

# Indo-Pacific Oration II

**Madam Julie Bishop**

**Minister for Foreign Affairs, Australia**

**New Delhi, July 18, 2017**

-----  
Thank you Mr Joshi. High Commissioner, Excellencies, ladies and gentlemen. I'm delighted to be back in India and among friends, as always in this great nation.

Today I had the pleasure of productive meetings with Prime Minister Modi, and the Minister for Defence and Finance Mr Jaitley, and my counterpart, the Minister for External Affairs Sushma Swaraj; and these meetings added to our deep and growing friendship.

Two years ago, I gave a speech here in New Delhi in which I described Australia's increased focus on the Indian Ocean.

At that time, I embraced India's role as an emerging great power and likeminded partner in the region and beyond.

In the intervening period, Australia and India's bilateral relationship has continued to strengthen, especially in the strategic and security spheres.

In June, Australia and India conducted our bilateral naval exercise, Ausindex, for the second time, on this occasion off the coast of Perth, where my electorate is situated.

In fact, the western boundary of my electorate is the Indian Ocean – so I call Perth Australia's Indian Ocean capital.

Here's an historic fact - South of Perth is a town called Australind. It was founded in 1841 and its name derived from a combination of "Australia" and "India" for Australind was to be an area for breeding horses for the British Indian Army.

The settlement didn't last due to the unsuitability of the site's soil and weather, but the town survived and is today one of the fastest growing areas of Western Australia. Australind, a very early example of trading engagement between our nations!

Today bilateral trade between Australia and India has reached almost \$21 billion and India is now our ninth largest trading partner and with boundless potential for growth.

As India looks to increase its energy supply and security, through a combination of traditional and nuclear and renewable sources, to support its growth, Australia is well placed as a reliable supplier of resources and technology.

And here's another fact. It's worth recalling that the first mobile call in India took place almost 22 years ago to the day on 31 July 1995 when the Union Telecom Minister spoke to the Chief Minister of West Bengal using hand-held mobile phones – carried on Modi-Telstra's MobileNet service – which was a joint venture between India's Modi Group and Australia's Telstra.

Our people-to-people links are also stronger than ever.

Australian residents of Indian origin are the fourth largest group of Australians born overseas, representing close to half a million people, or almost 2% of our total population (this from the latest Census in 2016).

Indian Australians make a strong contribution to our country, across all fields – business, science and medicine, education, arts and culture and sports.

In June this year, Professor Rajiv Khanna, who was born in Punjab, received the Officer of the Order of Australia Medal – one of the highest awards in our honours system – for his work in immunology, in particular in developing innovative cellular immunotherapies to treat cancer.

India is the second-largest source of international students in Australia – and Australia is one of the most popular destinations for international students worldwide.

In 2016, about 60,000 Indian students chose to study in Australia, and the number is rising as our world class educational institutions continue to attract students from many nations.

Under our New Colombo Plan – a signature initiative of the Australian Government – since 2015, 1800 Australian students have elected to study and undertake internships here in India, building links that will underpin our engagement in the region for decades to come.

And our defence officers are regularly exchanged between our respective defence colleges.

It is a great source of pride that our Governor General Sir Peter Cosgrove is an alumnus of the Indian National Defence College.

India is a natural leader in the Indian Ocean region and globally and we support the role it has played in helping shape the strategic and economic environment.

Prime Minister Modi articulated the opportunity that India's rise represents, in his speech at January's Raisina Dialogue here in New Delhi, when he said:

“[India's] actions and aspirations, capacities and human capital, democracy and demography, and strength and success will continue to be an anchor for all round regional and global progress. [India's] economic and political rise represents a regional and global opportunity of great significance. It is a force for peace, a factor for stability and an engine for regional and global prosperity.”

The changes taking place are also leading to rising strategic competition in the maritime region stretching from the Middle East to the United States.

Military outlays in our region expanded by over 5.5 per cent in 2015-16, easily outpacing the one per cent overall global increase in military spending.

