

Additional submission by Neville J Roach AO, Chairman Emeritus Australia India Business Council to the “Inquiry into Australia’s relationship with India as an emerging world power”

In making this additional submission, I would like to start by acknowledging the significant increase in the attention that the Australian Government has been giving to India in 2008. Examples of this greater attention are the visits to India by the Trade Minister, the Hon Simon Crean, in January, his first bilateral overseas visit and the visit by the Foreign Minister, the Hon Stephen Smith, in September. We hear that Prime Minister is also planning a visit to India in December.

Minister Crean also hosted a Joint Ministerial Commission meeting in May with his counterpart, the Indian Minister for Commerce and Industry, the Hon Shri Kamal Nath at which it was agreed to progress the FTA discussions between our two countries.

Additional and/or Updated Recommendations

There are two main headings under which I would like to make additional and/or updated recommendations and comments, namely:

- A. Recommendations arising out of the Prime Minister’s 2020 Summit.
- B. Australia’s uranium export policy in the light of the recent Nuclear Suppliers Group (NSG) decision.

A. Recommendations arising out of the Prime Minister’s 2020 Summit

The recommendations developed at the Prime Minister’s 2020 Summit in April 2008 by the participants involved in the stream titled “Australia’s future security and prosperity in a rapidly changing region and world” have a very significant bearing on Australia’s relationship with India.

In symbolic terms, the most significant recommendation was the need for closer “**engagement of major regional economies: US, Japan, China, India**”. I

believe this is the first time that, at a significant national event, India was placed in the top priority group, in the same bracket as the US, China and Japan.

The main argument that I made at the Summit for India to be given top tier status was along the following lines:

“The US, China and Japan understandably receive maximum attention today. However, despite the relative low priority given to it in the past, it is now imperative that we start giving India serious attention because, between now and 2050, it is sure to join the USA, China and Japan as one of the 4 nations on which our future security and prosperity will most depend. There are many reasons why India’s importance to Australia will grow rapidly. For example, DFAT says, “by 2050, India could be the third largest economy in the world by a significant margin. Such developments would profoundly shift the world’s centre of economic gravity”. India's leadership is also crucial to the stability of the Indian Ocean rim (we tend to forget that we are not just a Pacific Ocean country) as well as South East Asia, which begins at India’s borders and extends to ours. However, India’s greatest significance is that it is fast becoming the most significant source of the most important resource that will underpin our future, namely human resources. With our rapidly aging population, we will face an increasingly serious shortage of people, especially of working age skilled people. While Australia will continue to attract migrants from all over the world, India is the only major nation which will have a large enough surplus of working age people to supply the bulk of our needs. Even China is threatened with a shortage of working age people because of its 'one child' policy. In addition, India is best placed to provide people with every type and level of skill we need, with the special bonus that they will also be proficient in English. Our challenge is that the whole world, especially the USA, UK, Europe and Canada, will be trying to attract India’s human resources. We will have to compete if we are to have any hope of attracting India’s best and brightest. We will only be equipped to do this if we start giving India the highest level of importance, much the same way as we did with Japan from the 60s and with China from the nineties.”

The recommendation to include India in the top tier give India top tier is a real breakthrough and it is essential that the Australian Government accepts the recommendation and translates it into actions that give our relationship with India the importance envisaged with a real sense of urgency. An India-focused program starting now, covering security, trade, investment, the development of India-related skills and migrant as well as student attraction will make the biggest difference.

Some of the concrete actions suggested in the Summit report are:

1. “Establish a regional energy security forum including all four majors and Australia in the ASEAN + 6 context”.

Given how critical energy security is for China, Japan and India, and how closely it is linked to the dominant issue of our time, climate change, the strategic importance of such a forum for Australia, the region and the world cannot be overstated.

It is worth noting that the framework suggested for this Forum is Asean + 6 (or Asean + 3 + 3. This was chosen specifically because it is the only existing grouping that includes both India and Australia.

It is entirely appropriate that Australia should take the lead within the Asian region to convene the Forum, especially as we are and will, for several decades at least, continue to be the most significant exporter in our region of resources that produce energy, including coal, gas and uranium, as well as those whose use requires significant use of energy, especially iron ore and bauxite. Making the forum happen could be one of Australia’s greatest ever contributions to our region and the world and will help secure our own security and prosperity as well as our standing within the Asian community, especially because the ‘Asean 3 + 3 + 3’ grouping does not include Europe or the USA and therefore gives us (with

New Zealand) a unique opportunity special to engage with the major Asian countries without being in the shadow of the other western big powers.

2. Establish and fund four studies institutes/centres covering the US, Japan, China and India.

If this recommendation is implemented, Indian studies will be the biggest beneficiary precisely because it has been the most neglected and has even declined in the recent past.

