

AUSTRALIA-CHINA AGENDA 2013

Australia's Engagement with China and India

LOUISE MERRINGTON

Louise Merrington graduated in 2012 with a PhD in political science from The Australian National University. Her thesis examined cooperation, competition and conflict in the China-India relationship in Central, South and South-East Asia. In 2008, she was a delegate to the Australia 2020 Summit, focusing on developing Australia's Asian engagement. Louise was awarded an Endeavour Research Fellowship in 2009-2010. She recently returned from Europe, where she was a 2013 fellow in the ANU/Torino World Affairs Institute Global Emerging Voices program, which brings together young academics and professionals from across the Asia-Pacific to discuss Asia-Europe engagement. Louise's other research interests include Central Asian energy politics, and the development of Asia-Pacific regionalism.

THE AUSTRALIAN Centre on China in the World engages with the public and policy discussion of relations with the People's Republic of China and the Chinese world. Australia-China Agenda 2013 is our contribution to this important election year and the on-going consideration of the bilateral relationship.

This is a relationship that touches on virtually every aspect of our national life. A mature and beneficial engagement of such breadth and depth requires the leadership and support of government at all levels, as well as public stewardship, media understanding, educational enhancement and the strategic involvement of the business community.

Australia-China exchanges are also profoundly influenced by regional and bilateral relationships. Australia and China trade in goods as well as culture, politics and people, ideas and education, community and personalities.

Australia-China Agenda: 2013 brings to the attention of the public and the media, politicians and specialists some reflections and policy ideas authored by specialists with a professional interest and involvement in the relationship.

—Geremie R. Barmé
Founding Director, CIW

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AUSTRALIAN CENTRE ON
CHINA IN THE WORLD



Australian
National
University

ANU College of Asia & the Pacific
Canberra, Australia

2013
2013

JANUARY 一月

FEBRUARY 二月

MARCH 三月

APRIL 四月

MAY 五月

JUNE 六月

JULY 七月

AUGUST 八月

SEPTEMBER 九月

OCTOBER 十月

NOVEMBER 十一月

DECEMBER 十二月

二〇一四年

ONE OF the most significant relationships set to shape the 'Asian Century' is that of China and India. As well as being increasingly significant actors in international politics, China and India also play important social, political and economic roles for Australia. Increasingly, if we want to understand ourselves as a nation and understand our place in Asia and the world, we need to understand China and India. We also have a

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unique opportunity to develop nuanced insights into the often-fractious Sino-Indian relationship and its ramifications, and to potentially help mitigate some of the tensions that characterise it by contributing to cross-cultural knowledge. However, although our understanding of China's politics and strategy is improving, similar investments have not been made in Indian/South Asian studies. This has ramifications for Australia's own relationship with India, as well as for our understanding of India-China relations and the wider Indo Pacific strategic system. It will need to change if we want to fully capitalise on the opportunities provided by our location at the heart of Asia.

The China-India Story

China and India's difficult relations have their roots in colonialism and disputes over Tibet in the nineteenth and early twentieth century. The People's Republic of China was founded in 1949, only two years after India became independent from Britain, creating Pakistan in the process. The new regimes in India and China inherited a 3225 km-long disputed Himalayan border. By 1962, the dispute over the boundaries laid down by the departing British Empire had generated a crisis between the two new sovereign states, and in October that year Chinese forces advanced across the Line of Actual Control (LAC). The result, for the Indians, was a wholesale rout. In November, the Chinese declared a ceasefire and both sides retreated to their original positions.

The 1962 defeat remains a potent touchstone in Indian politics and media. It is this historical memory as much as any immediate strategic interests that has contributed to border tensions in recent years. In April this year, China and India entered a three-week Himalayan standoff, which was only resolved due to political pressure from new Chinese Premier Li Keqiang's first visit to India in May. In July, India announced it will spend US\$11 billion on forming a new 'mountain strike corps' of 50,000 troops to guard the border. According to the current rhetoric in Delhi, the biggest threat to India is no longer its old arch rival, Pakistan, but its monolithic northern neighbour.

Prospects for resolving the border issue remain bleak. However, the relatively peaceful status quo has been maintained for the last forty years, and it is in both sides' economic interests for it to continue. Bilateral trade also grew significantly throughout the 1990s and 2000s, from just US\$2 billion in 2002 to US\$68 billion in 2013. But even this trade relationship remains highly imbalanced, with India now running a US\$40 billion trade deficit, up from US\$1 billion in 2002, another potential source of tension.

