Submission to Senate Committee Inquiry into the Indian Ocean Region and Australia's Foreign, Trade and Defence Policy

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The Indian Ocean Region (IOR), long-neglected by Australian policymakers, media and academics, preferring to focus their attention on the Asia-Pacific, where Australia's major trading partners are located, is beginning to emerge as an area of considerable opportunity and risk for Australia. As such, the current Senate Inquiry is important and timely.

It is by now well-recognised by scholars that regions are not natural units, but are politically made and socially constructed. The IOR is no different and it is on this basis that we should evaluate the prospects of regional governance in the IOR. This means that regional governance, to emerge, function, and become influential, requires resources and the attention of key governments and societal groups. Regionalism could emerge as a result of a process whereby states come together to establish regional institutions to deal with a range of common political, security and economic issues. But regional governance could also develop more spontaneously as a result of attempts to deal with specific problems or promote particular opportunities that are seen by important actors to transcend borders and occupy a regional space. Examples for this include efforts to manage the threat of infectious disease or money laundering. This latter form of regionalism does not necessarily lead to the emergence of strong regional institutions and could in fact be the result of the actions of a single state with the capacity to project power on a regional scale. The two forms of regional governance are not mutually exclusive.

In the IOR, issues of sovereignty, intensified by growing competition over valuable maritime resources and rich seabed mineral reserves, have emerged as particularly significant. But equally important have been a range of non-military, so-called non-traditional security (NTS) threats. Particularly notable among these has been the problem of piracy off the coast of Somalia and in the Malacca Straits, as some of the world's busiest shipping routes traverse the Indian Ocean. But piracy is by no means the only NTS issue exercising the minds of policymakers within and beyond the region, with people smuggling from South Asia a particularly live political issue in Australia. NTS problems have been associated with the presence of a concentration of weak and failing states in this region. With this in mind, an important question is whether an international or regional organisation, such as the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), might develop a capacity to

govern these problems, or perhaps other transnational governance arrangements would emerge to deal with specific issues. Another important question is whether Australia could or should play a role in promoting particular forms of regional governance.

Prospects for regional institutions

In our view, the likelihood of effective international governance of the issues affecting the IOR, whether through IOR-ARC or another regional grouping, is currently very low. This is for the following reasons:

- The record of international institutionalisation of natural resource issues is very weak. This is because these tend to be classified as national security issues by states, rather than as ordinary matters of trade policy. This is particularly the case with energy resources, as recent research by the Murdoch University Asia Research Centre's Jeffrey Wilson clearly shows. The IOR is particularly rich in seabed energy resources and therefore it is unlikely that regional organisations will be empowered to deal with this issue effectively.

- Sovereignty claims driven by natural resource interests exacerbate the problems of institutionalising international governance in the IOR.

- Finally, there is no power in the region with the ability and interest to enforce a regional association. The main state within the IOR is India. But India's relationship with other states in the region, such as Pakistan, is fraught, and it does not possess the military or economic resources to push for greater integration. Furthermore, Chinese naval forces, as well as state-owned and private enterprises have been very active in the IOR, while the US government has been partly shifting American forces from North Asia to Southeast Asia and the Indian Ocean in recent years. Alternative regional associations such as ASEAN and the African Union already exist and in the presence of these other organisations, an Indian Ocean organisation with real governance capacities is unlikely to take root easily.

Issue-specific regional governance

A more likely scenario than the emergence of powerful regional institutions is the emergence of a diverse variety of issue-specific, ad hoc modes of regional governance. Indeed, this is already occurring in the region, particularly to deal with NTS issues, such as irregular migration, environmental degradation and piracy. We can, for example, see the Australian government already involved in attempting to stop boats carrying asylum-seekers from

leaving the Sri Lankan coast. The US, Britain and France are engaged in a joint effort to curb piracy off the coast of Somalia, while the Chinese and Indian governments have their own independent initiatives in this area. The emergence of such forms of regional governance are not surprising in the IOR context, in which maritime issues loom large. As in the South China Sea and the Timor Strait, international and/or regional institutions are unlikely to be particularly effective in governing issues related to either sovereignty/maritime boundaries or exploitation rights to natural resources.

What Australia could and should do

An alternative approach to promoting the formation of issue-specific forms of regional governance on issues relating to NTS is to seek to prevent such issues emerging in the IOR through statebuilding programmes in littoral states. The Indian Ocean rim has a large concentration of fragile, post-conflict or failed states. The most notorious is perhaps Somalia, a country where central government has collapsed more than 20 years ago. But other fragile or post-conflict states in the region include Mozambique, Sri Lanka, Yemen, Pakistan, Bangladesh, Burma and Timor-Leste. In the context of Australia's expanding aid budget, attention to promotion of better governance in these countries would advance Australia's interests in a secure and stable Indian Ocean economy.

Australia's experience of statebuilding in the Pacific is extensive, including long-term interventions in Papua New-Guinea, Solomon Islands and Timor-Leste. This experience could and should be drawn upon in the IOR. Yet, Australia's statebuilding record is less than successful. Apparent successes in Solomon Islands, for example, could be easily reversed should the Regional Assistance Mission to Solomon Islands leave. Analysis of Australia's experience in Timor-Leste and Solomon Islands, undertaken by researchers at Murdoch University's Asia Research Centre, suggest the following conclusions, which should in our view be taken into consideration should the Australian government choose to engage in statebuilding in the IOR.

- Statebuilding should not be ideologically driven: in other words, goals should not be defined in terms of large but ill-defined objectives such as freedom and democracy, or even 'effective' states.
- Statebuilding interventions should adopt clear and limited goals, based upon a political economy analysis of the balance of forces and the interests of powerful groups in each target country.

- Through such analysis, would-be statebuilders need to make clear the limits of what can be achieved, as well as the opportunities presented.
- The analysis of the context, the goals, and strategies for achieving these need to be revisited regularly in order to avoid policy being overtaken by events.