

Chapter 5

IOR-ARC's prospects

If the association is to be revitalised, it is up to these nations [Australia, India, Indonesia] to be proactive and lead the way. IOR-ARC's future depends on how Australia harnesses this window of opportunity.¹

5.1 IOR-ARC held great promise when it was first envisaged in the 1990s and on its launch in 1997. The association has, however, failed to gain traction and despite the continuous urging of its members has not been able to register any significant achievements. It has a low profile, at times invisible, both internationally and within its own region.

5.2 While there are factors working against IOR-ARC's success, there are also positive forces that could assist the association realise its potential. In this chapter, the committee looks at the range of views on whether member countries, particularly Australia, should try to revitalise, reform or replace the association or simply for the moment abandon the concept of an Indian Ocean regional cooperation forum.

Australia's role in IOR-ARC

5.3 A number of witnesses would like Australia to do more to reinvigorate IOR-ARC and urged the Australian Government to devote much more attention to the association. For example, the Western Australia Government suggested that the Federal Government should be taking the lead in building momentum and championing issues that would be non-controversial and have broad support with the association.² It proposed that the Government use IOR-ARC to encourage initiatives that promote cooperation and goodwill, build confidence, trust and stability and foster regional beneficial economic engagement and development with practical measures.³

5.4 Mr Nunis recognised that Australia was a small nation compared to the population of Asia and by applying only one or two strategies, it would limit its capability to take advantage of the potential for substantial investment opportunities. Thus in his view, IOR-ARC should be part of Australia's plan to capitalise on global business developments. He argued that the association could add value whether it would be significant or substantial was a case of 'what you invest is what you get out of it'. According to Mr Nunis, the Western Australian Government had made a substantial investment in the region in order to develop trade relationships. He added, however, that it was literally the tip of the iceberg:

There is so much more that can be done and so much more that we need to understand from here looking into the Asian region and the Indian Ocean Rim, particularly in Africa. We simply just do not know. The more we can

1 Western Australian Government, *Submission 35*, p. 2.

2 Mr Nunis, *Committee Hansard*, 2 October 2012, p. 19.

3 Mr Nunis, *Committee Hansard*, 2 October 2012, p. 19.

apply different strategies in order to get that better understanding, get those relations right and build that level of trust and integrity the better it will be and the more beneficial for us going forward. Going forward, I do not think there is a wrong answer.⁴

5.5 The Government of NSW was also among a number of witnesses urging the Australian Government to increase its focus on the region by supporting the IOR-ARC.⁵ It suggested that:

The initial emphasis should be on strengthening people-to-people links and support for capacity building. At the same time, the longer-term potential of the region to develop into a regional trading block, similar to APEC, should be recognised. There are also security issues that could form the basis of region-wide treaties/agreements.⁶

5.6 Professor Rumley referred to the suggestion raised by Drs Bateman and Bergman that Australia could develop greater linkages with Indonesia in the eastern Indian Ocean. In his view, Australia would probably get better short-term returns from those kinds of identification of priorities, but that the 'concept of maritime regions ocean wide' was also 'potentially of long-term benefit':

In other words, ... let's strengthen bilateral linkages, let's identify priorities which we can build further but let's also do a regional wide thing as well, if we can, and that comes back to the challenge...of resources. In the end, we might be then pushed back to one and two rather than it being ocean wide.⁷

5.7 According to Professor Jha, there were 'substantial transnational public goods to be picked up' in areas such as arriving at a common framework for energy or natural resources related exports for the entire region. He stated further:

So, even if IOR does not exist today, my submission is that it needs to be strengthened and brought into place. People realise they have mutual complementarities...The agenda should be pushed forward. Australia is going to become the chair of IOR, and I am sure that there will be a lot more discussion on this.⁸

5.8 Professor Rumley thought that there was the political will to make IOR-ARC work and for this reason was optimistic about the association. He noted that India and Australia were committed to making it a success and a number of other states, particularly in the Gulf, would like to participate more actively. Oman and Indonesia are two very active states.⁹ Professor Rumley stated that before India took the chair of IOR-ARC, the association was 'one of the few, if not the only, regional organisations in the world whose membership was declining'. For example, the Seychelles left the

4 *Committee Hansard*, 2 October 2012, p. 24.