As the two countries grow and flex their muscles, other points of friction are also likely to emerge. The most problematic of these for Australia is the Indian Ocean. Both China and India are working towards developing blue-water, expeditionist naval capabilities; at some point China will probably venture west into the Indian Ocean, while India has already conducted naval exercises with Vietnam in China's backyard. This strategic posturing has also spilled over into regional multilateral organisations and into both countries' bilateral relations with regional countries such as Pakistan, Japan, Vietnam and the US. As a middle power with relatively good relations with both India and China, and extensive involvement in regional multilateralism, Australia is in a good position to help mitigate some of these tensions and build mutual understanding.

International Impact: The rise of the Indo-Pacific

China and India lie at the heart of the 'Indo-Pacific', the Australian foreign policy term du jour. There is currently no widely accepted definition of 'Indo-Pacific', but a good starting point looks at it as a maritime system comprising the world's busiest sea lines of communication, stretching across the Indian Ocean from the Gulf, through the Straits of Malacca to the Western Pacific. Instead of focusing on a region divided by national borders, this definition of the Indo-Pacific sees the region as an interlinking system. This makes sense when we consider:

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- China's major border disputes (except for its dispute with India) are all maritime;
- China is intent on developing a blue-water navy with an expeditionary capacity out into the Western Pacific and eventually the Indian Ocean;
- India's revised naval doctrine has now moved its focus away from its coast to claiming a large chunk of the northern Indian Ocean as its 'strategic backyard';
- Australia is also an Indian Ocean power, and about to assume the chair of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), of which China is an associate member; and

- Some eighty per cent of the world's seaborne trade in oil passes through Indian Ocean choke points.

The rise of China has rewritten the security balance in Asia. Although the US remains the dominant global power – and claims of its decline are greatly exaggerated – it no longer has the unimpeded freedom of access to Asia it once did. China's growth as an economic and military force in the region has caused

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other countries, Australia included, to start hedging their bets. The increasing warmth in India-US relations in recent years is just one outcome of this, as is India's growing closeness with Japan. ASEAN's embrace of the US, India and Russia as part of the East Asia Summit and other regional multilateral organisations is also quite clearly aimed at balancing China. And, in Australia, many thousands of column inches have been devoted to discussion of whether we need to make a 'China choice' between our largest trading partner and our closest ally.

The 'China choice' argument has been well-documented, and it is not the purpose of this paper to revisit it. But looking at the region in purely zero-sum terms – the rise of China versus the decline of the US, for example – denies any number of complexities that make the Indo-Pacific such a fascinating and difficult place to study. The China

India relationship is one such complexity. China and India's long and fractious relationship affects all aspects of Indo-Pacific politics, from how they relate to the US, to hedging and balancing by ASEAN, to the efficacy of regional multilateral organisations. Many of these challenges are also integral to Australia's interests in the region. And developing a strong knowledge of China and India among Australians is crucial not only for helping maintain regional peace and security, but for domestic reasons as well.

Domestic Impact: Chinese and Indian diasporas in Australia

Chinese and Indians are now the third- and fourth-largest immigrant groups respectively in Australia, after Britons and New Zealanders. The 2011 census recorded 318,969 China-born and 295,362 India-born people living in Australia – and this doesn't include Australian citizens of Chinese and Indian ancestry. Moreover, this group has grown rap-

idly. Between 2001 and 2011, the number of Chinese immigrants increased from 0.8 per cent to 1.8 per cent of the population, while Indian immigrants now make up 1.5 per cent of the population, up from 0.5 per cent in 2001.

Trade with both China and India is also increasingly important to Australia. In 2012, Australia's two-way trade with China was \$125 billion, while trade with India was lower but not insignificant, at \$17.4 billion. China is Australia's top export destination, while India is fourth. China and India are also the two biggest sources – by a considerable margin – of international students in Australia. The Department of Immigration granted 42,625 visas to Chinese students in 2012-2013, and 18,189 to Indian students. While this represented a 14.3 percent increase in the number of Chinese students from 2011-2012, the number of Indian students fell thirty-four percent in the same period. This is a worrying trend, following the highly publicised attacks on Indian students in Australia in 2010; the amount of reputational damage Australia sustained in India during this time should not be underestimated. If Australia wants to be accepted as a full member of Asia, rather than just an outsider looking in, we need to better engage our Chinese and Indian diasporas to help us enhance our regional reputation and capitalise on the strength of these two emerging powers.

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What can we do?