By 2020, combined military budgets in our region are forecast to exceed US\$600 billion. Now this is significant, given US expenditure is currently at \$611 billion and Europe is at US\$334 billion (2016 figures).

While we do not see the types of maritime and territorial disputes in the Indian Ocean that concern us in the South and East China seas, the Indian Ocean's shipping lanes, passages and chokepoints are a key environment of strategic competition.

Half of the world's container shipping passes through the Indian Ocean.

Over 80 per cent of China's oil imports, up to 90 per cent of Japan's oil imports and about 80 per cent of India's crude oil requirements are shipped through the Indian Ocean.

Australia and India share converging interests and similar outlooks on the strategic changes taking place in the region and globally.

I will now outline in more detail the type of Indo-Pacific region that we believe will best support its ongoing development and prosperity.

Our first objective for the Indo-Pacific is for Australia to be an active participant, in partnership with other nations, in ensuring that a predictable international rules-based order is respected and upheld, as the foundation for peaceful cooperation in the region.

The post-World War II order has underpinned the extraordinary economic growth and achievement we have seen in many parts of the world, and more recently in our region.

The international rules-based order has allowed Indo-Pacific states – large and small – to pursue their national interests while giving us the tools to work together and to resolve disputes peacefully when they arise.

It is an approach that recognises competition between states, and in which states agree to rules for regulating these disputes, and their behaviour toward each other.

Respecting negotiated and agreed rules ensures a better outcome for all than if countries each pursue their interests separately.

Increasingly, the rules based order is coming under pressure.

Strategic competition is leading to unilateral actions and a zero-sum conception of power relations.

Rising nationalism is leading to a narrower definition of national interests, and a more transactional approach to negotiations.

These factors reduce the prospect of multilateral cooperation in the collective interest.

As robust democracies, Australia and India share a system of government where leaders are accountable and the rights of citizens are respected.

Law courts are professional and independent, property and intellectual property rights are protected, and there are limitations on government intervention in commercial and social affairs.

Democratically elected leaders learn the habits of negotiation, compromise and cooperation, including with those with whom they have disagreements.

These democratic principles and practices, when translated into foreign affairs, are the essence of an international rules-based system.

As a globally integrated, top 20 economy, the 13th largest, and in our 26th consecutive year of economic growth, Australia has a huge stake in the success of the rules-based order.

Other nations that seek to continue their development must be equally interested in this order.

Collectively, we need to build and strengthen international institutions that promote cooperation and manage integrated and competing interests in fair and transparent ways.

The maritime domain is particularly important.

Trading nations depend on free and secure maritime trade, and we uphold the rights of nations to freedom of the seas and skies.

It is important that all states respect international law, including the UN Convention on the Law of the Sea (UNCLOS), using it to guide their behaviour and resolve disputes. I applaud India for successfully and peacefully resolving a long-running maritime boundary dispute with Bangladesh in 2014, under UNCLOS.

Australia is currently participating in a conciliation process under UNCLOS to agree maritime boundaries with Timor-Leste.

This is how countries in our region need to resolve disputes, including in the South China Sea, and we continue to oppose the construction of artificial reefs and the militarisation of those structures in the South China Sea.

This approach to international dispute resolution, founded on respect for international law, sets an example that allows us to look upon the dynamic Indo-Pacific region with hope and ambition, rather than anxiety.

In the years and decades ahead, the greatest hope for peace and prosperity in the Indo-Pacific lies in all nations respecting and contributing to international law, to protect national sovereignty and strengthen the norms that guide relations between countries.

Our region also has an important role to play in setting and upholding global rules and norms in the multilateral arena.

We need to ensure that our region's perspective – which is a pragmatic, results-oriented approach to the maintenance of global peace and security – is reflected

in the multilateral system.

In that context Australia has consistently supported India obtaining its rightful place as a permanent member of a reformed United Nations Security Council to better reflect contemporary realities.

Australia is looking to bring such an Indo-Pacific perspective and approach to the UN's premier human rights body, the Human Rights Council, should we be elected to that Council this October.

