

Strategic Analysis Paper

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Developments in the Indian Ocean Region: Research Aims and Methodology

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'WHAT ARE THE KEY TRENDS, EVENTS AND PLAYERS IN THE INDIAN OCEAN REGION'S LITTORAL AND ISLAND STATES OVER THE COMING DECADE AND WHAT IMPACT MIGHT THEY HAVE ON AUSTRALIA'S INTERESTS IN THE REGION? HOW MIGHT AUSTRALIA BEST RESPOND TO THE CHALLENGES AND OPPORTUNITIES WHICH THEY PRESENT?'

The purpose of this Strategic Analysis Paper (SAP) is to describe the process of research and analysis required to answer the above research question concerning future developments in the Indian Ocean region and what impact(s) they may have on Australia. In so doing, FDI aims to provide leadership in the field by identifying possible solutions, and what role Australia may play in achieving positive outcomes.

PART ONE – RESEARCH AIMS

As the first stage in answering the research question, the following **ELEMENTS** have been identified:

- A definition of the 'Indian Ocean region' as a discreet geographical entity;
- Identification of the major players in the region and their current (and probable future) circumstances;
- The factors that must be considered in determining possible global and regional change, along with Australia's responses to it;
- The various challenges in the Indian Ocean region; and
- The potential opportunities for Australia and the other states in the region.

Within these elements, the following major **FACTORS** will be investigated:

- Security and geo-strategic issues;
- Australia's interests in the Indian Ocean region;
- Potential threats to Australian interests in the region; and
- Possible means of addressing those threats.

Within this document, each of the above factors is prefaced by a broad theme, represented in the text below as a question, or questions, within a grey-scale text box. Each factor will then lead into one or more related research tasks, which will in turn be published as *Strategic Analysis Papers* (SAPs). These SAPs will have as their aim an analysis of key regional trends and events and their implications for Australia, as well as identifying possible Australian responses to them.

DEFINING THE REGION:

In comparison to the world's other oceans, defining the exact boundaries of the Indian Ocean has been something of an imprecise science and has been a long-standing source of disagreement for hydrological experts. The Indian Ocean's northern, north-western and south-western extremities are now universally agreed upon: the Persian Gulf, Suez Canal and Cape Agulhas, respectively. With the Southern Ocean now receiving widespread acknowledgment as a discreet body of water located between the Antarctic coast and latitude 60°S – and therefore quite separate to the Indian, Pacific and Atlantic Oceans – the southern boundary of the Indian Ocean can also be considered as defined.

Some disagreement remains, however, over the eastern extent of the Indian Ocean; a situation complicated by whether maritime boundaries are best defined by major undersea features or by geographical co-ordinates. Whilst all authorities include all the waters lying between Australia's southern coastline and latitude 60°S, some place Bass Strait within the Indian Ocean, whilst others place it in the Pacific.

To the north, some authorities see the Indian Ocean extending as far east as Torres Strait and therefore including such waters as the Gulf of Carpentaria and the Timor and Arafura Seas. Still others place the boundary at the western limits of either the Arafura or Timor Seas, depending on their point of view. Equally, just how far the Indian Ocean reaches into the waters of the Indonesian archipelago is open to question, although the Strait of Malacca is almost universally agreed upon as a starting point.

With this in mind, and drawing wherever possible on a general consensus of experts in the field of maritime boundaries, FDI delimits the Indian Ocean by the following points:

- A:** latitude 60°S (the northernmost limit of the Southern Ocean);
- B:** Cape Agulhas (the southernmost point of the African continent);
- C:** the Suez Canal;
- D:** the northernmost reaches of the Persian Gulf;
- E:** the Strait of Malacca;
- F:** from the Singapore Strait to the eastern boundary of the Timor Sea (including the Java, Flores and Banda Seas that lie within the archipelagic waters of Indonesia); and
- G:** the west coast of King Island, Tasmania (but not including the waters of Bass Strait).

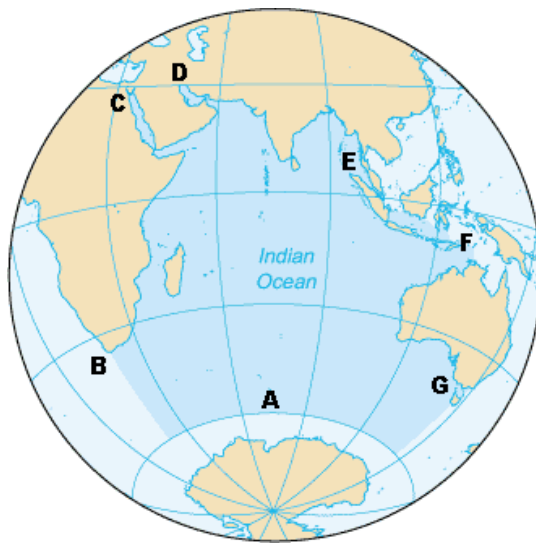


Figure 1: Limits of the Indian Ocean

- FDI's Indian Ocean studies will therefore include the following littoral and island states:

