

# Chapter 4

## IOR-ARC

The Indian Ocean has become the focus of increasing strategic and political attention. Australia should be a pre-eminent country in the Indian Ocean region, but we've neglected it in favour of the Pacific. We lack a holistic Indian Ocean policy, despite the fact that we have the largest area of maritime jurisdiction in the IOR.<sup>1</sup>

### The Troika

4.1 India assumed the chair of IOR-ARC in 2011 and is to retain that position until 2013 when it hands over the reins to Australia. Indonesia will then take over from Australia in 2015. A number of witnesses agreed with the view that the troika of India, Australia and Indonesia will provide six years of strong leadership and opportunities for them to discuss useful initiatives for pursuing their 'common economic and strategic objectives within the region'.<sup>2</sup> Having reflected on the optimistic launch of IOR-ARC in 1997 and then traced its faltering growth, the committee in this chapter considers the possible factors behind the association's failure to thrive and then considers its future prospects.

### Profile and achievements

4.2 Despite almost 16 years of talks, workshops and meetings and its impressive membership, including influential countries with observer status, IOR-ARC remains a little-known and fairly uninspiring organisation. Indeed, on occasion representatives attending IOR-ARC meetings have urged member states to work harder at projecting the association's profile not only outside the region but within their own membership.

4.3 Professor Dennis Rumley, Indian Ocean Research Group, noted that IOR-ARC, which started out as an economic cooperation grouping, remains a concept and, in his experience, few Indian Ocean inhabitants, including most Australians, would have heard of the acronym.<sup>3</sup>

4.4 Although a founding member of IOR-ARC, Australia's level of interest in, and commitment to driving the organisation toward greater cooperation, has been tepid. According to Major General John Hartley, Future Directions International, Australia has tended to look to the north—East Asia, Southeast Asia and across the Pacific—and traditionally not paid a great deal of attention to the Indian Ocean rim. He stated further that even when Australia has given the Indian Ocean a good deal of

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1 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010.

2 See for example, DFAT, *Committee Hansard*, 17 August 2012, p. 3 and *Committee Hansard*, 17 August 2012, p. 27.

3 *Submission 6*, pp. 8–9 and *Committee Hansard*, 2 October 2012, p. 3.

notice, it has 'waxed and waned over time'.<sup>4</sup> Dr Sam Bateman and Dr Anthony Bergin wrote that the Indian Ocean was 'our neglected ocean'.<sup>5</sup> Mr Bryan Clark, Australian Chamber of Commerce and Industry (ACCI), informed the committee that there was very strong interest in IOR-ARC but that part of the problem was that the government had 'not necessarily promoted it as a region'. He explained:

The Asia-Pacific is a commonly spoken of term. We have APEC, the East Asia Summit and a lot of institutional arrangements which give a media profile to our general relationships in Asia, but the same sort of dialogue does not go on with the Indian Ocean.<sup>6</sup>

4.5 Even Australia's former Foreign Minister, the Hon Kevin Rudd, conceded that at times Australia had been less than attentive to the organisation. At the 2011 Council of Ministers meeting, he acknowledged that he was the first Australian foreign minister to attend the gathering in 15 years. He then told the assembled member states:

...I'm not here to preach a lesson. I'm here to confess sins and then suggest a way forward.<sup>7</sup>

4.6 The lack of familiarity with IOR-ARC became manifestly evident during the committee's inquiry. For example the representative from the AFP had no knowledge of the organisation.<sup>8</sup> Dr Brendan Taylor, Strategic and Defence Studies Centre, who participated in the committee's roundtable on the Indian Ocean rim, acknowledged that, though he had been studying regional architecture for about a decade, he was embarrassed to say that he had never heard of IOR-ARC before the committee's hearing.<sup>9</sup> Such statements are not a reflection on the officers but on the failure of the association as a whole and Australia in particular to promote the region and IOR-ARC. Even the recent Asian Century White Paper displayed a blind spot when it came to the Indian Ocean and its regional association—IOR-ARC. Mr Clark, from the Australian Chamber of Commerce and Industry noted that there was discussion on Asia through the Asian white century paper, but the discussion still had a heavy emphasis around China and India as single countries rather than, perhaps, the Indian Ocean rim as a region of focus.<sup>10</sup>

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4 *Committee Hansard*, 2 October 2012, p. 30. The Asia Research Centre, Murdoch University also noted that Australian policymakers, media and academics had long neglected the Indian Ocean region. *Submission 36*, p. [1].

5 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 9.

6 *Committee Hansard*, 5 December 2012, p. 30.

7 Speech at the IOR-ARC Council of Ministers Meeting, 15 November 2011.

8 *Committee Hansard*, 22 March 2013, p. 10.

9 *Committee Hansard*, 17 August 2012, p. 43.

10 *Committee Hansard*, 5 December 2012, p. 30.

4.7 Professor Rumley observed that the extent of ignorance was not just within Australia but among partners affiliated with the association.<sup>11</sup> He observed that at the 2011 meeting in Bangalore the representative from Japan had no idea at all about why he was there or what IOR-ARC is or does. Another dialogue partner—from the UK—was equally in the dark about the association. This lack of awareness may well stem from the association's overall lacklustre performance.

