

WHY SOUTH ASIA MATTERS IN WORLD AFFAIRS

The first decade of the twenty-first century has been marked by the rising prominence of South Asia as a result of the rapid and newfound economic growth of India, the growing strength of extremist Islamist militant groups in both Pakistan and Afghanistan, and the continued strategic rivalry in the region between India and China. In March 2011, **Professor Sandy Gordon**, one of Australia's leading experts on South Asian affairs and author of two books, *India's Rise to Power* (MacMillan Press) and *Security and Security Building in the Indian Ocean Region* (ANU), spoke to **Sergei DeSilva-Ranasinghe** about the region's importance in global politics, its geopolitical configurations, the implications of the China-India rivalry, the status of the US government in the region, and the likely evolving trajectory of Australia-India relations.

Sergei DeSilva-Ranasinghe: Why is South Asia important in world affairs?

Sandy Gordon: South Asia is important by virtue of containing 1.6 billion people—or 27% of the global population. Such a concentration of population will always be important, whatever its circumstances. However, South Asia is also important for a number of other reasons.

It contains more of the world's poor—about 500 million people—than any other region, even Sub-Saharan Africa. The 2010 United Nations Millennium Development Goals Report notes that the proportion of undernourished people in South Asia is again growing and is now on a par with that of 1990. Pakistan is especially at risk. It has a population of 170 million that is projected to grow by 85 million over the next 20 years. It is also struggling with violent jihadi terrorism, chronic environmental problems, poor literacy rates, and a stagnant demographic transformation. In its latest report on failed states, The Fund for Peace ranks Pakistan as the eleventh last in terms of fragility and failing states in the world.

The degree of poverty and instability in South Asia has multiple global effects. First, it consumes substantial global resources for refugee assistance, food programs, peace keeping and

making, and stabilisation—such as in Afghanistan now, previously in Bangladesh, and more recently in Sri Lanka—and development assistance provided by the World Bank.

Second—partly because of the problems of poverty and also directly contributing to them—is the fact that South Asia is one of the least stable sub-regions of the globe. Dissonance washes back and forward across borders, feeding from internal instability and in turn contributing to international tension. This is in part due to the unstable borders created by the British colonial enterprise in South Asia and in part due to the failure of governance in many regional countries. For example, the long-standing competition between India and Pakistan over Kashmir has contributed to sustained regional tension and the failure of the South Asian Association for Regional Cooperation (SAARC) to provide a platform for cooperation.

This regional dissonance has, in turn, attracted outside influence and interference, and acted to leverage sub-regional tensions into global ones. For example:

- China's ability, as India sees it, to 'interfere' in India's troubled 'backyard'

- the several invasions of Afghanistan, first by the Soviets and more recently by the United States and NATO
- the incursion of more ‘puritanical’ Gulf-based versions of Islam into a region noted for its syncretic values and pervasive Sufi versions of Islam (which is not to say the more fundamental forms of Islam didn’t exist previously in the region, only that they have become more widespread and entrenched)
- the use of South Asia as a proving and ‘breeding’ ground for global terrorism directed against the West and Hindu-majority India, and
- the nuclearisation of the India-Pakistan rivalry, with the assistance of outside powers like China and North Korea.

In a more positive context, South Asia promises to play a very important role in the global economy if it can sort out its problems. In particular, it provides an important reservoir of labour-intensive manufacturing potential, which could be enhanced by its proximity to massive energy sources: the hydropower of the Himalayas and the relatively ‘clean’ gas of the Persian Gulf.

Finally, South Asia is important because it hosts India, with all that country’s potential. India will be the most populous country in the world by 2025, and its economy is growing at between 7% and 9% annually. India also sits in a box seat in terms of the massive energy flows across the Indian Ocean, which is in turn essential to fuel the growth of the tigers of Asia and of China. However, India’s location in South Asia also acts as a sheet-anchor in its rise, forcing it to adopt a fundamentally ‘continental’ security profile.

Sergei DeSilva-Ranasinghe: How would you describe South Asia’s strategic geography, geopolitical dynamics, and the inter-relationships of each South Asian country?