South Africa	Eritrea	Pakistan
Mozambique	Sudan	India
Madagascar	Egypt	Maldives
Mauritius	Saudi Arabia	Sri Lanka
Seychelles	Yemen	Bangladesh
France ¹	Oman	Burma
Comoros	United Arab Emirates	Thailand
Tanzania	Qatar	Malaysia
Kenya	Bahrain	Singapore
Somalia	Kuwait	Indonesia
Djibouti	Iran	East Timor

- The following states, loosely defined as adjacent to, or dependent on, the Indian Ocean will be included as and when events in them directly affect Australia or one or more of the states listed above:

Ethiopia	Afghanistan	Zambia
Jordan	Nepal	Malawi

¹ In respect of the *départments* of La Réunion and Mayotte and the islands of Bassas da India, île Europa, îles Glorieuses, île Juan de Nova, île Tromelin and the islands of the French Southern and Antarctic Lands (*Terres Australes et Antarctiques Françaises*).

Iraq	Bhutan	Uganda
The Palestinian Territories	Swaziland	Rwanda
Syria	Lesotho	Burundi
Israel	Botswana	
Lebanon	Zimbabwe	

MAJOR PLAYERS IN THE REGION:

- In addition to Australia, the following have been identified as key ‘first order’ regional states, based on economic, security and/or geo-political considerations:

India	Saudi Arabia	Yemen
Pakistan	Iran	France
Indonesia	Iraq	South Africa

- FDI has identified the following as key ‘second order’ regional states. These states, some of which are economically and/or geo-politically significant within their immediate sub-regions, are either smaller in population or area, have less frontage onto the waters of the Indian Ocean, are less developed but possessing significant economic potential, or are simply less outward-looking than the ‘first order’ states listed above:

Kenya	United Arab Emirates	Sri Lanka
Tanzania	Qatar	Malaysia
Mozambique	Egypt	Singapore

- The following are key external states or bodies which either exert – or may seek to exert – at least a certain degree of influence over the Indian Ocean region:

United States	Russia	China
United Kingdom	European Union	

- A number of non-state actors are likely to feature significantly in both contemporary and future developments in the Indian Ocean region and its hinterlands. Among them are:

Lashkar-e-Taiba

Taliban

Al-Shabaab

Al Qaeda

Hezbollah

Somali pirates

Jemaah Islamiyah

FACTORS TO BE INVESTIGATED:

1. SECURITY AND GEO-STRATEGIC ISSUES THAT MAY PLAY OUT IN THE INDIAN OCEAN REGION OVER THE COMING DECADE:

WHAT ARE THE NATIONAL, REGIONAL AND GLOBAL CIRCUMSTANCES MOST LIKELY TO AFFECT AUSTRALIA'S INTERESTS IN THE INDIAN OCEAN REGION? WHAT FORMS MIGHT THEY TAKE AND WHAT MIGHT BE THE OPTIMAL AUSTRALIAN RESPONSES?

- What are the implications of a developing rivalry between India and China, including considerations of China's so-called 'string of pearls' strategy?
- What is the nature of the India-Sri Lanka relationship and what effects might it have on regional stability?
- What implications does the end of the Tamil insurgency in Sri Lanka hold for both Sri Lanka itself, Australia and the region generally?
- What is the nature of the Pakistan – India relationship, how might it continue to evolve and what implications will it have for the region over the coming decade?
- What is the state of India's internal political dynamic? Are there any possible detrimental effects which could arise from the further creation of new states?
- What are the implications of the evolving situation in Iran, including considerations of:
 - The domestic political situation
 - The country's nuclear programme
 - Iranian foreign policy, including its support for destabilising proxies in pro-Western Arab states and elsewhere
 - A desire to be the Middle East's regional hegemon
 - The strategies and tactics employed by the Iranian Government in its dealings with the West
 - The ability, or not, of Iran to close the Strait of Hormuz
- Does Jemaah Islamiyah, or any other group based in the wider Indian Ocean region, pose a threat to Australia?
- What transnational threats might be posed to Australia by regionally-based organised crime?

2. AUSTRALIA'S INTERESTS IN THE INDIAN OCEAN REGION:

WHAT ARE AUSTRALIA'S INTERESTS IN THE INDIAN OCEAN REGION? WHAT BENEFITS ACCRUE FROM THOSE INTERESTS AND HOW MIGHT THEY BE ADVANCED?

