



AIYD
Australia India
Youth Dialogue

Comments to the
White Paper on Australia in the Asian Century by the Australian
Government
Submitted by
Australia India Youth Dialogue Limited.¹

Prepared by

Andrew Pickford² and Rommel Varghese³

¹Australia India Youth Dialogue Limited ACN 151 657 322 (AIYD) was established in June 2011 to facilitate ongoing engagement between Australia and India through their youth. The AIYD held its first successful conference in New Delhi and Mumbai during January and February 2012. It is in the process of establishing the AIYD Alumni Network, Youth Research and the Australia-India Youth Association. The AIYD intends to replicate the successful, inaugural conference and to build this into a regular, high-profile event on the Australia-India bilateral calendar.

² Andrew Pickford is based in Perth, Western Australia and works in the area of policy and strategy across a range of institutions, industries and governments. He was selected as a delegate at the inaugural Australia India Youth Dialogue conference in January 2012. He has particular expertise in the electricity sector, strategy formulation, scenario-based planning and Indo-Pacific security issues. Mr Pickford is the inaugural ISSA Indo-Pacific Managing Director, a strategic think-tank focusing on the Indian Ocean region and energy security. He also holds a number of other positions including Senior Fellow, Mannkal Economic Foundation; Senior Fellow, International Strategic Studies Association; and is currently a Center for Strategic and International Studies-Pacific Forum Young Leader.

³ Rommel Varghese is a final year student of Economics and completed his International Relations/Political Science degree at the Australian National University. He is a member of the Steering Committee which established the Australia India Youth Dialogue and played a pivotal role in running the inaugural conference. Rommel currently works as a freelance journalist and has reported on politics in Australia and from the Middle East and South Asia. He has advised and lead youth based think-tanks and organisations in Australia, including Lions Australia NSW, Left Right Think Tank and Asia Pacific Youth Organization.

Preamble

The Australian Government's White Paper considers five general areas which will shape Australia's strategic position in the region:

- the current and likely future course of economic, political and strategic change in Asia, encompassing China, India, the key ASEAN countries as well as Japan and the Republic of Korea;
- the domestic economic and social opportunities and challenges of the Asian Century for Australia;
- opportunities for a significant deepening of our engagement with Asia across the board, including in the economy, science and technology collaboration, clean energy, education, business-to-business and people-to-people links and culture;
- the political and strategic implications of the Asian Century for Australia; and
- the role of effective economic and political regional and global co-operation.

In particular, the White Paper considers current Australian policy settings and makes judgements on:

- a high-level strategy to enhance Australia's navigation of the Asian Century, including appropriate policy settings. The focus will be on opportunities to increase the economic and other net benefits to Australia from the global economic and strategic shift to Asia in the short, medium and long term;
- early actions which are able to be taken within five years of the submission of the review; and
- further policy initiatives which may be developed over the medium-to-longer term, out to 2025.

This AIYD submission addresses these terms of reference in a broader strategic framework, which is essential for framing the specific questions within the context of Australia's regional strategic requirements.

Australia India Youth Dialogue

The AIYD considers the Asian Century White Paper a crucial part of the Australian Government's international engagement. With a strong youth focus and ability to draw on the insights of emerging leaders in both Australia and India, the AIYD provides a unique, bilateral perspective. This is driven by the reality that some members of the organisation are already occupying leadership positions on both sides of the Indian Ocean. This trend will continue during the period which the White Paper is considering, giving the AIYD a vested interest in the process of charting Australia's future.

We welcome the opportunity to write this submission and are available to provide further comments and assistance as may be required.

Key points of AIYD Submission

The Australian Government should adopt an Indo-Pacific Century framework, as opposed to the East-Asian centric, so-called “Asian Century” outlook

In the December 2011 Issues paper, there is an overwhelming direct and indirect emphasis on East Asia. Certainly, this region has been an area of expanded economic trade with the emergence of Japan, the Republic of China, South Korea and, most recently, the People’s Republic of China (PRC). In consideration to Australia’s security interests and its alliance with the US, East Asia has been increasingly viewed with concern as an area of geo-political competition.⁴ However, the Indian Ocean region remains a neglected part of Australia’s current security, trade and humanitarian outlook.

The *tsunami* of 2006 was a major, natural event which prompted analysts to consider the Indian Ocean area as a region in itself, rather than a group of fragmented states of secondary importance. Parts of the Australian Government, such as the Defence Department, now acknowledge the significance of the Indo-Pacific in framing Australia’s regional security outlook.⁵ While trade has not yet expanded to the level seen in East Asia, it is probable that the economic interaction within the Indian Ocean, and between this region and other centres of economic power, will increase. In accordance to the time frame suggested by the Issues paper, it would be prudent to establish a framework for Australia’s long-term foreign engagement as navigating through the Indo-Pacific century, with maritime outlook duly emphasised.