4.8 Importantly, those knowledgeable about the association were not impressed with its achievements to date. Dr Shahar Hameiri, Asia Research Centre, was fairly pessimistic about the IOR-ARC's prospects as a regional institution: a sentiment shared by numerous different observers.<sup>12</sup> Dr Andrew Phillips observed that the association had rarely lived up to modest expectations while Professor Rumley accepted that its actual impact had been relatively small.<sup>13</sup> The Asia Research Centre, Murdoch University, doubted whether the association could achieve effective international governance of issues affecting the region. In its assessment, the prospects of such an achievement were 'currently very low'.<sup>14</sup>

4.9 Member states also despaired of the organisation's inability to gain traction and for many years had been searching for ways to inject some vitality into the association's activities.<sup>15</sup>

### **Forces hindering a regional organisation**

4.10 Witnesses produced a number of reasons for IOR-ARC's inability to make headway in developing a framework for regional cooperation. Most centred on the contention that Indian Ocean rim countries as a whole do not yet have a strong unifying objective: that they have little in common except bordering the Indian Ocean.<sup>16</sup> Major General Hartley noted that the Indian Ocean region tended to be much more a geographical than a political region.<sup>17</sup> Professor MacIntyre informed the committee that there were subsections around the Indian Ocean linked to each other and some connected across the ocean, but 'not much is shared among all of the countries around that rim'.<sup>18</sup> He explained that people in the region see relationships in a different way: that while there are connections growing across the rim, they 'are seen very much through their bilateral prism'.<sup>19</sup> Dr Phillips spoke of the temptation to try to

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11 *Committee Hansard*, 2 October 2012, p. 9.

12 *Committee Hansard*, 2 October 2012, p. 11.

13 *Committee Hansard*, 2 October 2012, p. 4.

14 *Committee Hansard*, 17 August 2012, pp. 42–43 and *Committee Hansard*, 17 August 2012, p. 43 and *Submission 36*, p. 2.

15 See previous chapter, paragraphs 2.35–2.45.

16 See for example, Stephen Howes in ANU College of Asia and the Pacific Collective, *Submission 29*, p. 12.

17 *Committee Hansard*, 2 October 2012, p. 33.

18 *Committee Hansard*, 17 August 2012, p. 26.

19 *Committee Hansard*, 17 August 2012, p. 26.

impose architectural solutions even when there are doubts about whether a region exists.<sup>20</sup> Furthermore, the countries in the Indian Ocean rim are widely dispersed and while they share the ocean, this vast expanse of water also separates many of the countries.

### *Diversity*

4.11 At IOR-ARC's very inception, member states conceded that the disparities between them would be a major obstacle to forming an effective and strong regional cooperative grouping. Indeed, diversity among the Indian Ocean rim countries is stark and wide-ranging—culture, religion, ethnicity, demography, population, trade interests, economic development, size of economy, per capita income and political systems.<sup>21</sup> For example, India has a population around 1.2 billion people and Indonesia over 235 million in contrast to Mauritius with a population of almost 1.3 million, Djibouti with 800,000, Comoros just over 700,000 and Maldives with 300,000.<sup>22</sup> Five countries have a GDP per capita of \$20,000 or more while six have a GDP per capita of between \$5,000 and \$16,000. Three economies (India, Australia and Indonesia) dominate the region and account for 63 per cent of the total GDP of IOR-ARC.<sup>23</sup>

4.12 The differences cut across any number of measures—ease of doing business, human development and worldwide governance indicators—with countries achieving performance scores ranging from the very highest to the very lowest.<sup>24</sup> The region houses both politically and socially stable countries while others are at the other end of the scale and in critical danger of becoming failed states. Indeed, some of the poorest and most troubled countries are located in the Indian Ocean rim.<sup>25</sup> At the moment, Somalia is rated as no 1 on the failed states index with Yemen at no 8 and Kenya at 16. With such a broad spread of values and interests, development challenges and political and regulatory regimes, the difficulty for IOR-ARC is to

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20 *Committee Hansard*, 17 August 2012, p. 44.

21 See for example, Professor Raghendra Jha, *Submission 4*, p. 1, Professor Dennis Rumley, *Submission 6*, p. 3, Department of Resources, Energy and Tourism, *Submission 15*, p. 4; Government of Western Australia, *Submission 35*, p. [3], NSW Government, *Submission 20*, p. 5. See also Drs Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 14 and Dr DeSilva-Ranasinghe, *Committee Hansard*, 22 March 2013, p. 21. DFAT stated simply that 'the Indian Ocean rim does not evince a developed sense of pan-regional identity', see *Submission 29*, pp. 6 and 24–27.

22 *Submission 30*, p. 28.

23 *Submission 20*, p. 5.

24 For example, Ease of doing business—Singapore no. 1, Australia no. 10, Malaysia no. 12 and Mauritius no. 19 through to Mozambique no. 146, Comoros no. 158, Timor Leste no. 169 and Djibouti no. 171 out of 185 countries; Human Development Index—Australia no. 2, Singapore no. 18, United Arab Emirates no. 41, Seychelles no. 47, Malaysia no. 64 through to Yemen no. 160, Djibouti no. 164, no. Comoros 169 and Mozambique at 185 out of 186 countries.