Sandy Gordon: India is clearly the regional giant in terms of population, economy and conventional military strength. Surrounded

by far smaller countries—all of which share a border with it except the Maldives—India suffers from the ‘Kautilian dictum’, according to which smaller surrounding countries naturally seek to balance their giant neighbour with closer relations with more distant, larger powers. China has been a prominent feature in this balancing exercise, particularly with Pakistan, but also to a lesser extent with all other South Asian powers except Bhutan.

This structure has contributed to outside interference in South Asia—particularly during the Cold War when India and the Soviet Union were opposed to China and the United States (after 1972) under a strategic ‘quadrilateral’ structure—and more recently in relation to the Sino-Indian competition and the so-called ‘war on terror.’

Recently, with the comparative decline of the West and rise of Asian powers like China, the external dynamic has been changing. We may be seeing the emergence of a ‘quadrilateral’ consisting of China and Pakistan ranged against the United States and India. But just how this may evolve after the impending Afghanistan ‘end game’ remains to be seen. It is possible, even likely, that with the end of substantial US and NATO involvement in Afghanistan, the already troubled Pakistan-US relations will deteriorate further and the main US interest in South Asia will devolve onto Washington’s predilection to use India to ‘balance’ the rise of China. For the United States, India is especially relevant because it occupies a box seat in the Indian Ocean. Although strategically relatively weak in East Asia, India is potentially far stronger in the Indian Ocean because of its location. For the United States, the Indian Ocean is important because of its role as the ‘west about’ route into the oil-rich and strategically important Persian Gulf. China too is concerned about the Indian Ocean as it becomes ever more dependent on oil from the Persian Gulf. In that regard it is concerned that India, perhaps in conjunction with the United States, might one day during times of tension or even war use its vital strategic location to interdict oil supplies. This concern is fuelling at least some of China’s growing involvement in the Indian Ocean region.

Sergei DeSilva-Ranasinghe: How has the China-India rivalry affected South Asia? How is it likely to affect the region's future?

Sandy Gordon: The Sino-Indian rivalry is one of the more troubling features of the geopolitical structure of South Asia. At least in the Indian Ocean, it is assuming all the hallmarks of a classic security dilemma. On the one hand, China fears that India might seek to interdict vital energy flows, possibly in collusion with the United States. On the other hand, India is concerned that China, in building up its potential influence throughout the Indian Ocean region (including South Asia), is seeking to 'fish in the troubled waters' of what New Delhi regards as its backyard.

Much of this results from misinterpretation; for example, many of China's activities in South Asia can be seen as essentially commercial (but also with a strategically hedging element). However, India has some grounds for concern about the longstanding friendship, even strategic relationship, between China and Pakistan. China has hardened its position on its disputed border with India since 2007, and intensified its claim to the Indian state of Arunachal Pradesh, which has a population of 1.1 million people. Controlling it would extend Chinese influence down to the foothills of the strategically important Himalayas and put Beijing in a commanding position over much of Eastern India's waters. India would never accept such a claim.

In response, India has hardened its stance towards China, especially since 2009. It is spending US\$13 billion to raise an additional four mountain divisions. It is locating two squadrons of frontline SU-30 Mk I fighters in Assam and improving its border roads. And it is attempting to play tit-for-tat with China by further developing its relationships with Vietnam and Japan.

Given this hardening in relations, India may eventually decide to turn its current 'hedge' with the United States into a 'strategic' relationship but keep it short of an 'alliance.' This is by no means certain and would depend on how Sino-Indian relations develop.

In terms of current and future effects, the Sino-Indian competition offers other South

Asian powers scope to play off China and India against each other. This is a potentially dangerous game because it sharpens the security dilemma and is ultimately bad for the region. To truly flourish, South Asia needs to set aside its differences so it can turn itself into the next great labour-intensive manufacturing hub after China graduates, leveraging from its massive number of cheap labourers and location near the oil and gas-rich Persian Gulf. For this to happen, India-Pakistan relations must improve by allowing SAARC to play its proper role in breaking down economic and security barriers across the region.

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Sergei DeSilva-Ranasinghe: What is the status of US influence in South Asia? How is the United States likely to feature in the region's long-term future?