It is important to stress the need for a separate Australia-India Institute, instead of merely including Indian studies in a wider Asian or East-West Study Institute. There are several reasons for this:

- a) An institute that covers a wider number of countries is sure to see most focus being given to the USA, China and Japan, with India struggling to get a look in.
- b) India's history, culture and current economic and social environments are significantly different from the other 3 economies. India is different enough to warrant an institute focused on it – much the same as the very well endowed US Study Institute recently established in Sydney.
- c) Thirdly, our knowledge and understanding of India is extremely poor and the number of India experts we have quite miniscule. In my view the reason for this is that it's easy to be complacent about India. In fact, it's precisely because we have tended to stress all the things India and Australia have in common, including the use of the English language, the commitment to democracy and the rule of law, the federal structure, the parliamentary system and, of course, cricket, curry and Commonwealth, that we have assumed that we don't need to make a special effort to develop high level expertise on India.

To ensure that the opportunity to be involved in Indian studies is not limited to a single city, the best model for the Australia-India Institute is for it to be multi-

nodal. An excellent example of this model is NICTA, Australia's pre-eminent ICT research institute, which initially established major nodes in New South Wales and ACT, followed by nodes in Victoria, Queensland and SA. Universities not involved with the Institute itself should still be encouraged and helped to increase their focus on Indian studies.

3. "A campaign to develop regional literacy"

This theme reflects the strongly-expressed views of several workshops that Australia needed to give priority to the development of much greater knowledge of Asian languages and cultures, something that had been sorely neglected (downgraded) in the past decade. Seeking to become Asia-literate would also help Australia to engage with our Pacific neighbours and with Asia with greater understanding and respect. Our objective should be to earn acceptance as a trusted partner, shedding the image of the recent past of Australia as the 'Deputy Sheriff' of the region.

The teaching of Indian languages is almost non-existent in the education system, with virtually no Indian languages offered in the normal time-table of State or Private schools around the country. The study of Indian languages relies almost totally on weekend Community Schools or the Saturday Language Schools in the State systems. The special effort needed to attend these programs on weekends means that they are used mainly by children of Indian origin and even then by only a small percentage. Making the study of Indian languages possible in the regular time-table would significantly increase the likelihood that more students of Indian origin, and many Australians who are not of Indian origin, will opt to take such courses. In turn, the study of Indian languages in schools will help create a pool from which future Indian Studies specialists can be drawn.

To those who might question the need for Indian languages to be taught, given that English was the language of business in India, it's important to point out that,

while a lot of business is done in English, English is still only spoken by a small percentage of Indians. Also, language is an essential element in developing in-depth knowledge and appreciation of Indian literature and culture.

Another issue that is often raised is that India has a large number of languages and therefore it would be difficult to decide which should be selected for inclusion in normal school time-tables. The clear response to this is that the language that should be given immediate priority is Hindi, which is not only the most widely spoken language in India, but is also the language most commonly used when people from different parts of wished to communicate with each other in an Indian language. Hindi is also the common Indian language spoken by India's diplomats.

The language issue is another example of how our familiarity with India and the ease with which we feel we can communicate with Indians in English has given us a sense of complacency. While it's true that the need for communicating in the language of another country is much greater in those that do not use English extensively, such as Japan, China, Korea and Indonesia, speaking a local language is sure to enhance the quality of the relationship Australians develop with Indians. This can clearly be seen by the fact that, although English is increasingly spoken in Europe – in fact by a larger percentage in many countries than in India – the learning of several European languages is still included in almost every school in Australia. Surely at least one Indian language, Hindi, deserves similar inclusion.

A good example of the profound impact that fluency in another country's language can have on the way governments and citizens of those countries see Australia and Australians is the exceptional and positive way in which our Prime Minister was regarded and listened to when he spoke in Mandarin during his visit to China. Indians would react similarly if someone representing Australia were to deliver an important address in Hindi. It may not be a Prime Minister or even a

Minister. But wouldn't our senior diplomats be warmly received if they were able to speak in Hindi. Ironically, while our diplomats attend crash courses in the local language of Asian countries before they are posted there, as far as I am aware, there is no such practice for those about to be posted to India.

B. Australia's uranium export policy in the light of the recent Nuclear Suppliers Group (NSG) decision.

The September 6 decision by the Nuclear Suppliers Group (NSG), of which Australia is a significant member, to allow its 45 members to engage in civil nuclear trade with India is a win-win outcome for India and the world.