5 *Submission 20*, p. 2.

6 *Submission 20*, pp. 2–3.

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

8 *Committee Hansard*, 17 August 2012, p. 27.

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

association, though it has since rejoined. Indeed, only recently Comoros became a member and the US is now an observer. In Professor Rumley's view:

There is a will to increase the membership from the outside of the organisation. There is a will within and a will without. The key is going to be resources in the end. If it is going to fail, it will fail because of lack of resources, not because of political will.¹⁰

5.9 In response to a question about Australia exploring bilateral relationships with different countries, as opposed to a holistic approach with the Indian Ocean rim itself, Professor Rumley thought that Australia should not discount one or the other but do both. In his view, Australia does not place enough importance on developing its relationship with India, which he described as 'totally underdeveloped'.¹¹ He stated:

Even at the IOR-ARC meeting in December, we are not giving the importance to that that I think we should be. There is a certain ambivalence...even now around the region about what Australia's real intentions with regard to the region and with regard to India are. We need to develop stronger links with the African states. I know we have done that in recent years for a whole variety of political and diplomatic reasons, but trade with Africa is highly underdeveloped,...we need to develop stronger links with Africa, India and all of the states of the region.¹²

5.10 Professor MacIntyre suggested that modesty and pragmatism and the 'more connectivity and the more collective engagement' we can foster and nurture, the better. On the other hand, resources are not unlimited; time is not unlimited and Australia has to make choices about where effort goes. He would not put IOR-ARC in the top three or in the top five priorities but thinks that the association is worth pursuing as a long-run investment. He reasoned:

...we can be interacting with the countries around the rim multilaterally and bilaterally through...a number of other regional and extraregional forums. So I would not think about this as your only bet. It is worth making a push on, but I would say a modest push. Any number of grand plans have been launched in footprints of this sort and have just evaporated.¹³

5.11 He suggested that Australia look for two or three players around the region that 'are serious and try and really work with them'.¹⁴

5.12 The members of the JIOR International Editorial Board were most optimistic and hoped that 'a renewed IOR-ARC imbued with a wider vision, a broader regional membership and a firmer commitment can function as one among many platforms for regional cooperation'. It referred to the important endeavour of developing regional

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

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

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

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

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

policies aimed at creating just, peaceful and resilient localities, communities and regions, and in order to maximise all dimensions of security.¹⁵

5.13 The Future Directions International recognised the importance of having a suitable multilateral regional institution that successfully engages all regional countries and key external stakeholders to facilitate cooperation across the range of issues in the Indian Ocean rim. Although its CEO, Major General Hartley, recognised the difficulties finding a common purpose, he believed that there was a role for an IOR-ARC type organisation. Even so, he had queries about whether the association was the right one or had the right responsibilities and roles. He asked that if not, was there a suitable alternative that could 'realise common objectives in a way that would give a practical and useful outcome'.¹⁶ On balance, he was not sure whether IOR-ARC was quite the right organisation at this stage.¹⁷

5.14 Major Gen. Hartley surmised that from small things great things grow—'if there is a very definite and deliberate policy to follow that approach through, something may come out of it'. He sensed, however, that it would be very useful to stand back and do an overall assessment of what Australia wants out of the region and ask, 'What are we capable of producing that can actually meet those outcomes?' But, according to Major Hartley, he did 'not see that happening'.¹⁸ The Future Directions International recommended:

Expand or replace IOR-ARC while Australia occupies the role of chair, to make it a more inclusive, acceptable, relevant and effective Indian Ocean Region multilateral institution capable of addressing important non-traditional security threats, such as piracy.¹⁹

5.15 Mr Clark argued that IOR-ARC is, at the moment anyway, the only institutional framework for the region, so 'we need to work with it rather than see something else develop over the top of it. Some focus at all would be good'.²⁰ While ACCI urged the Australian Government to 'champion a strong and ambitious development of the Indian Ocean rim regional economy through the IOR-ARC in the first instance', it appreciated that the organisation might not succeed. Thus, it suggested further that should IOR-ARC not be suitable, Australia should develop other regional groupings of like-minded and interested countries to progress Australia's interests in the region.²¹

15 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010, p. 23.