25 See for example, Dr Sandy Gordon, *Submission 7*, p. 2.

develop a shared network of priorities: to forge a regional identity around a compelling sense of common purpose.<sup>26</sup>

4.13 As a regional association, IOR-ARC not only has to find a rallying cause for its members, but manage issues that divide or separate them. For example, the Asia Research Centre noted that 'sovereignty claims driven by natural resource interests exacerbate the problems of institutionalising international governance in the IOR.'<sup>27</sup>

### **Relevance**

4.14 Without obvious common ground or mutual interests, members of IOR-ARC, if they are to invest time and resources in the organisation, need to be convinced that the organisation offers them some advantage. Thus, to succeed as a regional based cooperative grouping, the organisation has to be relevant. Professor Peter Drysdale argued that when IOR-ARC was set up, it had the same problems as exist today:

It is based on a nice conception, but the substantial interests in it are not there. It does not mean that there are not substantial interests across it and around it in various ways...but they are not there in the association that we are trying to construct.<sup>28</sup>

4.15 For example, the geopolitical orientation of many Indian Ocean regional states tends to be away from the region.<sup>29</sup> Professor Rumley cited the pre-eminence of domestic issues noting that one of the disappointments of IOR-ARC has been South Africa's apparent lack of enthusiasm because of its domestic situation and because of its own role, as it sees it, within Africa itself.<sup>30</sup>

4.16 Moreover, one of IOR-ARC's key objectives is to explore all possibilities and avenues for trade liberalisation. Dr Hameiri suggested, however, that one reason for his reservations about the success of IOR-ARC stem from this issue of trade liberalisation. In his view, this agenda has run into difficulty all over the world. He explained that although trade liberalisation was moving forward in some way, it was doing so through 'various bilateral, multilateral and minilateral trade agreements that are very specific in what they are trying to achieve'. He argued that multilateral trade liberalisation has 'run aground not just in the Indian Ocean region'. He noted:

We could say the same about APEC, and of course the multilateral WTO system has not actually progressed very much in the last 10 years...I do not think that IOR-ARC would be going much further than a lot of these other organisations that are far more advanced in that respect. What we see instead is the proliferation of free trade agreements on a multilateral or a

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26 See for example, *Committee Hansard*, 17 August 2012, p. 4.

27 The Asia Research Centre, Murdoch University, *Submission 36*, p. [2].

28 *Committee Hansard*, 17 August 2012, p. 30.

29 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010. See also Major General Hartley, who spoke of the need to identify shared concerns but of the difficulty finding areas that are of common interest to all countries in the region, *Committee Hansard*, 2 October 2012, p. 33.

30 *Committee Hansard*, 2 October 2012, p. 6.

kind of minilateral basis, which in our view tend to have a far more regulatory nature than previous free trade agreements that we have seen in the past.<sup>31</sup>

4.17 He did not think that IOR-ARC could make much further progress.<sup>32</sup>

***Other regional or subregional groupings***

4.18 Also, countries in the region do not have a tradition of coming together as a group to promote regional issues. Professor Rumley referred to a lack of groundwork in regional collaboration among Indian Ocean rim countries with most of the cooperation occurring at the sub-regional level.<sup>33</sup> In this regard, countries in the Indian Ocean rim already belong to subregional and larger regional groupings. They include South Asian Association for Regional Cooperation (SAARC), South African Development Community (SADC), Gulf Cooperation Council (GCC), Association of Southeast Asian Nations (ASEAN), ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and Asia Pacific Economic Cooperation (APEC). There are also organisations with an issue-specific focus such as the Indian Ocean Tuna Commission. In many cases the groupings appear to be the result of a natural coalescence of neighbours with similar interests or of like-minded countries prepared to expend time, effort and money to support common goals and participate in shared activities.

4.19 The interests and objectives of these various organisations overlap to some degree with those of IOR-ARC.<sup>34</sup> Some of these organisations already figure prominently in the way governments calculate how they will pursue their interests. According to Dr Hameiri, it is hard to see a wide Indian Ocean organisation coming in to replace these organisations, so that in terms of regional organisations, the prospects are 'not particularly strong'.<sup>35</sup>

4.20 Major Gen. Hartley likewise referred to separate political entities, such as the GCC or the African Union that have their own internal attitudes and outlooks. For some countries, those institutions are 'more important and relevant than the IOR-ARC'.<sup>36</sup> The Asia Research Centre, Murdoch University, also formed the view that in the presence of alternative regional associations such as ASEAN and the African Union, an Indian Ocean organisation with 'real governance capacities is unlikely to take root easily'.<sup>37</sup> It noted further that the emergence of a diverse variety of issue-specific, ad hoc modes of regional governance was more likely than the

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31 *Committee Hansard*, 2 October 2012, p. 11.

32 *Committee Hansard*, 2 October 2012, p. 16.

33 *Committee Hansard*, 2 October 2012, p. 6.

34 See for example, *Submission 26*, p. 4.

35 *Committee Hansard*, 2 October 2012, p. 11.

36 *Committee Hansard*, 2 October 2012, p. 33.