The dynamic nature of the Indian Ocean should be better monitored, studied and recognised by the Australian Government both for its economic potential and risk of military competition

The Indian Ocean is emerging as one of the most dynamic regions in the world. After the publication of Robert Kaplan’s *Monsoon: The Indian Ocean and the Future of American Power*, both military and foreign affairs specialists, first in the US and then Australia, started to pay greater attention to the region. The re-emergence of Myanmar into the Indian Ocean trading matrix and the possibilities of a post-clerical Iran or generally reshaped Middle-East region mean that economic patterns and centres of financial power could shift rapidly. Much of Australia’s limited academic and official work on the Indian Ocean views the region from a static, Cold War context which fails to represent the unfolding reality on the ground.

Based on analysis of current economic and political trends, it is our view that there will likely be a major expansion in trade flows in the Indian Ocean, especially that of natural resources. A higher rate of maritime traffic and inter-regional trade will spur competition, piracy and increased activity by blue water navies. India is already well underway in developing its aircraft carrier capability along with long-range submarines. With upcoming joint Indian naval exercises and greater movement by the PRC’s PLAN in the Indian Ocean, the gradual evolution of certain maritime zones could lead to an Indian Ocean theatre which is host to increased naval tensions or hostilities, even resembling that of the fiercely contested South China Sea.

⁴ A number of strategic analysts, most notably Hugh White, speculate about the choices Australia face in the East Asian region, but very few analysts dedicate similar attention to the Indian Ocean region. Refer to Hugh White, ‘Power Shift: Australia’s Future between Washington and Beijing’, *Quarterly Essay* 39, September, 2010.

⁵ Stephen Smith MP, Minister for Defence, ‘Australia and India building the strategic partnership’, speech given at the Asia Society, Mumbai, December 9, 2011, at: <http://www.minister.defence.gov.au/2011/12/10/minister-for-defence-australia-and-india-building-the-strategic-partnership/>.

In addition to potential direct military clashes, poor and populous nations, such as Bangladesh, could be a source of mass migration. Indeed, any major humanitarian crisis could result in the movements of hundreds of thousands, if not millions of refugees. A repeat of the 2006 *tsunami* or other “Black Swan”⁶-type events would immediately draw Australia into a humanitarian response, even as a potential site for temporary refuge under particular scenarios.

Aside from the Indian Ocean trends described above, the forces at play within India are some of the most important and ones to which the AIYD is carefully attuned. Current political trends in India are seeing a movement away from broad national parties, towards regional and local parties. This will make governing increasingly fragmented and difficult. Should coalition governments become the norm, larger trade-offs to appease the state-based parties will be needed to maintain unity. The potential for internal clashes, de-facto protectionism and even separatism needs to be factored into Australian considerations. Conducting business in this environment will be challenging, but not impossible, as some areas of India will experience fast growth and be attractive new markets for Australia. However, Australia will need to vastly improve its understanding of India and its states, including a far greater knowledge of Indian languages other than Hindi.

The Australian-Indian relationship must broaden from its narrow, public focus on uranium and students. The AIYD supports a bi-partisan approach for Australia to engage with India, so to have greater policy consistency able to withstand the inevitable shocks in the relationship.

Since the development of the student issue and the evolution of the Australian Government's position on uranium, there is now a limited, but critical opportunity to create a more substantial base for relations. With national elections in both India and Australia expected in the short term, it would be prudent to consider informal arrangements of an “Australia-India leadership” meeting. This could take a similar form to the successful model between Australia and the US, which ensures a high-level, bi-partisan position as well as promoting a mutual understanding of domestic political drivers that force particular policy responses.

Aside from an annual, bi-partisan Australian-Indian leadership meeting, we encourage the following initiatives to broaden the relationship:

- A greater engagement with Australians with Asian heritage and backgrounds is needed to better utilise talents and resources in these communities. Senior and future leaders in these communities have extensive contacts and interaction with business and social interests that will benefit Australia's presence and economic prosperity in the long term. The AIYD is one such forum that aims to provide young leaders a scope to network and create opportunities that improve the bilateral relations between Australia and India. Other initiatives that enhance similar people-to-people partnerships, ranging from the Australia China Youth Dialogue, Australia Indonesia Youth Association to Tara.Ed, are as critical.
- Within the Australian education system there needs to be a re-balancing of the specialised teaching of Hindi and regional Indian dialects. For example, languages like Bengali and Tamil are some of the more common widely spoken languages in the world and also play an influential role in cultural development. This should occur at the tertiary level, as well as in high-schools. While a common British heritage has seen English as the language of officialdom and diplomatic discussions, it does not mean that Indian languages should be ignored.