Peace and security in the region are also best served when countries have an economic stake in maintaining good relations.

Our second objective for the Indo-Pacific region is to expand prosperity in the region by building a dynamic, open and integrated regional economy, underpinned by liberalised trade and investment.

Australia and other countries in the region have opened our economies to one another, have integrated trade, production and investment in a dynamic regional economy – and we're all better off as a result.

The United States has led the way since the Second World War in building the business environment, the commercial partnerships, quality infrastructure and innovation that have put the Indo-Pacific at the forefront of the global economy.

Continuing this growth in prosperity will require ongoing investment in infrastructure development in the region.

And Japan has made, and continues to make, a significant contribution to investment in our region, both commercially and through development banks.

Japan remains the foremost donor to South East and South Asian countries and Australia works closely with Japan to coordinate development investments in the Pacific.

This legacy has built trust, and opened the way to wider freedom and prosperity for many millions of people.

Prime Minister Abe's commitment to "a free and open Indo-Pacific" fits with many decades of consistent practice.

Increasingly, China is supporting investments abroad, in Asia and beyond.

The Asian Infrastructure Investment Bank is one of several international organisations that provide finance for urgently-needed projects.

We are pleased that, with the encouragement of Australia and others, the AIIB has established high standards for its investment, including open international tenders.

Australia is helping realise this work through our seat on the AIIB's Board of Governors and our active role in the Board of Directors.

Likewise, India is giving real heft to its "Act East" policy.

India's initiative in proposing infrastructure collaboration with ASEAN is a most welcome development – backed by a line of credit worth US\$1 billion.

We endorse the concept behind this investment – of enhancing connectivity, in land, air, sea and cyber. The more connected our region, the more business opportunities there will be for the private sector, that includes Australian firms.

We also welcome competition amongst investors.

Competition, and transparency and accountability in investment decisions, are very important in ensuring that big infrastructure investments are cost-effective and economically viable.

Australia's engagement with regional and other investors will be guided by these market principles.

Investment is only part of the picture: we also need to remove trade barriers to spur regional growth and prosperity.

Together, infrastructure investment and liberalised trade integrate economies and create higher-value production chains.

Investments are more secure and profitable in an environment that has the dynamism and resilience provided by diversified international trade.

Australia's protectionist policies of the early and mid-twentieth century taught us that it leads to economic stagnation and decline over the longer term.

From the 1980s, we opened our economy to international competition, becoming more productive and competitive in the process.

Australia is also fully integrated into the regional economy – we have a liberal foreign investment regime and welcome the investment that has contributed so much to our economic strength.

Collectively, ASEAN is our third largest trading partner, with two-way trade worth around \$93 billion in 2016.

We have free trade agreements with New Zealand, Singapore, the United States, Thailand, Chile, ASEAN, Malaysia, Korea, Japan and China.

In June, we signed a comprehensive Free Trade Agreement with New Zealand and eight Pacific island countries.

We are working with ASEAN and ASEAN's Free Trade Agreement partners, including India, in the Regional Comprehensive Economic Partnership negotiations.

In recent weeks, we launched free trade agreement negotiations with Hong Kong and Peru and with the "Pacific Alliance" that's made up of Mexico, Chile, Peru and Colombia.

We are also in ongoing discussions with India about a proposed Comprehensive Economic Cooperation Agreement (CECA).

I recognise that economic growth in India has been largely driven historically by domestic consumption.

While urbanisation and the further expansion of the middle class will continue to spur growth in India, sustained growth will require greater engagement with the global economy.

If India maintains its current growth rate, and ensures that its growth is inclusive, the prospects for many Indians to move out of poverty within a generation are significant.

India's growing economy and its economic weight also has the potential to help lift the prosperity of the Indo-Pacific.

Australia welcomes and support India's ambitious domestic reform agenda, including the recent introduction of a Goods and Services Tax.

These reforms, when fully implemented, will improve India's competitiveness, enabling it to open its markets and benefit further from trade opportunities.