37 Asia Research Centre, Murdoch University, *Submission 36*, p. 2.

advent of powerful regional institutions.<sup>38</sup> Indeed, it noted that this situation had already occurred particularly within non-threatening security matters such as irregular migration, environmental degradation and piracy. While appreciating the useful role that IOR-ARC could have in the region, Telstra noted the many international bodies serve the same purpose across different geographies in which the Australian Government participates including APEC to ASEAN. It then noted that:

The challenge for Australian companies such as Telstra is to justify the allocation of resources to support such activity in a meaningful way, for example, through participation in the IOR-ARC Business forum.<sup>39</sup>

4.21 As noted by Professor Rumley there is also the choice between bilateralism or multilateralism.<sup>40</sup> Clearly, the challenge for IOR-ARC is to make itself relevant.

### **Membership**

4.22 Major General Hartley suggested that the IOR-ARC probably fails, to a certain extent, because of its membership, which currently excludes Pakistan. He indicated that it is difficult to imagine an Indian Ocean entity that does not include Pakistan, a major country in terms of population, and also Saudi Arabia. He noted that there may be some question about whether Saudi Arabia can be classified as an Indian Ocean country but argued that the Saudis see themselves very much as belonging to the region.<sup>41</sup> In his view, 'without those two countries being present, the IOR-ARC has a certain weakness'.<sup>42</sup> Dr Hameiri likewise pointed out that Pakistan is not a member of IOR-ARC.

4.23 Professor Rumley also cited membership and the uncertainty about whether IOR-ARC should be an open or closed regionalism. He noted that certain states, such as Pakistan, are excluded for political reasons and other states are included. Even the nature of the process, which is consensus, means that if the United States wants to become a dialogue partner Iran can potentially say no because of the consensus basis of the organisation. So changing the membership is an issue of governance.<sup>43</sup> (The US has obtained observer status.) In the same context of membership conflicts, Professor Rumley referred to the exclusion of certain agenda items—'you cannot talk about security and...we dare not talk about Pakistan, and let us not say anything about Iran'.<sup>44</sup>

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38 Asia Research Centre, Murdoch University, *Submission 36*, p. 2.

39 *Submission 23*, p. 11.

40 *Committee Hansard*, 2 October 2012, p. 6.

41 *Committee Hansard*, 2 October 2012, p. 30.

42 *Committee Hansard*, 2 October 2012, p. 32.

43 *Committee Hansard*, 2 October 2012, p. 6.

44 *Committee Hansard*, 2 October 2012, p. 6.

### **Leadership**

4.24 The absence of powerful leaders is another reason suggested for IOR-ARC's failure to galvanise the region into cooperative action. For example, Dr Hameiri argued:

There is no power in the Indian Ocean region within the IOR membership or even within the parties involved or interested in this part of the world—there is no state—that has the ability to underpin a regional order in the sense that the United States has done in East Asia through its alliance system. India certainly has not got the capacity to do that. Also, its leadership is limited by disputes with Pakistan.<sup>45</sup>

4.25 ACCI noted that IOR-ARC leadership in the past lacked the capacity to realise the opportunities for the region.<sup>46</sup> Indeed, Mr Clark told the committee that ACCI had hoped that IOR-ARC might have been more than it is, 'but on reflection it has not been run by some of the major economies'.<sup>47</sup> The Asia Research Centre, Murdoch University argued that there was 'no power in the region with the ability and interest to enforce a regional association'.<sup>48</sup>

### **Resourcing**

4.26 Active participation in, and support for, a regional organisation such as IOR-ARC requires commitment on the part of its members including funds to help the organisation carry out its work. Professor Rumley referred to resource commitment noting that 'if you expect very low-income states to participate fully in an IOR-ARC you are asking a lot'. He noted that some cannot afford to 'function their own state let alone being regional states as well, so that is a major issue and not just for Australia'.<sup>49</sup> He referred to the fisheries research unit in Oman, but observed that it does not really have the regional support that perhaps the Omanis think it should have.<sup>50</sup>

4.27 Lack of resources not only places constraints on the ability of member states to participate in or to fund IOR-ARC activities but poor funding limits the ability of the Secretariat to serve the association adequately. The matter of resourcing the secretariat has been a long-running concern within the association and remains a major drawback. Mr Clark observed that the association has perhaps languished and failed to realise its potential because its secretariat is in Mauritius, has not been well funded and a number of its members have not held the association in high regard.<sup>51</sup>

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45 *Committee Hansard*, 2 October 2012, p. 12.

46 *Submission 26*, p. 5.

47 *Committee Hansard*, 5 December 2012, pp. 32–33.

48 *Submission 36*, p. 2.

49 *Committee Hansard*, 2 October 2012, p. 6.

50 *Committee Hansard*, 2 October 2012, p. 5.

51 *Committee Hansard*, 5 December 2012, p. 36.



4.28 Based on Ken McPhearson's evaluation of IOR-ARC, Professor Rumley listed a number of other factors holding IOR-ARC back from developing into an effective regional organisation. They included a vague charter; conflicting visions of what IOR-ARC is meant to be about; a weak commitment of member states; and an unclear system of governance. The committee has also mentioned the region's diversity, competition with other subregional or larger regional organisations, the apparent lack of drive or leadership and the difficulty finding an issue that could galvanise the countries on the Indian Ocean rim. The totality of these factors undercut IOR-ARC's viability as a regional body.

### **Forces favouring a regional organisation**

4.29 While there are numerous factors holding IOR-ARC back from achieving its objectives and creating common ground for regional economic co-operation, there are also positive forces with the potential to overcome these constraints.

