THE INDIAN OCEAN REGION : AN AUSTRALIAN PERSPECTIVE

Address by Senator the Hon Gareth Evans QC, Australian Minister for Foreign Affairs, Indian International Centre, New Delhi, 19 May 1995

Australia and the Indian Ocean Region

I am currently on an eleven day visit to eight countries around the Indian Ocean. I have just come from the Maldives; after leaving India, I will move on to Pakistan, then Sri Lanka, the Seychelles, Madagascar, South Africa and, finally, Mauritius. Several years ago there would not probably have been any apparent unifying rhyme or reason to such a visit. Such a visit would have been largely seen as simply a collection of bilateral calls on a number of friends who happen to live around the same ocean. There would not have been much to talk about with regard to expanding regional cooperation or, even more grandly, building a regional community.

Things are, as we all know, of course, changing. There are many people who live around the Indian Ocean now starting to speak with a good deal of conviction about the possibility of building meaningful regional cooperation. In the past year or so, many commentators, politicians and academic experts have begun to speak of Indian Ocean regionalism - once a preserve of lonely Indian Ocean regional affairs scholars - in a key that has never quite been heard before. Some have put forward schemes for such cooperation, including a triangle of linkages between our two countries and South Africa. In an important first step at the inter-governmental level two months ago, Mauritius hosted a meeting of a small group of officials from seven countries - Australia, India, Kenya, Mauritius, Oman, Singapore and South Africa - at which broad agreement was reached to pursue the whole question of regional economic cooperation. I am very enthusiastic about the possibilities, for reasons I will spell out in this address. One thing is clear from the outset however: it is now very conceivable to plan and undertake such a visit as a regional visit in its own right, and as a visit with an organising and unifying theme - that of looking at ways of building an indigenous Indian Ocean region-wide process of cooperation.

It is true that this area of the world, and of diplomacy, has not hitherto not been the focus of Australia's international outlook, which has been overwhelmingly focused to our north and east, rather than west and north-west across the Indian Ocean. It has been the Pacific Ocean and the regions associated with it - South-East Asia, North-East Asia, the South Pacific and North America - that have commanded our external attention. From one point of view this is hardly surprising, given the economic, political and strategic importance of these regions to Australia - and perhaps also the reality that the east coast is where Australia's population (and its foreign policy establishment) is concentrated. However, Australia does have real interests, actual and potential, in the Indian Ocean, and in South Asia particularly - and no less with India than, say, with China.

One should not, of course, exaggerate the extent to which this region has in fact been neglected by Australia. We had extensive early contacts with the South Asian sub-continent through the Imperial link, and have had continuing links through our mutual passion for certain Imperial sports; we were influential, in the early years of post-colonial nationalism, in establishing the Colombo Plan, one of the first and most successful development assistance schemes; we were active as a mediator in the early stages of the Kashmir dispute, when Sir Owen Dixon, Chief Justice of our High Court, accepted appointment in 1950 as the United Nations representative for India and Pakistan; we have maintained a close interest in the concept of the Indian Ocean as a Zone of Peace during the long (and so far fruitless) years of discussion under UN auspices on that topic; and we have maintained good personal relations with South Asian leaders - and a number of others elsewhere in the Indian Ocean islands and littoral - through the Commonwealth, working very closely with India in particular during the long years of campaigning against apartheid. However, if trade statistics are any guide to the real intensity of relationships, the facts speak for their modest selves: in 1993 Australia's trade with India amounted to just $1.3 billion - and with all South Asian countries together constituted just $2 billion, or 1.6 per cent of our total trade**.**

Notwithstanding that, Australia is an Indian Ocean nation, with considerable strategic and commercial interests in the region. Our trade with Indian Ocean

countries as a whole in 1994 constituted a more sizeable $17.1 billion, or 18.4 per cent of our total trade**.** Our overall goal in discussing and advancing Indian Ocean regional policy is to ensure a stable and more prosperous cooperative regional environment which provides the maximum scope for economic development and trade, and where difficulties are resolved peacefully.

However, it has been difficult for Australia (or any other state in the region, for that matter) to bring any of its bilateral or sub-regional Indian Ocean relationships within a supportive regional institutional framework. Part of this comparative neglect of the concept of Indian Ocean regional policy and regional institution-building - on our part, no less than on that of others - is due to the fact that the Indian Ocean region is so diffuse. The once 'British lake' contains around it now a score or more of new states with little or no apparent natural contemporary cohesion. It contains, moreover, a variety of sub-regions. Its ethnic, cultural and religious diversity is extraordinary, as is its economic disparity, not least when one extends the region - as one should - to the Gulf littoral. It contains sovereign states ranging in size from India with over 900 million people, to Seychelles with less than 80,000 people. Economies range in size from over $US250 billion for our two countries, to less than $US400 million for the Maldives and Comoros. Income levels range from $US15,000 per capita in Australia and the United Arab Emirates to less than $US250 in Mozambique, Tanzania, Madagascar and Bangladesh.

There have also sometimes arisen, to be frank, sharp differences of view around the littoral on a range of international issues, including to do with global and regional peace and security. By and large, the various sub-regions around the littoral - Southern Africa, East Africa and the Horn, the Gulf littoral and the Arabian Peninsula, South Asia, the Indian Ocean portion of South East Asia and, of course, Australia - have looked to tend their own affairs in the Indian Ocean region.