⁶ The term “Black Swan” events was popularised by investment-banker Nassim Nicholas Taleb in his 2007 book, *The Black Swan*. In a New York Times article on April 22, 2007, he states: “What we call here a Black Swan (and capitalize it) is an event with the following three attributes. First, it is an outlier, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable. I stop and summarize the triplet: rarity, extreme impact, and retrospective (though not prospective) predictability. A small number of Black Swans explains almost everything in our world, from the success of ideas and religions, to the dynamics of historical events, to elements of our own personal lives.”

- The proliferation of China study centres in Australian universities, alongside the expansion of the PRC Government's Confucius Institutes, has resulted in the overemphasis of the PRC in undergraduate studies. While understanding the PRC is an important part of Australia's future, it should not override the need to foster deeper knowledge of other nations pertinent to Australia's economic and strategic considerations. We strongly support the work of the Australia India Institute at the University of Melbourne and would encourage other Indian-focused activities at universities across the nation.
- While there has been bilateral dialogue and cooperation on the ministerial and military level respectively, there is potential for Australia to further engage with India on Indo-Pacific maritime security matters and increase its prominence as a partner in India's strategic mindset. The AIYD supports the emerging 1.5 Track Defence Strategic Dialogue between India and Australia.⁷ We also support an additional approach of establishing scholarly and institutional ties across both states to expand mutual understandings of shared security concerns and explore ways of collaborating effectively on issues such as non-proliferation and counter-piracy. This could help promote stability around critical maritime transportation choke points, as well as encourage a longer-term shift in Australia's strategic relations with India concerning the security architecture of the region.
- Cultural exchanges, occurring at all levels of society, are important to create people-to-people links. Inexpensive initiatives such as virtual classroom exchanges could be an important part of the youth-to-youth links. Such initiatives already exist in classrooms between Japan, South Korea and Australia. Using the AIYD as an example, there are many opportunities for civil society to help bring the countries together. The recent announcement by the Victorian government to develop greater education collaborations between Universities in both countries is a vital step forward and the AIYD encourages such collaboration to extend to the schools between both countries. While government support is generally welcomed in these initiatives, often the most important action governments can do is to remove obstacles in order to facilitate cross-cultural, civil society collaboration.
- A renewed emphasis on working on common agricultural science and technology research would be an important part of dealing with food shortages and, over the long term, increasing productivity. Prime Minister of India, Mr Manmohan Singh has called for greater quality of research in science to address these issues as well as partnership programs to be established between the corporate and scientific bodies to improve the sharing of vital information.⁸ One area that is of great importance is improving degraded soils and land impacted by salinity. A greater collaboration between Australian and Indian scientific bodies in this area will improve the scientific capabilities and information sharing between both nations. It is positive to note that both governments are encouraging greater linkages between researchers. With an Australian commitment of \$65 million (Rs 270 crore), matched by the Government of India, the Australia-India Strategic Research Fund (AISRF) is Australia's largest fund dedicated to collaboration in research with any country and also one of India's largest sources of support for International science. Such initiatives are commendable and we encourage greater cooperation and understanding in this area to further improve productivity and growth in both economies.
- India's infrastructure needs over the next few decades are substantial. With Australia possessing expertise in the financing and building of large infrastructure, there could be opportunities to leverage potential connections. Recent McKinsey Global Institute (MGI) reports have indicated that cities in India would generate 70 percent of net new jobs created to 2030, produce around 70 percent of Indian GDP and drive a new fourfold increase in per capita incomes across the nation. The MGI report projects that in order to meet urban demand; the economy will have to build between 700-million and 900-million square metres of residential and commercial space a year. In transportation alone, India needs to build 350 to 400 kilometres of metros and subways every year,

⁷ The 1.5 Track Defence Strategic Dialogue is planned to commence in 2012. See Stephen Smith MP, Minister for Defence, 2011.

⁸ Interview with Prime Minister Manmohan Singh by Indian network, NDTV on 3 July 2010.

more than 20 times the capacity building of this type India has achieved in the past decade. In addition, 19,000 and 25,000 kilometres of road lanes would need to be built every year to increase rapid transit systems. Such projections provide enormous opportunities for Australian firms to partner with state and central governments in India and provide services to new markets. One example of success in this area is the Australian firm CETEC Pty Limited. CETEC Pty Limited, an independent scientific consultancy completed an accreditation of a ground breaking project with Shree Ram, an Indian based multinational and textile company. The textile mill that was once outside the city of Mumbai is now located in the centre of city with CETEC Pty Limited assisting them with the first Platinum Design Indian Leed apartment building in India, one of the largest developments of its type. Due to this success, Shree Ram intends to roll out the Mumbai design worldwide.