4.30 Ms Grincer, Department of State, Western Australian Government, noted that the Indian Ocean rim is an area of great influence and importance with the potential to produce an ASEAN or an APEC. She looked at the composition of the region including countries with substantial growth and other opportunities that are also located in major regional groupings—Singapore and Indonesia from south-east Asia; India from South Asia; United Arab Emirates from the Middle East; and South Africa from the African countries. She then explained that there is also a third tier of developing countries:

In that mix there is a real opportunity to work together to achieve things and to put forward projects to be funded from within the IOR-ARC group.<sup>52</sup>

4.31 There are also powerful countries among those with observer status. Ms Grincer noted that in 2011, China, as a guest member, committed several million dollars towards the operations of IOR-ARC. He noted that this amount was much more than Australia had committed to the grouping of which it is the deputy chair. In her view:

There is an opportunity there to help shape it and grow it so that it becomes very effective.<sup>53</sup>

4.32 Dr Hameiri thought that if anything of real value were to come out of IOR-ARC, it would be around bringing interested parties together to discuss issues of common concern.<sup>54</sup>

### **Common ground**

4.33 The committee has highlighted the great diversity in the Indian Ocean rim but, as Drs Bateman and Bergin recognised, there were also similarities. They noted that:

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52 *Committee Hansard*, 2 October 2012, p. 21.

53 *Committee Hansard*, 2 October 2012, p. 21.

54 *Committee Hansard*, 2 October 2012, p. 16.

All IOR countries enjoy a tropical or temperate climate and tend to have similar fauna and flora, ecology and types of natural disasters, especially tropical storms and drought. They have similar endowments of natural resources, including hydrocarbons. Some have large exclusive economic zones that are rich in fish.

Also much of the world's trade in energy crosses the Indian Ocean.<sup>55</sup>

4.34 Major General Hartley conceded that it was very difficult to find areas of common interest to all countries in the region but referred to security of the lines of communication, which is important for most of the countries.<sup>56</sup> Professor Rumley agreed that it was a big ask to develop a regional association, but argued that if 'we shy away from tasks that are too big then we may as well pack up our kit and go home'. Although he would not underestimate the difficulties establishing a regional cooperation organisation, in his view, it was a challenge that needed to be taken up, suggesting further that:

...because there are so many issues of common concern around the ocean itself and in the ocean, under the ocean and all the rest of it, it is essential that we at least try to do that.<sup>57</sup>

4.35 Professor Rumley acknowledged that identifying key priorities was perhaps the way to go and that DFAT had attempted to pinpoint some such areas in which collaboration could take place—for example, the fisheries area.<sup>58</sup>

### *The ocean itself*

4.36 The committee has noted the lack of a unifying force in the region capable of mobilising the countries in the region to join forces under a common cause. Countries throughout the Indian Ocean rim, however, depend on marine resources and thus have a deep and shared interest in the sustainable development of these resources. They recognise that maintaining the integrity of the regional environment is a most important common concern.<sup>59</sup> Indeed, Professor MacIntyre noted that the ocean itself and its management is the thing that connects the countries on the rim.<sup>60</sup> For example, Indian Ocean littoral states share an interest in the ocean as an important breeding ground for climatic events that have a profound effect over the El Nino and La Nina events.<sup>61</sup> They also have a vested interest in tsunami warning systems, the ecological health of coastal zones and ocean biodiversity, the need to protect vital fish stocks and the responsible exploitation of the rich seabed.

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55 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 2.

56 *Committee Hansard*, 2 October 2012, p. 33.

57 *Committee Hansard*, 2 October 2012, p. 4.

58 *Committee Hansard*, 2 October 2012, p. 5.

59 See for example, Professor Rumley, *Submission 6*, Appendix 2, p. 2.

60 *Committee Hansard*, 17 August 2012, p. 26.

61 See for example, Dr Sandy Gordon, *Submission 7*, p. 6.

4.37 Professor Drysdale agreed with the view that the most productive thing for IOR-ARC would be to focus on the ocean itself: its management, the eco-systems and the handling of environmental disaster scenarios which are important to the littoral states around the ocean.<sup>62</sup> In this regard, Australia recognises that the countries around the Indian Ocean 'share a truly great resource':

There is a common responsibility to care and manage this resource to ensure that countries develop the resources of the Indian Ocean in a manner compatible with the principles of sustainable development. There is also a need to harness the resources of the ocean in a way that does not inflict irresponsible damage on the marine environment.<sup>63</sup>

4.38 There is also the question of trade routes and their security.<sup>64</sup> The Indian Ocean ranks amongst the busiest trading thoroughfares for global trade linking major world centres and, as such, is critical for international maritime long-haul cargo. It is in the interest of all rim countries to cooperate in ensuring that the region remains stable and provides a safe passage for cargo and other ships.<sup>65</sup> In particular, the ocean will continue to be a vital means for transporting the world's energy sources and thus security and protection of sea lanes and associated choke points is of paramount importance to the region.<sup>66</sup> Clearly, the Indian Ocean itself has the potential to be the unifying element needed to give IOR-ARC the focus and incentive to become an effective regional organisation. For Australia, in particular, the Indian Ocean is of growing economic importance:

Australia is increasing its reliance on imported crude and petroleum products to meet growing demand, partly as a result of declining domestic oil reserves. This leaves Australia increasingly dependent for supplies on long and vulnerable sea lanes, many of which pass from the geopolitically unstable Middle East through the Indian Ocean.<sup>67</sup>

4.39 The IOR-ARC has identified security, disaster risk management and fisheries management among its six priority areas.