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

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

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

19 *Submission 12*, p. 4.

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

21 *Submission 26*, p. 5.

5.16 Dr Hameiri was also uncertain about the extent to which IOR-ARC could achieve its objectives. He agreed that it was always good to have some place or some forum where people could gather and discuss matters. Even so, he formed the view that IOR-ARC could 'probably not' become the most influential forum for dealing with a wide range of very different issues. He was not saying that the association should be dropped and forgotten, but 'we should be very realistic about what we can attain from this'.

Vision for the region

5.17 Dr Taylor observed that regions do not just exist out there—they are 'political constructs and they carry political meaning'. He argued that:

If we were to work towards advancing a particular concept of region or an understanding of region, it would be important for Australia to be very clear about what the objectives for doing so are and also what some of the consequences, both intended and unintended, of that might be.²²

5.18 The Special Adviser to the Australia-Africa Mining Industry Group, Mr Jeff Hart, noted that since 1987, Indian Ocean studies had been taken up by a number of academic institutions in Western Australia. He explained:

We have, therefore, been gazing out at the Indian Ocean, particularly from Perth, for quite some time and thinking about what Australia's interests are, without ever having got quite to the point of determining what those interests are, perhaps beyond feeling the need to deploy significant naval assets along our western seaboard.²³

5.19 Mr Hart also questioned the Government's commitment to regional cooperation in the IOR, in particular, Australia's involvement in and support for the IOR-ARC. He told the committee he would be surprised if Australia were investing much time or resources in the association, yet, he noted, that 'such a regional organisation could give Australia the opportunity to compete for influence'.²⁴

5.20 Professor Drysdale suggested that to do something about the management of the Indian Ocean in a way that delivers outcomes requires 'planning now; you cannot wait until you take the chair up to do that.' He noted the early planning was most likely to produce 'really positive interest and positive cooperation'. In his view, Australia should continue to have that focus. He added that Australia 'have had it accidentally or in an ad hoc way thus far, but it should be systematic in the engagement of these states':²⁵

Later on, you might also try, if it is relevant at the time, to take up one of the issues we were talking about that would engage the states of Africa with India, Indonesia and us in a discussion of the energy security or resource

22 *Committee Hansard*, 17 August 2012, p. 31.

23 *Committee Hansard*, 5 December 2012, p. 21.

24 Mr Jeff Hart, *Committee Hansard*, 5 December 2012, p. 22.

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

security issue but focus it specifically on the development aspects of that trade, the infrastructure around it and how it fits into a global system as an important object of interest for them and for us.²⁶

5.21 According to Professor Drysdale, it was possible to develop more intense bilateral conversations with both the African states and with India, which could be useful as well.²⁷

Views of government departments

Austrade

5.22 Austrade's Mr David Landers informed the committee that with Australia assuming the chair of IOR-ARC in November 2013 there was an opportunity to use the commercially focused activities associated with meetings of IOR-ARC to help promote deeper Australian business links with markets in the Indian Ocean rim.²⁸ When asked, however, whether a plan was in place to help achieve objectives during that period, to take advantage of the opportunity to develop closer links in the region, Mr Landers was not aware of any specific plan.²⁹ His colleague, Ms Philippa Dawson explained that Austrade had attended some initial meetings but it was at the early stages of planning.³⁰

Australian Federal Police

5.23 The AFP informed the committee that, to date, it had 'not had any involvement in the IOR-ARC or any interdepartmental committees relating to the IOR'. It explained further that it 'would like to be involved in any future IOR-ARC interdepartmental committees' and would discuss AFP's involvement with DFAT.³¹

AusAID

5.24 Mr Paul Nichols stated the AusAID's expectations for the future would be whether IOR-ARC, as a regional institution, or other regional bodies emerge in the near or distant future—whether those organisations have the capacity to deliver real results, real outcomes, for poverty and for development. He observed that in East Asia, organisations such as the East Asia Summit, APEC, ASEAN and other bodies become 'an engine for change and development cooperation'. AusAID then swings in behind them and uses those mechanisms to deliver part of its aid program. He explained that that position had not yet been reached in the Indian Ocean.