No country faces a greater challenge with respect to carbon emissions than India, which has little scope to reduce what is already has one of the lowest per capita carbon footprints in the world. Moreover, the timing couldn't be worse for India, coming as it does just when its recent economic growth has given hope that its efforts to lift hundreds of millions of its people out of poverty are finally bearing fruit.

If it is to sustain its economic progress, India will have to increase its generation of energy significantly and rapidly. To do this while minimising its carbon emissions is going to be a near-impossible task, especially when one considers the great anxiety expressed in many rich countries, about the damage that a reduction of emissions will cause their economies, the most recent example being the fear campaigns of our own Federal Opposition and business lobby groups and the seeming watering down of targets in the latest Garnaut report. Clearly, with the biggest per capita carbon footprint in the world, Australia has a moral obligation to do whatever we can to make it easier rather than harder for India to meet its energy needs in the most carbon efficient way.

To address its challenge, India will need to implement just about every carbon-efficient energy solution available, including solar, wind, biofuels, natural and coal seam gas, coal gassification and, the solution most strongly advocated by

Australia, clean coal. However, the most effective and immediately available solution is unquestionably nuclear power, which can provide a significant proportion of India's energy needs, without any carbon emissions whatsoever.

The problem for India is that, to expand its nuclear power production substantially, it needs access to the latest technology as well as uranium ore. The importance of addressing this challenge can be gauged by the fact that Prime Minister Manmohan Singh took the massive risk of seeking a confidence vote in the Indian Parliament linked to the conditions of the US nuclear deal. Having won this vote and secured the NSG green light, his government will now be anxious to demonstrate positive outcomes for India very rapidly, especially with the Indian elections looming in April next year.

While the NSG decision lifts the ban on nuclear trade with India, actual trade will only occur through bilateral negotiation between individual NSG members and India. The USA, which started the process when President Bush visited India in 2006, is likely to be the first cab off the rank, with Congress likely to approve the deal this week. Russia and France are both known to be eager to follow. Collectively, trade with these three countries will meet India's needs for the latest nuclear technology. However, uranium supply will continue to be a problem to which Australia, with the world's largest uranium reserves in the world, holds the key.

As the NSG decision does not require India to sign the Nuclear Non-Proliferation Treaty (NPT), the Australian Government will need to decide whether to review its longstanding policy not to export uranium to non-NPT signatories or not. This decision will have profound implications on Australia's relations with India and the world's response to the challenge of Climate Change.

The Rudd Government has shown great courage and global leadership by indicating its willingness to unilaterally commit to a significant reduction in Australia's carbon emissions by 2020 and the commencement of a carbon

trading regime by 2010. By taking the moral high ground, Australia has placed itself in a very strong position to play an influential international role to persuade other major emitters to commit to significant emission reductions as well. This influence can be decisive in relation to India if we make a commitment by India to reduce carbon emissions an essential prerequisite to the export of uranium.

Australia's willingness to support the NSG decision has been extremely well received in India. There was considerable anxiety earlier that Australia's policy on uranium exports might cause it to vote against the Indian waiver at the NSG. However it appears that India's arguments pointing to its impeccable record in adhering strictly to the principles of non-proliferation, together with strong representations by the US, persuaded Australia to decouple the issue of uranium exports from the NSG waiver. India sees this is seen as an outstanding example of Kevin Rudd's sophisticated diplomatic skills and a clear sign of Australia's strong commitment to cementing significantly closer relations with India. Australia now needs to go one step further.

Without nuclear power, India could not hope to meet its growing energy needs as it strives to lift hundreds of millions of its people out of poverty. The good news for the world is that the more India relies on nuclear power and the more that friends like Australia help it to meet its nuclear power needs, the greater its ability to build its economy while minimising carbon emissions.

Australia has an excellent record in adapting its policies to changing regional and global realities. A good example of this was the recognition of China by the Whitlam Government. This decision was very visionary and has had profound and extremely beneficial out comes for Australia, our region and the world. A change in policy in relation to uranium exports to India would be equally visionary and have similar positive outcomes. The reasons why India has not signed the NPT are not that it isn't committed to non-proliferation. In fact, India has strictly adhered to the principles of non-proliferation and has a much better record in this regard than the 5 nuclear weapons states who are signatories. Surely India's

voluntary adherence to non-proliferation should earn it as much trust as we give to the other 5. Moreover, in seeking the NSG decision, India has committed itself to limitations including inspection of its nuclear facilities well beyond what the other 5 have done. Most importantly, the NSG decision does not preclude individual suppliers negotiating their own conditions for nuclear trade with India. This is exactly what the USA has done. While India's security concerns make it impossible for it to sign the NPT, Australia can and should negotiate its own specific conditions. These should be based on current realities and on the spirit and principles of non-proliferation and provide safeguards that meet our legitimate concerns.