4.40 Overall, the International Editorial Board for the Journal of the Indian Ocean Region concluded that, given its regional and global social, environment, geopolitical

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62 *Committee Hansard*, 17 August 2012, p. 43.

63 *Submission 29*, p. 54.

64 See for example, Professor MacIntyre, *Committee Hansard*, 17 August 2012, p. 26.

65 See for example, 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010. See also Dr Sandy Gordon, *Submission 7*, p. 17.

66 See for example, *Submission 26*, p. 8.

67 *Submission 5*, p. 2. Dr Sam Bateman observed similarly the Australia has 'a large stake in the protection and preservation of the maritime environment in adjacent oceans and seas'. *Submission 10*, p. 2.

and economic importance, the very existence of the Indian Ocean 'should be a key catalyst for collaborative interest in research and policy-making'.<sup>68</sup>

4.41 While the Indian Ocean and matters associated with the management of marine resources and the safe passage of ships through the region is one area where all countries around the ocean have a common interest, there are also others areas where the countries could benefit from close cooperation. For example, all have a significant interest in establishing an environmental security agenda, which addresses basic survival matters, for the region. They include food, water and resource security which affects all member states and therefore are regional and shared problems 'with the potential for promoting a peaceful and extremely necessary dialogue'.<sup>69</sup>

### ***Membership***

4.42 The committee has noted that Pakistan and Saudi Arabia are not members of the IOR-ARC. Some viewed their absence as a weakness. Even so, as noted by Mr Michael Shoebridge, Department of Defence, the IOR-ARC's 20 members include key states such as India, Indonesia, Iran, the UAE and South Africa, who will be 'influential shapers of the Indian Ocean security environment'.<sup>70</sup> The committee agrees that the membership at the moment provides a solid enough basis on which to expand the association.

### ***People-to-people links***

4.43 Although countries across the region lack strong connections, there are some historically deep and more recent emerging and significant relationships.<sup>71</sup> India and East Africa and India and South Africa have a long history of migration but less so to other parts of the Indian Ocean rim. Even then, there has been some migration in the past between India and South-East Asia. Professor Jha observed:

India has a comparative advantage in terms of human-to-human contacts—family contacts, business contacts...—in the western part of the Indian Ocean Rim countries, and Australia has more of a comparative advantage in the more eastern part, to the east of India. So there is a natural complementarity between the two.<sup>72</sup>

4.44 Over the past decade significant numbers of people from the region have settled in Australia. According to DFAT, 2006 statistics record that approximately 615,000 Australian residents had been born in Indian Ocean rim countries, an increase of around 480,000 in 2001 representing a growth of over 28 per cent. As at 30 June

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68 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010, pp. 22–23.

69 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010, p. 17.

70 *Committee Hansard*, 6 December 2012, p. 26.

71 See for example, Dr Phillips, *Committee Hansard*, 17 August 2012, p. 27.

72 Professor Jha, *Committee Hansard*, 17 August 2012, p. 27.

2010, over 1 million of the Australian Estimated Resident Population had been born in the top 12 Indian Ocean rim countries.<sup>73</sup>

4.45 The Government of Western Australia reported that settlers from South Africa accounted for the largest share of migrants to the state followed by India and Malaysia.<sup>74</sup> The NSW Government noted that, based on 2006 census figures, NSW was home to over 200,000 people born in the Indian Ocean rim region, which represented one third of the immigrants to Australia from this region.<sup>75</sup>

4.46 The 2011 census showed that the most common countries of birth differed according to when migrants arrived in Australia. For longer-standing migrants (those who arrived before 2007) almost a quarter were born in the United Kingdom. The pattern, however, has changed for recent arrivals (those who arrived between 2007 and census night in 2011) with India being the leading birthplace for this group (13%). Between 2001 and 2011, the number of India born residents in Australia increased by up to 200,000. As at the 2011 census, 5.6% of Australian residents born overseas came from India (295,400), 2.8% from Africa (145,700) and 2.2% from Malaysia (116,200).<sup>76</sup>

4.47 The number of student visa holders from the Indian Ocean rim countries also demonstrates another area where critical people-to-people links are forged between Australia and the region. In 2012, in excess of 50,000 Indian students in Australia held student visas, over 15,200 Malaysian and 11,400 Indonesian students and more than 11,800 from Thailand.<sup>77</sup> Myriad networks are also developing between Australian and Indian Ocean rim research institutes and especially with Indian scientists collaborating on joint projects focused, for example, on the Indian Ocean. (See chapter 9 for more details).

### ***Opportunities—Troika***

4.48 Professor Rumley noted that IOR-ARC has not been a success but appeared to be 'in a revival phase', which he attributed in part to the efforts of India and Australia.<sup>78</sup> Dr Phillips noted that one of the great advantages with IOR-ARC at the moment was the sequencing of the position of chair—India, 2011-12; Australia, 2013-14; Indonesia, 2015-16—and the possibility to use IOR-ARC as a vehicle to leverage strategic relationships important to Australia. In his view, this arrangement—three democracies with very serious maritime concerns—provided Australia with 'a

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73 *Submission 30*, p. 44.