IOR-ARC is not an agency that has any implementation capacity and at this point does not have the political level of cooperation...

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

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

28 *Committee Hansard*, 5 December 2012, p. 4.

29 *Committee Hansard*, 5 December 2012, p. 4.

30 *Committee Hansard*, 5 December 2012, p. 4.

31 Answer to written question on notice no 4.

5.25 Even so, he noted that as IOR-ARC was the 'only kind of body that captures all of those member countries', it was important for Australia to play a role and be well positioned to take advantage of the opportunity to achieve results when it occurs. AusAID's strategy had been 'to support, make sure that we are sending positive messages and engage'. AusAID recognised the need to deliver real outcomes through bilateral relationships 'until things change'.³²

Resources, Energy and Tourism

5.26 Ms Tania Constable, Department of Resources, Energy and Tourism, noted that the department struggled with the diversity in the region and how it could 'make a significant contribution to that whole region'?³³ Even so, she was able to nominate trade investment and energy security as two important areas in which Australia should engage the region.

DFAT

5.27 DFAT informed the committee that while it had no illusions about the impact on regional cooperation of the disparities involved, they do not necessarily stop cooperation or the generation of useful ideas. It noted:

Some of the most constructive and active members of IOR-ARC are not necessarily the biggest or wealthiest among us.³⁴

5.28 In this regard, Mr Kayzad Namdarian, DFAT, saw IOR-ARC as a useful forum that had brought all the countries together allowing them 'to talk through things and the ways forward'. He explained:

Diversity is always something to overcome, and I think through this organisation you can build a sense of community and habits of cooperation. So I think it has been a wonderful step for the region, and we are keen to revitalise it.³⁵

Future plans

5.29 In cooperation with India and other countries in the Indian Ocean rim, Australia is seeking to 'develop a common set of interests, values and norms to guide future engagement'.³⁶ It plans to do so over time and incrementally, 'taking small, practical steps towards greater regional cooperation'.³⁷ DFAT told the committee that it had done a lot of preparing for taking over the chair of IOR-ARC at the Council of Ministers' Meeting proposed for Perth in November 2013. It had had talks with the Government of India about the work program they would pursue between the meeting

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

33 *Committee Hansard*, 17 August 2012, p. 23.

34 *Committee Hansard*, 17 August 2012, p. 4.

35 *Committee Hansard*, 17 August 2012, p. 5.

36 *Submission 30*, p. 6.

37 *Submission 30*, p. 6.

in Gurgaon in November 2012, and that projected for Perth. DFAT had also had a lot of discussions with other agencies.³⁸

5.30 With Australia assuming the chair of IOR-ARC, DFAT is concentrating on examples of practical co-operation and is keen to put more effort into the priority areas. DFAT informed the committee that it was deliberately starting small, in order to get 'practical runs on the board':³⁹

We are interested in the expansion of the IOR-ARC agenda into what we would call soft security issues, of which piracy is the most prominent but not the only one. Another one...is disaster risk mitigation. One obvious but compelling common interest is the network of tsunami buoys which are in the Indian Ocean. Another area is the state of the ocean itself—acidification of the ocean, dead spots in the ocean.⁴⁰