Sandy Gordon: Except in relation to India, the position of the United States in South Asia is somewhat declining—a situation that could accelerate once the United States and NATO leave Afghanistan. The United States is no longer as influential in the region's multilateral economic institutions as it once was. It no longer has massive capital reserves to invest in the region. That mantle is progressively being taken up by China and other cashed-up Asian powers. The United States no longer holds the degree of sway over the conduct of human rights as it once did—again for financial reasons—as illustrated by the denouement of the civil war in Sri Lanka, when Colombo was able to shrug off Western concerns about human rights because it was funded by China and other Asian powers. As for China, it is not fundamentally concerned about trading off human rights for its financial resources.

But the United States remains important in relation to India and maintaining energy flows out of the Persian Gulf. Should the hedge in relations with India sharpen, an interesting

trade-off would emerge. The United States is losing comparative advantage to China in the production of research, technology and potentially weapons systems due to China's far cheaper cost structures. The United States could undertake a trade-off with India where production—or parts of it—could be exchanged for technology. Its recent offer of 'joint production'—if that is indeed what it was—of the Joint Strike Fighter could be a 'straw in the wind,' even though the offer was refused by India in favour of the French Rafale.

That said, India-US relations are likely to wax and wane in reaction to events and challenges as they emerge, for example, India's continuing reliance of Iranian oil and refusal to toe the American line towards Iran. But over time, and depending on the trajectory of Sino-Indian relations, the India-US relationship could strengthen.

Sergei DeSilva-Ranasinghe: How has Australia engaged with South Asian countries since the end of the Cold War? How is the relationship likely to evolve in the coming decades?

Sandy Gordon: Australia virtually ignored South Asia for many years after the Cold War except when it was parroting the United States, for example, in relation to Afghanistan after September 2001. Equally, it was virtually ignored by the South Asian powers, especially India, which saw it as a 'pale shadow' of the United States. This has changed with the development of India's semi-liberalised economy over recent years. Canberra now wants to engage with India but is having difficulty gaining traction. India is being widely courted and Australia is only one of the many courtiers. Canberra's refusal to sell uranium to India until last year did not help.

This situation will progressively change. As India and China develop, further pressure will be placed on resources, especially energy supplies. Just as Australia has emerged as a reliable supplier of commodities to Japan and then China, the same is likely happen in relation to India.

Equally, Australia has suffered in all South Asian countries because it has been assumed to be following Washington's bidding. This is especially true of Sri Lanka and the issue of human rights,

which has tested not only Sri Lankan-US relations but also those with many other Western nations. But this setback is likely to be temporary.

Australia is very much an Indian Ocean power, with the region's second-largest navy after India, a massive search and rescue zone stretching as far as Sri Lanka, and strategically important Indian Ocean island possessions. But the rest of South Asia does not consider Australia as a strategic power in the Indian Ocean region.

In inserting Australia into Indian Ocean forums, however, Canberra faces a key challenge: to find a way to create multilateral trade and security regimes in the region to mitigate the security dilemma involving the India-US-China triangle. The problem is that India, like any great power, wishes to dominate the multilateral security and trading regime in the Indian Ocean. One of India's aims thereby is to lock out the China-Pakistan combine, like it did with the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC), which originated under Indian tutelage as the 'Mauritius process.' Pakistan is not a member of IOR-ARC; China is an observer along with some other outside users of the Indian Ocean, but not a member.

Canberra can do very little in the short term to soften India's stand and make for a more inclusive Indian Ocean multilateral regime—one in which all users of the Indian Ocean could 'rise on the same tide.' When Australia tried to set up its own process under Gareth Evans in 1995, the initiative was torpedoed by India. Canberra should accept the current situation and work quietly within the parameters set by India, focusing on trade and non-conventional security issues. It should also attempt to recruit the United States, which is not yet even an observer in IOR-ARC, because Washington obviously has far more clout with New Delhi than Canberra. And it should work on Washington to convince New Delhi of the need for a more inclusive multilateral security and trading regime in the Indian Ocean region. But in the final analysis, Washington may not see it this way, choosing to develop the US-Indian relationship as the preferred security regime for the Indian Ocean and as a deterrent to China.