74 *Submission 35*, p. 9.

75 *Submission 20*, p. 11.

76 Australian Bureau of Statistics, 2071.0—Reflecting a Nation: Stories from the 2011 Census, 2012–2013, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2071.0main+features902012-2013>.

77 *Submission 30*, p. 46.

78 *Submission 6*, pp. 8–9.

very wonderful opportunity' to use IOR-ARC as a basis for building that trilateral relationship.<sup>79</sup> He explained:

Its real value may be less as a basis for building some kind of regional security architecture or regional cooperative architecture...But the real opportunity there would be to potentially forge stronger trilateral cooperation through the vehicle of operating through IOR-ARC.<sup>80</sup>

4.49 Ms Sonia Grincer, Western Australian Government, who has attended IOR-ARC meetings in an observer capacity, agreed with the view that IOR-ARC has 'a long way to go until it hits its straps'. She believed, however, that since India had taken over as chair, with Australia as the deputy chair, there had been greater willingness and commitment. Having observed the difference in just two years, she could see scope for the association to gain momentum.<sup>81</sup> Her colleague, Mr Giles Nunis, similarly noted that these three G20 nations were the biggest economies in IOR-ARC and that, if the association were to be revitalised, it was up to them to be proactive and lead the way. He concluded that 'IOR-ARC's future depends on how Australia harnesses the window of opportunity'.<sup>82</sup>

4.50 ACCI likewise suggested that Australia should take the leadership role very seriously and 'attempt to drive an ambitious advancement of the agenda for this group'.<sup>83</sup> Mr Clark, ACCI, informed the committee that his organisation considered that there was promise ahead, with India as the chair and Australia as vice-chair and with Australia rotating into the chair at the end of 2013, followed by Indonesia. He informed the committee that ACCI had been trying to encourage the government to make sure that there was strong momentum as it took on chair of IOR-ARC. He recognised that Australia has very strong linkages with Indonesia.<sup>84</sup> ACCI would like to see Australia take up the reins and a leading role in reinvigorating the organisation broadly, so that over the next 12 months:<sup>85</sup>

...there is a ramp-up of activity—we would encourage that—and that we use our opportunity as the chair for two years to host increased dialogue, inbound trade missions from the region into Australia, to have broader ambition for it and by the time Australia has handed it over that maybe there will also be some stronger institutional bonds.<sup>86</sup>

4.51 Telstra suggested that Australia's forthcoming role as chair of the IOR-ARC provides a chance to develop strategies together with the Australian business

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79 *Committee Hansard*, 17 August 2012, pp. 42–43.

80 *Committee Hansard*, 17 August 2012, pp. 42–43.

81 *Committee Hansard*, 2 October 2012, p. 21.

82 *Committee Hansard*, 2 October 2012, p. 19.

83 *Submission 26*, p. 5.

84 *Committee Hansard*, 5 December 2012, p. 30.

85 *Committee Hansard*, 5 December 2012, p. 36.

86 *Committee Hansard*, 5 December 2012, pp. 32–33.

community and other sectors such as arts and education, to make the best use of the forum.<sup>87</sup> Dr Phillips also noted Australia's pending leadership of IOR-ARC and the 'outstanding and time sensitive opportunity' for it to promote the development of a 'more effective regional security architecture'.<sup>88</sup>

### ***Collaboration with India***

4.52 From Dr David Brewster's perspective, the primary value of IOR-ARC for Australia was providing an opportunity to work with India—the only forum available for it to do so'. He suggested that as long as Australia can be seen as supportive of India as a regional leader, IOR-ARC could be of 'huge value to Australia'.<sup>89</sup>

4.53 Dr Auriol Weigold thought that IOR-ARC presented an excellent chance for Australia 'to focus on becoming something that India can see is more important' and for Australia to work together with India. She noted:

Don't forget IOR-ARC last time had 'grand plans' and they all fell away because of a lack of interest. This attempt at revival should be given every chance to work. India is engaged very deeply with Indonesia at the moment, and...we should follow on in there. I think a prime role for Australia in leading IOR-ARC is to establish our credentials in India a bit more. The bilateral relationship has been a one-step-forward, two-steps-back event for a long time now, and I see this as a good opportunity—a great opportunity, in fact.<sup>90</sup>

4.54 Professor Andrew MacIntyre, ANU, found the principal pay-off for Australia from IOR-ARC and Australia's upcoming role as chair would be the chance to do something with India at a government to government level. He spoke of the importance of engaging in 'appropriately consultative dialogue' with India well in advance. In his view, 'if the Indians do not want to play ball, then I guess the association slides down my list—at least for me'.<sup>91</sup>

4.55 AusAID recognised that India is critical to the relationship of IOR-ARC, especially as the current chair. It noted the importance of Australia thinking about how it will engage with India in development cooperation terms as well as in the much broader relationship that Australia has in trade and investment, scientific cooperation and a whole lot of other arrangements.<sup>92</sup>

4.56 Mr Mark Pierce, DFAT, stated that when Australia becomes chair in November, it wants to extend that range a bit—India as the past chair of IOR-ARC, Australia for the next two years and, after that, Indonesia. Australia wants to set up a

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87 *Submission 23*, p. 11.