5.31 More specifically, DFAT identified a number of Australia's priority activities, with included:

- organising a new workshop for experts from IOR-ARC countries in ocean forecasting to meet, build capacity, progress, validate and apply Indian Ocean Forecasting Systems (Australia is currently delivering a A\$2 million CSIRO-managed 'seasonal climate forecasting food security project');⁴¹
- addressing climate variability—an initiative to strengthen adaptation to climate variability, help to evaluate capacity among IOR-ARC members to identify, develop and implement appropriate adaptations based on common understanding of the impacts of climate variability—there are plans to hold a meeting and workshop for interested IOR-ARC experts and officials on strengthening adaptation to climate variability and climate change—the plan is to host that in December in India, working closely with India and other IOR-ARC country members;⁴²
- holding a course in maritime regulation and enforcement and maritime security for officials working in this area;
- undertaking an Indian Ocean Port State Control Capacity Development Program—to improve the application of national Port State Control procedures in the Indian Ocean rim—will involve members affiliated with the Indian Ocean Memorandum of Understanding on Port State Control; and
- building closer cooperation in disaster risk management—would like to host (or co-host) a meeting for officials from IOR-ARC National Disaster Management Offices.

38 *Committee Hansard*, 22 March 2013, p. 2.

39 *Committee Hansard*, 17 August 2012, p. 4.

40 *Committee Hansard*, 17 August 2012, p. 4.

41 *Submission 29*, p. 55.

42 *Committee Hansard*, 22 March 2013, p. 2.

5.32 DFAT also explained that one of its priorities was to renovate the image of the organisation by renaming it IORA—Indian Ocean Rim Association. There may also be an accompanying logo change, or 'a tweak to the logo'.⁴³ Overall, DFAT was keen 'to enhance working methods and levels of cooperation within the organisation, institutional arrangements that would allow officials and ministers in dialogues to discuss things'. It informed the committee that it was considering organising a foreign ministers retreat, which has not been done in IOR-ARC.

5.33 In addition DFAT was looking at ways to improve dialogue and cooperation between members and the six dialogue partners in IOR-ARC. Finally it was interested in supporting the development of academic-to-academic and business-to-business cooperation, especially how business would feed into IOR-ARC trade facilitation policy.⁴⁴

5.34 DFAT provided the following practical examples of what it had done to build habits of cooperation to bring the regional experts and officials together on these themes in priority areas.⁴⁵

- hosted the trade officials trade policy workshop meeting in May 2012; and
- worked with customs in India on organising in Mumbai a customs trade facilitation workshop.

5.35 The activities focused on capacity development, which involves cross-pollination of skills and expertise in the Indian Ocean space.⁴⁶ DFAT explained that it does not want to repeat that workshop, but rather to build on what has been done and to fine tune Australia's engagement in practical areas of capacity development in the trade facilitation space.

5.36 Other countries also have initiatives planned for later in 2013 and which DFAT is keen to help lift the level of engagement with IOR-ARC countries including:

- a maritime security seminar that India has proposed later in the year for IOR-ARC.
- an economic and business conference planned to be held in Mauritius in July, which involves commerce and trade ministers and IOR-ARC business chambers.⁴⁷

5.37 DFAT explained:

Our interests—the whole range of strategic and economic interests that Australia has in the Indian Ocean also give us an interest and an incentive in trying to pull together practical regional cooperation.⁴⁸

43 *Committee Hansard*, 22 March 2013, p. 3.

44 *Committee Hansard*, 22 March 2013, p. 3.

45 *Committee Hansard*, 22 March 2013, p. 2.

46 *Committee Hansard*, 22 March 2013, p. 2.

47 *Committee Hansard*, 22 March 2013, p. 2.

5.38 DFAT drew attention to the least developed countries in IOR-ARC and informed the committee that it facilitates further cooperation, collaboration and support for them, including Yemen and Madagascar.⁴⁹

Lessons from the Asia Pacific

5.39 IOR-ARC is not the only regional association that has struggled during its early life to gain momentum. The Asia Pacific Economic Cooperation (APEC) emerged as a concept in the mid-1960s, slowly gained acceptance and by the late 1980s had taken hold and eventually was launched in 1989. But even then it laboured to make headway and only by slow and steady steps was able to build itself into a strong and effective forum for economic cooperation.

