**The Modi-Morrison Reset: Australia-India Relations 2020**

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**Key Points**

- Prime Ministers Morrison and Modi twice postponed meetings in New Delhi in early 2020.
- The two leaders need to decide if China has become just a shared problem or if it might constitute the basis of a re-set bilateral relationship.
- The two countries recognise, however, the need for co-operation to overcome regional challenges.
- Australian Prime Minister Scott Morrison and two of his Ministers, Christopher Pyne and Marise Payne have, accordingly, consolidated Australia’s direction.
- The relationship could be affected, however, by the goals of the Quad grouping and India’s growing Hindu nationalism.

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**Summary**

Prime Ministers Modi and Morrison have twice in recent months postponed meeting in person to re-explore the bilateral relationship and attempt to take it forward. That attempt was taken at a virtual meeting between them on 4 June, drawing in firstly, the values of democracy and secondly, their shared support for the region’s rules-based maritime order. The latter point has emerged as their intention to build an open, stable, rules-based post Covid-19 world. Both intentions delineate their differences from China. Each country is now experiencing the economic weaponry that the Chinese Communist Party (CCP) can bring to bear on different aspects of their engagement with it.
Can the mutual aim, to disengage to some extent from China, take the on-again, off-again Indo-Australian bilateral relationship to a point where yet another newly comprehensive elevation of earlier strategic partnerships may enable institutional, political, defence and security undertakings to reach solid ground? Or will commitments to other states combined with different domestic policies again raise the bar?

Australians with an interest in India have spoken and written about India’s lack of interest in Australia, that it has ‘always had bigger fish to fry’ and that a lack of Australian political will has allowed many earlier attempts at engagement ‘to wither’. Recent examples, among others, support that assessment: Prime Minister Abbott stated in 2014 that India was at the forefront of Australia’s relationships, but outcomes were limited. Modi’s “Make in India” and “Digital India”, seen as opportunities for Australian industries, were not realised. More recently, however, Prime Ministerial Joint Statements have been ambitious, projects possibly commenced, but frequently and recognisably re-vamped from earlier Statements.

Also, as repeatedly discovered by Australian industries, India has been a difficult place to conduct business. Modi, however, in mid-May 2020, less than a month before his virtual meeting with Morrison, announced ‘bold reforms’ that were set in his Covid-19 ‘new start’ economic frame to suggest that India is more user-friendly, with simplified rules around land acquisition and labour laws, promoted to attract new overseas and domestic investment.

Nonetheless, the old mantra of ‘one step forward and two steps back’ well illustrated the ‘broadening, deepening, widening and strengthening’ of the bilateral relationship that has continued across governments, despite being pulled down by failures on one side or the other. The two best remembered are Australia’s 1990 sale of elderly Dassault Mirage fighter planes to Pakistan and India’s nuclear tests in 1998. Among the steps forward in the same time frame, however, were the opportunities provided by the liberalisation of India’s economy in 1991; in 1996, the Australian Government undertook an all-of-country programme – Australia India: New Horizons – to carry forward a strategy to promote Australia in India. Such a programme is on the table again: titled An India Economic Strategy to 2035, it was announced by Prime Minister Turnbull on his visit to India in 2017.

Analysis

Reprise: Past Windows of Opportunity

Recalling periods when Australia-India relations reached (albeit infrequent) heights demonstrates that with the right leaders, a problem to address and friendship, this was achievable, and two periods between the late 1970s and early 1990s merit brief mention. The first, an offshoot of the Commonwealth Heads of Government Meetings (CHOGMs), were the Commonwealth Regional Heads of Government Meetings (CHORGMs), of 1978-82. The second was the close personal friendship between Prime Ministers Bob Hawke and Rajiv Gandhi, which brought the latter to Canberra in October 1986, after Hawke had visited Delhi. They remained close personal friends until Gandhi’s death in 1991. Their shared
political concern was the situation in South Africa on which they worked closely in the Commonwealth context.

In 1977, then Prime Ministers Malcolm Fraser and Morarji Desai, followed by Indira Gandhi, gained agreement from the CHOGM Secretary-General, Shridath (Sonny) Ramphal to start a new endeavour, CHOGRM, to give the leaders of small Pacific Island states opportunities to debate issues that affected their stage of development – very different debates from the “old” Commonwealth countries’ CHOGMs.