- In terms of Australia's trade interests in the Indian Ocean region, FDI poses the following questions:
 - Is the growing affluence of a number of sizeable regional economies, such as India, Indonesia and Malaysia, likely to translate into an expanding market for Australian goods and services? If so, what opportunities – and constraints – might it present?
 - The effects of the Global Financial Crisis on leading regional economies – has this produced any flow-on effects for Australia? If not, why not? If so, what is the nature of these effects and over what timeframe can they be expected to continue?
 - The Indian Ocean is the location of some of the planet's most crucial chokepoints and Sea Lines of Communication (SLOCs). Which of these maritime (and airborne) corridors are most important for the transit of Australian exports and imports? What effect would their disruption have on the contemporary Australian economy?
- In terms of energy security, what steps could Australia take to ensure energy supplies, trading conditions, SLOCs and chokepoints are kept open?
- In order to facilitate considerations such as security, trade and energy supplies, could Australia expand its network of bilateral and multilateral agreements across the Indian Ocean region? If so, with which partners and with what aims?
- Could Australia play a role in the development of peaceful civilian energy sources and the minimisation or prevention of the weaponisation of energy sources, such as uranium or thorium?
- How can Australia maintain, protect and enhance its Indian Ocean and Antarctic external territories, especially in relation to their resources, fisheries, Exclusive Economic Zones (EEZs) and the 'aircraft carrier' quality of the islands themselves?
- Is there a role for a space facility located on Christmas Island? Should this proposal be revisited or laid to rest? What opportunities could it provide? Given the location, what challenges or difficulties might it face?
- What steps might Australia be able to take to maintain regional stability and avoid mass-migration as a result of:
 - Political instability
 - Food and water shortages
 - Effects of climate change
 - Trans-national crime
- Could the tourism industry be further developed and expanded across the Indian Ocean? If so, what are the best options for doing so, with a view to maximising the economic benefits for both Australia and the region's littoral and island states? What might be the key markets for such an expanded tourist industry?

3. *POTENTIAL THREATS TO AUSTRALIA'S INTERESTS IN THE INDIAN OCEAN REGION:*

WHAT ARE SOME OF THE POSSIBLE THREATS THAT AUSTRALIA'S INTERESTS IN THE INDIAN OCEAN REGION MIGHT FACE? UNDER WHAT CIRCUMSTANCES COULD THEY OCCUR AND WHAT MIGHT BE THE IMPLICATIONS?

- What are the circumstances that might lead to a breakdown of the regional order resulting in inter-state conflict and/or disruption of trade and energy flows?
- What destabilising effects are likely to emanate from escalating rivalries between the following:
 - India and China (including the Chinese 'string of pearls' strategy and the nature of Sri Lanka's relationship with the two powers)
 - India and Pakistan
 - Iran and the United States (including the possible role of Iran in US-Russian relations)
- How might the Iranian Government's foreign policy agenda affect Australia's interests in the Indian Ocean region (and beyond)?
- What actions might Iran take in the event of a significantly deteriorating political and security situation in the Middle East? What circumstances might lead to the disruption of oil supplies and/or closure of the Strait of Hormuz by the Iranian Government?
 - What are the likely effects of the closure of the Strait of Hormuz on:
 - Australia
 - The other states of the Indian Ocean region
 - The global economy
- Is Indonesia likely to experience another (greater) outbreak of economic and/or political instability? If it were, what would be the ramifications of that for Australia and the wider region?
- When considering the situation in Somalia, Somaliland and the strength of the al-Shabaab, could Australia play a greater role in this region? If so, what form might that role take and what challenges might it encounter?
- What could be done to combat the depletion of resources, such as fishing, thereby reducing or removing a catalyst for people flows and/or illegal economic activity (as in the case of Somali pirates)? Is there a role for Australia in such efforts? What might be the long-term effects of unchecked piracy in the waters off the Somali coast and important SLOCs such as the Gulf of Aden?
- Will the coming decade see the further fracturing of the religious fault lines and often-arbitrary colonial-era boundaries that run through much of the Indian Ocean region? If so, in which areas is this most likely to occur and what would be the implications?
- What is the potential for territorial and resource disputes in the Indian Ocean region, either external/inter-state, as in the cases of India-China, Ethiopia-Eritrea, India-Pakistan, or internal, such as Sudan (or, possibly, India)?
- Will the Indian Ocean region see an increasing number of nuclear weapons states over the coming decade and, if so, which states? What might be the reaction from other states – both in and beyond the Indian Ocean?
- Will the region experience an increasingly volatile dynamic, especially when considering the agendas of external powers?