- Given our large Chinese and Indian expatriate communities, Australia is in a unique position to encourage the development of people-to-people connections between China and India. Chinese and Indian perceptions of each other are generally quite poor, and the level of cross-cultural understanding is low. By encouraging the development of better understanding through multicultural events, language training and networking opportunities for the large Chinese and Indian student and business communities, Australia can help shape the views of those who will potentially go on to be future leaders of their countries. Stronger people-to-people connections between Chinese, Indians and Australians will not only reflect well on Australia, it could also help mitigate future regional tensions.

- Australia needs to engage and leverage its diaspora communities better. Whether it is through encouraging their contributions to Australian politics and society – for example, through careers in the traditionally Anglo-Saxon-dominated public service – or by taking a positive experience of Australia back to their home countries, the Chinese and Indian communities in Australia represent a wealth of knowledge and human capital that we have yet to fully engage.
- If Australia is serious about capitalising on its Chinese and Indian diasporas and better engaging with the Indo-Pacific region, it needs to develop a stronger understanding of these countries' histories, cultures, languages and politics. Consistent emphasis on China and Chinese Studies over the last two decades has put Australia in a good position in this regard – although there is always more to be done, particularly in the area of language education. When it comes to India, however, Australia's cross-cultural understanding and investment, both among the general public and the state and federal bureaucracies, is very poor. While Chinese Studies is going from strength to strength, Indian and South Asian studies is in need of resuscitation. Although Hindi is the second most widely-spoken language in the world after Mandarin, only two universities in the country teach it, and these programs are small. Tamil is not taught at all. This is just one example of the neglect which has plagued the Australia-India relationship in the last few decades. The recent identification of India as a priority country in the *Australia in the Asian Century White Paper* was a start towards reversing this, but it now needs to be backed up with real commitment and funding.
- A renewed emphasis in developing a solid understanding of China, India and the relationship between them needs to be undertaken across the whole of government. China and India affect so many aspects of Australian politics – immigration, education, economics and trade, foreign affairs, and defence, to name just a few – that a piecemeal approach is doomed to failure. A coordinated national approach, however, coupled with greater emphasis on China-India literacy across the state and federal bureaucracies, will allow Australia to capitalise fully on all aspects of these relationships and further cement its standing as a strong middle power in Asia.

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China and India are at the forefront of Asia's rapid economic and political growth. Geographically situated in the region, with large immigrant populations from these two countries, Australia is in a unique position to capitalise on the opportunities of the Asian Century; we will also be affected by many of its challenges. How we engage China and India in the next decade will shape our broader relationship with Asia. Our true China (and India) choice is not whether or not to engage; it is whether we seize this opportunity to properly invest in and build relations, or remain doomed to perpetually 'rediscovering' Asia.

AUSTRALIAN CENTRE ON CHINA IN THE WORLD

The Australian Centre on China in the World (CIW), College of Asia & the Pacific (CAP), The Australian National University (ANU) is an initiative of the Commonwealth Government of Australia in collaboration with ANU, a university with the most significant concentration of dedicated Chinese Studies expertise and the publisher of the leading Chinese Studies journals in Australia. CIW is a national research centre that is jointly managed by a body of academics that includes scholars of China at universities in Adelaide, Brisbane, Hobart, Melbourne and Sydney.

The Centre is a humanities-led research institution that is engaged with the broad range of social sciences to produce academic work that, while relevant to the full spectrum of demands of international scholarship, also relates meaningfully to those in the public policy community, and to the broader interested public, both in Australia and overseas. It values a New Sinology, that is an intellectual, cultural and personal involvement with the Chinese world (be it in the People's Republic, Hong Kong, Macau, Taiwan or globally) that is underpinned by traditions of academic independence, local fluency and disciplinary relevance.

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CIW sites

<http://ciw.anu.edu.au>
<http://www.thechinastory.org>

CIW publications (also available online)

China Story Yearbook 2013: Civilising China, October 2013

China Story Yearbook 2012: Red Rising, Red Eclipse, August 2012

Stephen FitzGerald, *Australia and China at Forty—Stretch of the Imagination*, 澳大利亚与中国已届四十年—舒展的想象力, February 2013

Australia and China: A Joint Report on the Bilateral Relationship 中国和澳大亚：关于双边关系的联合报告, with the China Institutes of Contemporary International Relations (CICIR), February 2012

CIW journals

China Heritage Quarterly
(<http://www.chinaheritagequarterly.org>)

East Asian History
(<http://www.eastasianhistory.org>)

The China Journal, co-published
(<http://ips.cap.anu.edu.au/chinajournal/>)

Danwei, affiliated
(<http://www.danwei.com>)