a number of obstacles, ranging from domestic politics to regional instability, which could handicap India's ability to expand its economic and political influence in East Asia and Australasia/Oceania.

Conclusions

After nearly half a century of ‘confinement’ to the subcontinent, India is increasingly making its presence felt across East Asia and the Pacific through a forward-leaning foreign policy that marries robust political engagement with the cultivation of enhanced economic ties. Free from the historical animosities that colour many bilateral relationships in the region, New Delhi has the ability to pragmatically engage both great and medium powers in a constructive manner. In pursuing these strategic ties, New Delhi lends its military and economic power to a regional security order that can enhance stability in Asia by presenting any single power with a series of structural constraints that may persuade it that attempts to dominate the region are unlikely to succeed. The eastward focus, which has been a cornerstone of India’s foreign policy since the end of the Cold War, is part of a broader effort to assert itself on the world scene. Through its Look East policy and associated military engagement with key regional powers, India has clearly signalled an ambition to play a leading role in the international politics of the broader Asia-Pacific region. Although it will be some time before India’s economic and political influence matches the full extent of its regional ambition, it is clear that India is already much more than a state that merely ‘interacts with the Asia-Pacific in various ways’.³⁷

Notes

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- 13 Richard J. Samuels, ‘New Fighting Power: Japan’s Growing Maritime Capabilities and East Asian Security’, *International Security*, Vol. 32, No. 3 (Winter 2007/2008), p.111.
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