88 *Submission 13*, p. 2.

89 *Committee Hansard*, 17 August 2012, p. 42.

90 *Committee Hansard*, 17 August 2012, p. 43.

91 *Committee Hansard*, 17 August 2012, p. 44.

92 *Committee Hansard*, 6 December 2012, p. 9.

sort of troika arrangement where it can take advantage of advice and guidance not just from the Indians but from the Indonesians as well.<sup>93</sup> DFAT observed:

We will have six consecutive years of large, powerful, dynamic economies managing IOR-ARC. While we are in the chair, we want to use that troika arrangement to discuss immediate IOR-ARC business and a wide range of other issues as well which are of interest to us and Indonesia. Are there issues in maritime security we can pick up running through the maritime security forum the Indians are going to organise later in the year? There have also been proposals from Singapore for another forum. Are there issues about what we do together in the Indian Ocean?<sup>94</sup>

4.57 DFAT noted that it has a number of plans working up to November, but all depend on effective cooperation with India. It noted that there are big economies around the rim of the Indian Ocean—Australia, Indonesia, India and South Africa, but DFAT always think about the agenda of work—the work program—as a collaborative effort with India to begin with.<sup>95</sup>

4.58 ACCI understood that the larger economies in IOR-ARC now occupied a dominant position and would be able to provide greater impetus and a stronger agenda for the association. It held reservations, however, about capitalising on this opportunity. Mr Clark explained that the anticipated momentum had not necessarily happened. For example, ACCI had hoped that the most recent meeting in India would have been 'more of a success'. Mr Clark reported that in the end, the Indian side did not necessarily place the emphasis on it that ACCI had hoped for. He noted further that the Australian Government 'is not entirely focused on the IOR-ARC and the opportunities which might come from it'.<sup>96</sup>

### ***Working with like-minded countries in the region***

4.59 The committee has noted that the various sub regional groups and the larger regional groupings may well serve the interests of individual countries in the Indian Ocean rim better than IOR-ARC. The existence of these grouping, however, does not necessarily mean they are rivals and compete with IOR-ARC: that IOR-ARC has no future as a regional association. IOR-ARC's challenge is to find ways to complement, support or augment their objectives while establishing its own relevance. Indeed, there may be activities that IOR-ARC is better suited to take over.

4.60 Dr Taylor took the view that rather than working through a number of these very institutionalised, formal groupings Australia should look for particular areas of pressing concern and then try to work with like-minded countries to address those functional issues and cooperate on those. He gave the region's response to the Indian Ocean tsunami as an example of effective collaboration. Thus, according to Dr Taylor:

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93 *Committee Hansard*, 22 March 2013. p. 6.

94 *Committee Hansard*, 22 March 2013. p. 6.

95 *Committee Hansard*, 22 March 2013. p. 7.

96 *Committee Hansard*, 5 December 2012, p. 32.



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...in a very practical and pragmatic way, make the group fit the issue, get together with those who are interested in cooperating on that particular issue, rather than try to work with other existing groups that may not necessarily have that same interest or degree of impetus going forward, even if that means those groupings are temporary and fleeting and, once the issue has been addressed in some way, they then melt away.<sup>97</sup>

4.61 ACCI used existing trade arrangements as an example of prior agreements that 'should lend themselves to the development of an Indian Ocean regional trade agreement'. He referred to 'perhaps using the step wise precedent of the Trans-pacific partnership agreement which had allowed an initial 'nucleus of interested countries to begin negotiations with other parties coming in as the discussions matured'.<sup>98</sup>

### ***Greater involvement of NGOs***

4.62 Professor Rumley recognised that IOR-ARC held regular meetings, such as the council of ministers meetings, but in his view there needed to be 'a much greater grassroots involvement of NGOs and others in the process of identifying areas in which collaboration could actually take place'. He believed that there was 'a great will for greater collaboration' and some states around the region, not in IOR-ARC, that would like to be in IOR-ARC and should be encouraged to do so.<sup>99</sup> The committee has drawn attention to the growing diaspora of Indians, Africans and Malaysians in Australia—fertile ground for growing strong people-to-people links across the ocean.

### **Conclusion**

4.63 There are factors that work against the IOR-ARC becoming a successful and effective regional organisation. The lack of a unifying force due in large measure to the wide range of diversity among its membership is the most obvious. The committee has also mentioned other challenges confronting IOR-ARC—competing subregional and regional organisations that may appear to have greater attraction, gaps in the association's membership and a lack of leadership and commitment reflected in the poor resourcing of the association's secretariat.

4.64 Even so, the committee has noted the potential within the region to overcome such difficulties: that indeed despite their diversity the countries in the Indian Ocean share mutual interest and common purposes. The question before the committee is whether it is worthwhile for the members of IOR-ARC, and in particular Australia, to invest time and resources in the association. In the following chapter, the committee explores the possibilities ahead for IOR-ARC.

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97 *Committee Hansard*, 17 August 2012, p. 43.

98 *Submission 26*, p. 4.

99 *Committee Hansard*, 2 October 2012, p. 4.