- What is the potential for the militarisation of Antarctica? Which states are likely to be involved and what would be the implications for Australia? What role, if any, could the Antarctic Treaty play in preventing or mitigating such a development?

3A. PARTICULAR THREATS THAT MAY EMANATE FROM CLIMATE CHANGE:

In order to avoid getting dragged into the wider – and possibly unhelpful – debate about the circumstances and causes of climate change, these considerations will be prefaced with a statement to the effect of ‘if, in fact, climate change is occurring, this is what might be experienced in these areas of the Indian Ocean region.’

- What might be the effects of climate change in the littoral and island states of the Indian Ocean?
- If water levels in the region were to rise, what could be the implications?
- Could changes wrought by an evolving climate also potentially also lead to opportunities in places and/or industries where there previously were none?

4. HOW TO BEST ADDRESS ANY THREATS TO AUSTRALIA’S INTERESTS IN THE INDIAN OCEAN REGION?

BY WHAT METHODS – AND WITH WHICH PARTNERS – COULD AUSTRALIA WORK TO ADDRESS POSSIBLE THREATS TO ITS INTERESTS IN THE REGION?

- Should Australia pursue greater diplomatic engagement with the states of the Indian Ocean region? If so, what would be the best strategy to take? What is the state of the various sub-regional fora in the Indian Ocean region? How do they relate to one another, if at all? Could an Indian Ocean Dialogue play a constructive role?
- How can Australian expand its soft power in the Indian Ocean region? Is this achievable or even necessary? Could there be a role for a new Colombo Plan?
- Should Australia refocus its defence and law enforcement agencies towards the Indian Ocean region, given that a number of major transnational threats, such as crime syndicates, are operating out of locations in the Indian Ocean region?
- If Australia were to expand its regionally-focussed security and/or economic partnerships, which countries should it focus on? (FDI suggests the following as a starting point):

India	France	South Africa
Indonesia	Persian Gulf states	
Malaysia	US and UK (via BIOT/Diego Garcia)	

- How can Australia develop a greater level of consistency in government policy at both the Commonwealth and State levels vis-à-vis the Indian Ocean states and also across party lines so there are fewer policy changes with changes of government?
- Is there a need for a community, school and tertiary-based educational process to raise awareness of Australia’s location, role, challenges and opportunities in the Indian Ocean? If so, how could it best be implemented?

PART TWO – METHODOLOGY

The research will take the form of country risk analysis and evaluative case studies, using qualitative and quantitative approaches to the collection and analysis of data from both primary and secondary sources, in addition to comment, direction and advice from FDI Associates and research staff.

In using country risk analysis as a tool, FDI will be primarily, but not exclusively, considering aspects of political, rather than credit risk. As such, the emphasis will be on qualitative methods such as political analysis; however, quantitative methods, such as risk analysis matrices, will also be used. Equally, although the primary focus will naturally fall on what is termed ‘macro-level’ political risks – changes of government and policy, relations between the centre and regions, corruption and the like – micro-level risks related to specific sectors or activities will also be considered.

PRIMARY SOURCES:

A variety of primary sources will be used, including reports produced in Australia and overseas by both governments and non-governmental organisations, policy documents and White Papers. Documents such as these form an important primary source and, although sometimes overtly political, are nevertheless excellent sources of first-hand information regarding current policy directions. They can also provide an interesting comparison with current events as reported in the media.

Further primary sources include articles published in journals such as the *Australian Journal of International Affairs* and internationally published journals such as *World Policy Journal*, *International Organization*, *Foreign Affairs* and the *Adelphi Papers* for a wider perspective.

Newspaper reports from reputable Australian and overseas publications will also be used as appropriate. The greatest benefit of such media is the immediacy of the reports, though two obvious issues arise here; namely the potential for error to go into print and also the possible effect of any editorial bias (should it exist) on the treatment of the subject.

SECONDARY SOURCES:

Secondary sources which will be utilised include books and additional journal articles (those published at some remove from both time and place). This might include, for instance, older titles and articles in journals which may not be peer-reviewed or which do not specialise in areas such as international relations or foreign policy analysis. Whilst obviously still of value in the gathering of data, these factors could perhaps place limitations on these sources’ final contribution to the research.

Another potentially profitable source of information is unpublished manuscripts and masters’/doctoral theses and, although issues of peer-review may arise, such documents have been examined by experts in the relevant fields, thus minimising such concerns. These documents are freely available through university library services, can provide alternative points of view and can be a profitable source of further references to be investigated.

PRODUCT AND DISSEMINATION:

FDI’s Indian Ocean product will generally be released in the SAP format. Certain related issues may also appear in the *Strategic Weekly Analysis*. Occasional Papers may also be published and, in due course, Landmark Studies may be released once all research issues have been fully identified and addressed.