- India's strong growth has already seen Australia's merchandise trade exports to India rise by nearly 800 per cent from 2000 to 2010.⁹ This has added \$14.6 billion to Australia's annual merchandise exports and seen India rise from 14th to 4th most important merchandise export destination. The strengthening of trade is due to India's growth and its demand for resources. For example coals exports to India for 2009-2010 amounted to \$5.5 billion. India is expected to be a large customer of the \$43 billion Gorgon gas project in Western Australia. Bill Brummitt from the Treasury notes that the relationship has the potential to extend beyond simply 'buyer and seller'. For example India has the fourth largest proven deposits of thermal coal in the world. Bauxite reserves are around 3.3 billion.¹⁰ Iron ore stands at around 13.3 billion, the fifth largest in the world. This resource potential has seen many Australian firms undertake resource exploration in India. Rio Tinto recently received a social awareness award from the Federation of Indian Mineral Industries (FIMI) for its work. However, there are restrictions in the market that make such activities difficult. A greater transparency and freeing up of restrictions would be of great benefit to the Indian economy. It would also provide Australian companies, who have proven expertise an opportunity to develop such deposits.
- There will be a natural expansion of the movement of individuals between Australia and India as the relationship grows. Australia should consider dealing with its skills shortages by reviewing the existing barriers for Indian skilled entry to Australia. Furthermore, Australia should urgently review the process for Indian nationals to visit Australia, to avoid penalising bonafide tourists. For Australians wishing to visit India, we encourage the Indian government to streamline the processes involved and also reduce the costs of transactions for visa processing. The possibilities for expanding cooperation in tourism between the two countries could be through Australian tour operators helping to boost the operation scales of Indian tour companies, which are still at a very nascent stage, and creating joint venture projects. One way could be for the Australian tourism industry to tap into India's thriving middle class, now the largest in the world. For permanent migration, there needs to be clearer signals to prospective Indian migrants to Australia which starts to align expectations with reality. There has been a great deal of important work behind the scenes to bring this change about. Additional, in-country communication to prospective Indian migrants, especially to aspiring youth, would help over the longer term.
- The youth of India account for an extremely large proportion of the nation's vast population. In this context, the Australian Government should rapidly expand its social media presence and outreach programs in order to promote a favourable image. Countries such as the United States and India are investing heavily into e-diplomacy which aims to connect and attract young talent and online users to their country's initiatives. This is an area in which the Department of Foreign

⁹ Bill Brummitt, 'India's long term growth potential and implications for Australia', 19 September 2011, at : <http://www.treasury.gov.au/contentitem.asp?NavId=&ContentID=2196>

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Affairs and Trade (DFAT) could improve.¹¹ Australia has had other successes, however, with exporting Australian television programs to India. These have gained significant popularity and have helped to address misconceptions about Australia. Expanding this avenue in cultural diplomacy will continue to promote an understanding of Australian life and has a chance to make a stronger impact with Indian youth.

- India has set the ambitious goal of skilling 500 million people by 2022, to not only build a workforce capable of meeting the demands of India's growing, modernising economy, but also to lift millions of people out of poverty through economic development, and to prevent India's 'demographic dividend' becoming a 'demographic disaster' – a nightmare scenario for India where millions of young people are unable to participate in the economy and society, with negative consequences for social cohesion and society. Another explicit element of this policy to position India's young population as an exporter of skilled workers, to meet the growing skill gaps among ageing populations around the world. The inaugural conference of the AIYD identified this as an area of priority for collaboration and has established a Skills Development Taskforce to enable our young leaders to continue to work together on this issue. With its expertise in skills development, Australia could make a significant contribution to the development of regulatory and quality frameworks and models for delivery of education and training in India. We would recommend the Australian government seriously consider the role Australia will play in India's skills agenda, one of the greatest challenges of our time.
- Sport is another sphere identified by the inaugural conference of the AIYD where greater collaboration could have a significant impact on positive people-to-people links between Australia and India. The benefits of sport extend beyond participant's health and enjoyment of the game, with sport recognised by Ausaid and the UN as a vehicle for community development as well international cooperation.¹² We have established a Sports Taskforce to investigate new areas of collaboration between Australia and India in sports particularly in the development of sporting infrastructure. In its deliberations on the Australia in the Asia Century, we recommend the Government considers the role sport has to play in building people-to-people links, which are fundamental to any international relationship

Should you require any further information in relation to this submission, please contact Rommel Varghese on rommel@aiyd.org or +61 0423 683 382.

Australia India Youth Dialogue Limited

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¹¹ Fergus Hanson, 'DFAT the dinosaur needs to find Facebook friends', *The Australian*, 23 November, 2010, at: <http://www.theaustralian.com.au/news/opinion/dfat-the-dinosaur-needs-to-find-facebook-friends/story-e6frg6zo-1225958801550>.

¹² www.ausaid.gov.au/keyaid/sport/default.cfm and www.un.org/sport