The initiative moved quickly and the first CHOGRM was held in Sydney in February 1978, attended by Fraser and Desai, the second in Delhi in September 1980 and the third in Fiji in October 1982, both attended by Fraser and Indira Gandhi. A fourth meeting, scheduled for Port Moresby in 1984, was cancelled by Hawke for reasons beyond the scope of this paper. The three meetings were attended by regional Prime Ministers and Presidents from more than twelve emerging regional countries.

The subjects addressed are familiar today, the most important of which (although one player has changed), is the escalation of great power rivalry in the Indian Ocean, together with terrorism, drug trafficking, disarmament, energy, trade, rural and industrial development.1

Hawke, after he won government from Fraser in 1983, negotiated the Pipiwar Coal Project with Rajiv Gandhi. It ultimately failed, but with Gandhi’s support, Hawke, in 1985, invited Fraser, to lead the Commonwealth Eminent Persons Group to investigate ways to end apartheid, and they continued their association when Prime Minister Paul Keating sent both Hawke and Fraser to represent Australia at Nelson Mandela’s inauguration in 1994, after Rajiv Gandhi’s death. It represented an interesting cross-Party appreciation of each other’s value in a bilateral context.

**The Recent Past: Bilateral Interconnections**

The Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive Economic Co-operation Agreement (CECA) – the Free Trade Agreement (FTA) – in and out of play for much of the past decade – and, more recently, the Asian Infrastructure Investment Bank (AIIB), along with a proposal at The Institute of Peace and Conflict Studies’ (IPCS) Twentieth Anniversary Plenum Series in November 2016, all raised expectations that Australia and India work together in the Indo-Pacific on networks of small engagements.

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Somewhat reminiscent in concept of the CHOGRMs, the latter proposal came to nothing on the realisation that most small group engagements do not usually include Australia and India. Each, for example, has separate dialogues with the United States and Japan. Australia had a leadership role in founding the MIKTA group of “pivotal powers” (Mexico, Indonesia, South Korea and Turkey) that held its inaugural meeting in September 2013, and which does not include India, while groups in which India has shown leadership do not involve Australia. Those include SAARC (South Asian Association for Regional Co-operation; 1985), BBIN (Bangladesh, Bhutan, India, Nepal; 1996), BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation; 1997) and, arguably the most significant, BRICS (Brazil, Russia, India, China, South Africa; 2009).

An exception is the Indian Ocean Rim Association (IORA). Revived following constructive alternate Indian and Australian chairmanships over the previous five years, an IORA summit held in 2017 was the group’s first to be attended by member state leaders including Prime Minister Malcolm Turnbull, Hamid Ansari, India’s Vice-President, and five other heads of state from among the then twenty-one member states. Known as the Indian Ocean Dialogues, they began in 2014, bringing together leaders, officials, academics and strategic experts. IORA continues to meet regularly, an ongoing reaching-out across the region.

Such outreach maintains connections, along with annual India-Australia Foreign Ministers’ and Energy Security Dialogues and other official-level meetings, but failure to follow up with media-interest on the progress of often-ambitious Prime Ministerial Joint Statements, indicates a willingness to engage, but a lack of practical pathways.

**Joint Statement, 2017 and Meeting Outcome, 2018**

The Joint Statement issued after Turnbull’s visit to Delhi in May 2017 reaffirmed their states’ commitment to a peaceful and prosperous Indo-Pacific based on “a commitment to democratic values” and “rule of law”, a similar start to the recent virtual meeting in June 2020. The not unfamiliar 2017 dialogue is set out in detail in the Joint Statement above.

In the Joint Statement, the section “Strategic – Working Together” committed the leaders to what is generally the most important outcome of Heads of Government meetings, deepening the bilateral defence and security partnership. This was also an outcome of the Modi-Morrison virtual meeting, where the strategic partnership was upgraded to a Comprehensive Strategic Partnership incorporating a number of objectives.

Turnbull and Modi agreed to strengthen co-operation across regional institutions such as the East Asia Summit, multilateral institutions such as the Association of South-East Asian Nations (ASEAN) and its various bodies, reiterated Australia’s ongoing support for Indian membership of the Asia Pacific Economic Co-operation forum (APEC), and reaffirmed their shared commitment to IORA. Reform of the United Nations (UN) remained important, as did Australia’s continuing support for India as a permanent member of the UN Security Council.