India's world class firms are already making their mark abroad in sectors such as bio-technology, pharmaceuticals and information communications technology.

As the second most popular destination for Indians studying abroad, Australia has a significant role to play in providing education and training, as India looks to train 400 million young people by 2022.

Australia is committed to working with India as an open and constructive economic partner.

That is why Prime Minister Turnbull announced during his visit in April that the Australian Government is commissioning an India Economic Strategy.

The strategy is being led by our former High Commissioner to India and recent Secretary of the Department of Foreign Affairs and Trade, Peter Varghese.

It will challenge our thinking and inspire us to find practical examples on how Australia and the Australian government and businesses can work together to cement India as a priority economic partner and how we can best support India's reform agenda.

We want to see India liberalise trade and investment in order to realise its economic growth prospects and increase its influence in the region.

It is telling that India's economic and strategic rise is widely welcomed by most of the region, and is seen as a positive contributor to peace and stability.

Like Australia, India is fully committed to supporting the role of key regional institutions.

So promoting and strengthening collective leadership is our third objective for the Indo-Pacific.

In Southeast Asia and East Asia the existing architecture is extensive.

We must continue to support and strengthen its role in addressing regional challenges, building consensus on regional norms and rules, and fostering a spirit of cooperation.

The architecture of South Asia and the Indian Ocean is increasingly promoting coordinated approaches, in response to shared interests and emerging challenges.

We both participate in the East Asia Summit, which Australia sees as the most important multilateral gathering in the region, and the ASEAN Regional Forum.

However we have entered a period of competition and contests – over power, wealth and ideas.

With the regional order in a state of flux, countries like India and Australia need to step up our bilateral cooperation and our collective efforts with other likeminded countries to shape a future region in which strong and effective rules and open markets deliver lasting peace and prosperity.

Australia also sees an opportunity for Indo-Pacific democracies to work more closely together in support of regional stability and prosperity.

India, Japan, Indonesia and Australia, for example, are all vibrant democracies and diverse and pluralist societies, and we share strikingly similar ambitions and perspectives on the nature and character of the regional order we want to build.

Increasingly, we are working together to build trust and shared positions, through groupings such as the India-Japan-Australia trilateral.

Similarly, Australia and India can work even more closely together to support a resilient, outward-looking ASEAN – and to strengthen the East Asia Summit.

In the Indian Ocean, we need the collective leadership of Australia, India, Indonesia and other partners to ensure a strong rules-based culture is respected and to strengthen regional institutions.

We need to continue to work together to strengthen the Indian Ocean Rim Association (IORA) and we welcome Indian leadership in The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), – another bridge to closer and more productive regional success.

The United States is our trusted ally and defence, strategic and economic partner, and we were pleased to see the highly successful visit of Prime Minister Modi to Washington and the obvious regard between the Prime Minister and President Trump and his administration.

We must all continue to engage closely with China, one of the most important bilateral partners for all countries in the region.

All our economies benefit from China's growth, investment and economic partnerships. It is in no-one's interest for the Chinese economy to falter.

Our objective must be to encourage China to exercise its economic and strategic weight in a way that respects the sovereign equality of states, that upholds and strengthens the rules-based order and that benefits all countries and peoples.

We are living through a period of global strategic transition, increasing and sharpening competition, particularly here in the Indo-Pacific.

Yet we are also living in a time of extraordinary opportunity.

Together with other partners in the Indo-Pacific, Australia and India can harness this opportunity and shape the region's future for the benefit of all.

We must continue to champion free and open trade, more investment, greater innovation and integration, to drive wealth and prosperity for all states.

We must work towards a future where relations between states are predictable and transparent, governed by a shared acceptance of the principles of international law.

Our international rules-based order is a huge asset – one that offers great avenues for deepening cooperation and resolving disputes peacefully.

This is the future that Australia is invested in and in which India, as much as any country, has a massive stake.

I am confident that this is a future we can achieve when our countries work together for enduring peace and prosperity.