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Inquiry into Australia's relationship with India as an emerging world power

Organisation: Monash Univeristy

Contact Person: Marika Vicziany – Professor of Asian Political
Economy

Address: Monash University
CLAYTON VIC 3800

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***SUBMISSION BY MARIKA VICZIANY
PROFESSOR OF ASIAN POLITICAL ECONOMY
DIRECTOR, MONASH ASIA INSTITUTE
MONASH UNIVERSITY
CLAYTON VICTORIA AUSTRALIA 3800
EMAIL: Marika.Vicziany@adm.monash.edu.au***

For a long time India has been described as Australia's 'blind spot'. This is no longer the case. India today has risen to international prominence, and that is reflected in the intense interest that Australian businesses and government have taken in recent years in the rise of the Indian economy and her strategic role in the region. Australia-India relations have greatly improved as a result.

We have now reached a point in the bilateral relationship which is full of potential and a much deeper engagement. But will we move into this third phase?

Stage 1 up to 1998 was defined by long term indifference on both sides with few exceptions. Some ten years ago one noted Indian diplomat said: Australia does not need India and certainly India has no need for Australia. This is no longer true.

Stage 2 has been characterized by increasing engagement at all levels. Australia's relationship with India has recovered from the low point reached in 1998 when the testing of nuclear devices by India and Pakistan produced a very bitter and destructive response by Australia. The chief architect of the new international appreciation of India has been the USA. At the height of the nuclear issue in 1998-1999 the US began to take India very seriously. In the end, the nuclear tests provided a major turning point in this key relationship which had, until then, been defined by US India specialists as a lost opportunity. To a considerable degree, Australia's reassessment of India has followed US initiatives.

The Australia-India relationship is currently in this second phase. The question is, will we be able to move it into a deeper engagement – ie Stage 3? What needs to happen for Stage 3 to emerge? What are the current limitations of our engagement?

Current limitations of our engagement

The positive aspects of the Australia-India relationship today are well known and well documented in all government, business, cultural and academic websites, publications and seminars/conferences. But many of us have seen positive bilateral relations turn sour – so what remains to be done? Here I list only a handful of obvious issues that need to be addressed.

- **Australia needs to commission reviews of successful projects that we appear to have forgotten about** eg one of Australia's largest aid-business projects in India was the Piparwar mining project developed by Ausaid and White Industries. Using advanced Australian technology, we developed a world class open cut coal mine in Bihar, eastern India. What happened to it? What lessons did we learn from it? We need to know. We need to know urgently because (a) the Indian

government has reaffirmed its commitment to developing coal as an energy source; (b) we export coal to India and (c) the Western Australian government in particular is asking what can we do to increase our value added exports to India? The answer to the last question would be greatly helped by a review of what we have done in the past and the failures and successes.

- **Our definition of the opportunities inside the Indian market needs to be widened. We need to look beyond the obvious favourites of Indian industry.** For example, in promoting business opportunities in India's cultural industries we need to look beyond Bollywood. We also need to understand the internal troubles of that particular industry. We need a much more sophisticated understanding not only of *Australian* interests but more fundamentally of *Indian* interests. For example, one of the most neglected business opportunities in India is Heritage Management. Indian museums and Indian heritage sites are severely neglected areas of development yet hold enormous opportunities for creating Indian employment and mutual collaboration with Australian museums, heritage institutions and tourism.
- **A more sophisticated understanding of India also requires us to see India as a bridging station to 3rd markets in South Asia, Africa and the Middle East.** For example, in the above instance of Heritage Management, Australian expertise is well positioned to bring together Indian and Pakistani heritage opportunities in a way that is still difficult for either Indian or Pakistanis to do for themselves.
- **We need to move with speed.** For decades, our Indian colleagues have been surprised by how slow Australians are to react to emerging opportunities. A favourite story in New Delhi is how Australia missed a great opportunity to export irrigation technology to Rajasthan. We talked about this opportunity at various Australia India Business Council meetings. These meetings were annual. In the meantime, the Israeli government mounted a huge business delegation to India and they quickly snapped up the market. Again, I do not have access to the inside story here, so this might again be an area of analysis that we need to undertake. What can we learn from our competitors? Australian business analysis tends to be superficial and naïve. We need to be more critical of what we are doing right and what we are doing poorly.
- **We need to consolidate our innovative ideas and gains** – speed and commitment are essential to ensure that when we arrive in India with highly innovative ideas, we move quickly and surely to secure the advantage of being the **first arrivals in the market**. For example, Monash University is in the process of establishing a Monash-IIT Mumbai Research Centre. This is a sophisticated idea. It is based on the view that our relationship with India needs to be mutually beneficial and that India has real talent, expertise and money. Australia is as much a beneficiary as India from any relationship. **It is not merely a matter of Australia exporting something to India.** The Mumbai centre seeks to train the best Indian postgraduates in the sciences, engineering and IT areas and to do so in

collaboration with Indian partners- the IIT Mumbai, Indian governments and Indian companies. On the Australian side DEST has made a strategic contribution of some \$20 million towards funding research, scholarships etc in India (on a competitive basis) as have some Australian companies. Consolidating the Australia-India relationship requires this kind of broadly based commitment.

- **We need academic specialists who know and understand India in detail and who have a long term view/experience of the subcontinent** – this requires more than just lecturers, courses and newly arrived think tanks that touch on India in passing. As India has risen, so has teaching and publishing about India become a defining characteristic of Australian tertiary institutions and companies. Unfortunately, few lecturers, academic staff and think tank ‘specialists’ have an in-depth or long-term appreciation of what the Indian environment is really about. Few Australian ‘India experts’ speak any Indian languages; few have spent any time outside the major capital cities; few have read anything about India except what the popular press offers. By contrast, Australia’s expertise on India was better positioned ten years ago when we had a substantial body of scholars who had deep connections to India at a personal and professional level. In this way, Australia is significantly different from the USA where there is a close connection between high level academic expertise on India and the US government and US think tanks. An important exception to this scenario is Ausaid that has recently engaged in an ongoing dialogue with Australia’s academic experts on South Asia in order generate better policies and strategies.
- **Finally, we need to link economic and business analysis of India to a deeper understanding of the political and security environment in India.** For example, US and Australian academics are deeply worried about the growing ‘red revolution in eastern India’. The Maoists have re-emerged as an important consideration. Some US specialists now imagine scenarios in which deep conflict over land and wages in central-eastern India will tie up the Indian armed forces to such a degree as to seriously weaken India’s capacity to play a role in the evolving security scenarios in the Asia-Pacific. Australian understandings are too focused on the rise of India as an economic giant. We need to be more realistic and understand the risks that India faces in the future. Appreciating those risks also requires us to pay more attention to basic needs and human rights.