Again dipping into the 2017 Joint Statement, the Prime Ministers re-stated their support for continued nuclear co-operation – the on, off, on again, sale of uranium to India was not
referred to – although Turnbull had welcomed India’s joining of the Missile Technology Control Regime (MTCR) intended to strengthen global non-proliferation aims.

There were, however, two stand-out endeavours announced in 2017. The first, the signing of a framework agreement to join the International Solar Alliance (ISA) – was announced during the Prime Minister’s visit. Its aim is to provide technical and financial support to developing countries within the tropics to increase their use of solar power. With French funds, and funding from the Indian Renewable Energy Development Agency (IREDA), it opened opportunities for the Australian Government and state and private enterprise.

Second, although yet to establish its credentials, Turnbull announced a significant new endeavour by his government, a reversal of familiar attempts to promote Australia in India. The objective was to better position Australia to manage the complexities of partnering with India, not only as a major emerging economy, but also in the broad strategic context. Its aim was to identify opportunities for Australian businesses in India, with the strategy to involve extensive consultations and a public submission process.

Referred to as the “India Economic Strategy”, it was drafted by Peter Varghese, a former Australian High Commissioner to India and recent Secretary of the Department of Foreign Affairs and Trade. His brief was to position Australia to partner with India in the course of its continuing economic rise, including the complex security environment in the Indo-Pacific, and to factor in beside India’s economic trajectory, its political and governance directions. Among the aimed-for outcomes are ‘an analysis of the domestic and international policy settings required for Australia to capitalise on the opportunities offered by India’, and a ‘list of practical options for how Australian expertise can be utilised to support economic reform in India’ to ‘create opportunities for Australian businesses’.

**Morrison-Ram Nath Kovind and the 2018-19 Re-Start**

Shelved at the time, but revived at Morrison’s meeting with Indian President Ram Nath Kovind in Canberra in November 2018, the Varghese report, titled *An India Economic Strategy to 2035* was seen as a key indicator of a further new start for the bilateral relationship. Endorsing the report, they set out five actions, deemed to be achievable during the first year:

- A Memorandum of Understanding between Austrade and Invest India to promote bilateral investment flows.
- The establishment of an Australia-India Food Partnership, opening up new opportunities for our agri-tech and services companies.
- Australia-India Strategic Research Fund grants of up to $500,000 designed to help researchers solve challenges shared by both nations, including energy storage, marine science and plant genomics.
- The expansion of the Australia-India Mining Partnership at the Indian School of Mines, connecting Australian companies to India’s minerals-rich North Eastern states, supported by the new Consulate-General in Kolkata.
Engagement with airlines to increase direct flights through the Australia-India air services agreement. Clearly manageable starting points, they were followed up by then-Defence Minister Christopher Pyne’s December 2018 media release “Putting India at the Heart of our Indo Pacific Endeavours”, a reiteration of Abbott’s 2014 intentions, although carried less specifically across the Turnbull-Modi discussions. The next indication of a re-start was Foreign Minister Marise Payne’s noteworthy speech at the Raisina Dialogue in Delhi in January 2019. The Dialogue is India’s prestige geopolitical and geostrategic conference, then in its fifth year, and attended, in 2019, by some 600 delegates from more than 90 countries.

Again recording that Australia’s and India’s shared values lie at the heart of the bilateral relationship, Ms Payne then drew in the “heavy guns”, normal in a Leaders’ Joint Statement, by re-stating the continuing aim of deepening the strategic partnership with India, supporting its role as a ‘strategic anchor’ in building institutions and shaping opportunities to manage regional peace and security, while securing economic growth, trade liberalisation and open markets, among the building blocks.

The Minister then took Australia’s engagement a step forward in terms of bilateral co-operation within a multilateral initiative, announcing Australia’s support for SARIC, a new Regional Infrastructure Connectivity initiative across South Asia with a focus on transport and energy, and applauded the launch in December 2018 of the Information Fusion Centre – Indian Ocean Region (IFC-IOR) to monitor maritime activities with partner countries thereby enhancing maritime security.

Her valuable contributions at the Raisina Dialogue made it clear that, along with achievable initiatives drawn from the Varghese Report, India remained a serious player in all forms of regional engagement important to Australia.