5.40 APEC affords some important lessons for IOR-ARC even though its membership is made up of a very different collection of countries. The first is to do with the level of representation. In 1992, the then Australian Prime Minister, the Hon Paul Keating believed that periodic heads of government meetings based on APEC membership should be held. He believed that such high-level gatherings would inject some political horsepower into APEC. This meeting of heads of state has since become a high-profile annual gathering.

5.41 The second lesson from APEC is the close links that APEC endeavoured to forge with the business community. It established an eminent persons group and Pacific Business Forum, members of which were able to draw on their experience and networks in the business community to attract greater input from the private sector.

5.42 It should also be noted that APEC, through the brokerage of South Korea, was able to manage the politically difficult matter of allowing Chinese Taipei to participate in APEC. The admission of the three Chinese economies—the People's Republic of China, Hong Kong and Chinese Taipei increased APEC's economic significance substantially.⁵⁰

Conclusion

5.43 The committee notes that while many witnesses doubted that IOR-ARC could be a success, some were cautiously optimistic for the association's future prospects, particularly under the collaborative leadership troika of India, Australia and Indonesia. Even those who held strong reservations about whether IOR-ARC could ever achieve its objectives were reluctant to advocate its abandonment.

5.44 From its inception IOR-ARC has been endeavouring to 'get runs on the board'. It certainly has the vision and the annual meeting of ministers clearly shows that the association is not short of ideas, but it seems that the association is simply unable to execute its plans.

48 *Committee Hansard*, 22 March 2013, p. 3.

49 *Committee Hansard*, 22 March 2013, p. 3.

50 For a full account of the origins and development of APEC, see Senate Foreign Affairs, Defence and Trade References Committee, *Australia and APEC*, July 2000, pp. 5–20.

5.45 The committee's concern is that with Australia taking over the chair, once again ministers will come together replete with ideas, many put forward by Australia, only for these initiatives to stall. Clearly the association needs to harness the enthusiasm evident at the ministers meeting and then sustain it.

5.46 In this regard the committee, drawing on the experiences of APEC, makes a number of recommendations intended to help IOR-ARC build momentum and not allow it to dissipate. They deal with: striving for high level representation at IOR-ARC meetings, taking strong and positive steps to involve business; and strengthening membership.

Recommendation 1

The committee recommends that:

- **the Australia Government lead by example and ensure that its representation at IOR-ARC Council of Ministers' Meetings is always at ministerial level;**
- **the Australian Government commit additional resources to the IOR-ARC Secretariat and encourage other member states to be more generous in the resources they make available;**
- **the Australian Government promote the profile of IOR-ARC by making reference to the activities of the organisation whenever appropriate;**
- **the Prime Minister of Australia open the 2013 IOR-ARC Council of Ministers' Meeting in Perth;**
- **the Australian Government advocate that the heads of government of the Indian Ocean rim countries hold periodic meetings to discuss matters affecting IOR-ARC; and**
- **the Australian Government should encourage countries with observer status at IOR-ARC to send high-ranking representatives to the meeting.**

Recommendation 2

The committee recommends that the Australian Government as chair of IOR-ARC:

- **encourage IOR-ARC to strengthen its links with the business community in the Indian Ocean by considering establishing an Eminent Persons Group made up of leading business people throughout the region;**
- **use its influence to involve Trade Ministers as mainstream participants in IOR-ARC meetings;**
- **ensure that the contribution of the smaller countries to the work of IOR-ARC, such as Mauritius which houses the Secretariat, is given prominence; and**
- **pursue the notion mentioned in previous meetings of establishing 'nodes of excellence' (later recommendations expand on this recommendation).**

Recommendation 3

The committee recommends that, respecting IOR-ARC's charter and the views of other member countries, the Australia Government work with member states to look at broadening the membership to include other key Indian Ocean countries, such as Pakistan and Saudi Arabia.

5.47 Part two of the committee's report outlines the work already being done by Australia in the region with regards to disaster management, risk mitigation, climate change, food security, and conservation. This work, already successful in producing concrete and practical results, may provide the footings on which to build regional cooperation.