**Coronavirus Impetus**

At the June 2020 Morrison-Modi virtual meeting, not unexpectedly, the bilateral defence and security partnership was elevated to a Comprehensive Strategic Partnership (CSP), both sides agreeing within the partnership to ‘deepen and broaden’ defence co-operation. Each has signed CSPs with a number of other countries, among the broad objectives of a collaborative approach to addressing the economic and social effects of Covid-19.

Morrison, in an unusually frank comment, said that the ‘CSP would raise the level of trust required’ to improve trade and investment flows between Australia and India which, at present, ‘were not where both would like them to be’. Covid-19 may also spur co-operation as the geopolitical clashes between the United States and China are causing “ripple effects” across the Indo-Pacific, showing signs of affecting in various ways great power relationships with regional states, including Australia and India.

Modi has set his 2020 economic new start in a Covid-19 context, his approximately A$400 billion mid-May stimulus package to be dispensed to a range of domestic enterprises is also designed to attract foreign investment – fitting well with Morrison’s promotion of rapidly manageable Australian projects for economic advance in India, drawn from An India
Economic Strategy to 2035, in discussion with India’s President. A step forward, thus, may not result in the habitual two steps back as the relationship has more than one reason to move from what may be described as a symbolic past to a growing realist association.

For both states, increasing economic activity between them showed a new urgency, although China’s use of its economic and military power was not raised by either side. Pacts were signed between them across a wide range of sectors, including mining and minerals, military technology, vocational education, water resources management and agriculture. The issue of the taxation “of the offshore income of Indian firms through the use of the India-Australia Double Taxation Avoidance Agreement (DTAA)” is seen to require early resolution. Reform of the World Trade Organisation (WTO) and managing the then (and still) growing coronavirus crisis were also discussed.

On the broad trade front, there was agreement to re-engage in a bilateral Comprehensive Economic Co-operation Agreement (CECA) – a free trade agreement that has failed to meet earlier deadlines, and arguably there were two further headland agreements: a Declaration on a Shared Vision for Maritime Co-operation in the Indo-Pacific, re-stating the general commitment to a rules-based maritime order, and the planned signing of a Mutual Logistics Support Agreement (MLSA) for greater interoperability across defence and strategic planning.

Once again recognising terrorism as a threat in the Indo-Pacific, and further co-operation in cyber areas and cyber-enabled technology are logical re-endorsements, their active pursuit of those has constituted another element of interoperability agreements.

While the first virtual conference between Modi and Morrison in June 2020 has presented ‘grand visions’ of a more rapidly evolving relationship – barriers remain.

Effects of the Quad and Hinduisation on the Bilateral Future – Speculative Questions

There are, arguably, bones of contention for both sides: human rights and full membership of the Quadrilateral Security Dialogue (the Quad); both reflect China.

As is well known, Australia raises, at some level, the issue of human rights abuses in China. Will Modi’s Hinduisation of India and the mounting actions that adversely affect India’s Muslims and other minorities become a factor in the re-set bilateral relationship? As Modi, his party and their supporters are committed to a “Hindu India”, at what stage, or in what way, might Australia raise, or even point to, religious or other forms of discrimination?

Will India become a fully-involved member of the Quad states? Together with Australia and the two other members, Japan and the United States, will the group’s shared or part-shared interoperability and other power logistics draw them together, despite different imperatives and considerable barriers?

For India, the cost of physical retaliation from China at a number of levels, both land and sea-based, is greatest. China currently dominates Indian strategic thought and its power to contain India across indeterminate borders and through neighbouring countries can appear
limitless. Any future military action undertaken by a Quad, of which India is a member, could escalate at great cost to India.

Australia has no direct territorial disputes with China but regards it as increasingly active in undermining the rules-based order that allows shipping and transport movement, but is presently targeted by Chinese-imposed sanctions on exports to China of substantial economic importance.

Lavina Lee has argued that, while the Quad is not an alliance, but ‘an incremental deepening of Quadrilateral relations, with escalation remaining flexible …’, it is not implausible to consider that Australia’s interactions with India from, for example, the Foreign Minister’s inspiring speech at the Raisina Conference in January 2019, to the hopeful success of the 2020 Virtual Conference between Prime Ministers in June had, as an objective, encouraging India to deepen relations with surrounding democracies – the Quad approach being a convincing option.

It could be argued, therefore, that, overall, Prime Ministers Modi and Morrison have indeed raised the bar in the bilateral relationship, even if that outcome may be more the result of circumstance than whole-heartedly planned effort.

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