Indian Ocean Regional Cooperation: A Brief History

Before coming to whatever modern dynamics there may be to support

regional cooperation in such a diffuse region, we ought to remind ourselves that Indian Ocean regional cooperation has also quite ancient foundations. For at least 4,000 years, the Indian Ocean has been the scene of a thriving network of trade and people-to-people links which, for many centuries, gave it a distinct regional identity. The world's earliest urban civilisations in the Middle East, the Gulf littoral and South Asia were linked by sea-borne commerce. The rise of numerous empires acted as catalysts for the often rapid growth of trade and a complex network of maritime trade routes which linked the Mediterranean, the Indian Ocean littoral and the western edge of the Pacific. Following this trade, peoples, ideas and beliefs spread throughout the Indian Ocean, leading to a cross-fertilisation of cultures. Indeed, before the arrival of Europeans in the late fifteenth century, the economic, political and cultural world of the Indian Ocean was largely self-sustained and inter-woven. The major stimuli for human movement and economic activity came from within the region, and South Asian and Middle Eastern merchant diasporas spread from Mozambique to southern China.

As we all know, increasing European economic penetration - spurred on by European commercial interest, which had changed by the eighteenth century from demand for relatively small quantities of the exotic (spices and peppers, for instance) to demand for large quantities of goods for mass consumption (particularly textiles and tea) - combined with the decline of indigenous military power and the rise of great power rivalry to make the Indian Ocean an arena for European competition. This led to various European powers carving out territorial empires in the Indian Ocean region. Age-old sources for self-sustained economic activities were eroded as the region was integrated into the world economy, and Indian Ocean economies were restructured according to extra-regional economic dynamics, most often as peripheral suppliers of raw materials for the industrialised areas of the North. This tended to fragment any regionalism that might otherwise have existed during the colonial period.

After the Second World War, superpower rivalry was, for many decades, a persistent feature of the Indian Ocean strategic environment, and inhibited the evolution of cooperative regional arrangements, security-related and otherwise. The Indian Ocean was, in the Cold War years at least, conceived by everyone almost entirely in geo-strategic terms. This was because it lies at

the strategic intersection of three continents; its underwater topography is ideally suited for locating submarine-based strategic nuclear systems (at least those in service from the 1960s to the early 1980s); the bulk of the Western world's proven oil resources were, and are still, located in recesses of its littoral; and its surface waterways carried, and still carry, the strategic raw materials and trade products of much of the industrialised world. For all these reasons, the Indian Ocean was accorded fundamental geo-strategic importance during the Cold War. Due to their respective locations, a particularly significant status devolved upon many of the islands and sometimes the territories within the region - for example Djibouti, Réunion, Socotra off Yemen, and, of course, the British Indian Ocean Territory: Diego Garcia has been particularly important since the 1970s to the United States's strategy in South-West Asia, in terms of equipment pre-positioning, logistics, transportation and communications.

During this time - prior to 1968 with the British presence "East of Suez", and subsequently with a growing US military presence aimed, initially at least, at offsetting Soviet ambitions in the region - Australia comfortably accepted the balance-of-power model of security in the Indian Ocean region, notwithstanding our support for a Zone of Peace in the mid 1970s and subsequently. Particularly under Labor's predecessor conservative government, Australia tended to see in the Indian Ocean instability and threat. In the wake of the Soviet invasion of Afghanistan in 1979, then Prime Minister Malcolm Fraser sought to attract greater US security interest in our strategic circumstances in the region: as is well known, authough the offer was not taken up, his Government offered Cockburn Sound in Western Australia as a homeport for United States naval vessels at a time when the United States was formulating its concept of a Rapid Deployment Force capable of intervention in the Indian Ocean littoral.

The Cold War environment created a stalemate with regard to creative thinking about regional cooperation. This condition is well illustrated by the protracted negotiations over the Indian Ocean Zone of Peace (IOZOP) proposal, which have been partly due to the difficulty in actually defining the Indian Ocean "zone", but more to the absence of any real consensus about basic objectives. The IOZOP proposal dates back to ideas originating in 1964 and to a conference of non-aligned states in Lusaka in 1970, which adopted at

the urging of Sri Lanka (then Ceylon) a declaration calling upon all states to exclude from the Zone "great power rivalries and competition". The Whitlam Labor Government took a positive view of the initiative, and ensured our presence in the forums established to consider it. Today, the UN Ad Hoc Committee, established in 1973 to consider the proposal, is no nearer its goal. While it has continued to meet, it has been stalemated by the withdrawal from its deliberations of all Western states except Australia (we remain a vice-chair), and by differences of substantive views (often concealed within procedural arguments) among regional states.

Other regional consultative processes which have emerged more recently are thin on the ground, and narrowly focused. There is no broad, inclusive grouping. The one regional consultative body embracing all of the major South Asian countries - the South Asian Association for Regional Cooperation (SAARC) - does not have dialogue relationships with any outside countries, unlike the situation with dialogue partners in the ASEAN Post Ministerial Conference, the Asia Pacific's most important political discussion body, out of which has recently emerged the ASEAN Regional Forum. This does not make SAARC suited for carrying forward broader, Indian Ocean-wide agendas, although its critical importance in enhancing regional cohesion in and around the sub-continent is value enough. Perhaps developing dialogue relationships is something the countries of South Asia might wish to consider in future, particularly now that SAARC has gathered new momentum this year by acting to give substance and effect to its Preferential Trading Arrangement (SAPTA) by the end of 1995.

The Indian Ocean Commission (IOC), formed in 1982 as a result of a conference in Mauritius with the general aim of fostering economic development through regional Cooperation, has a membership confined to the island entities of Mauritius, Madagascar, Seychelles, Comoros and Réunion. Whatever its early hopes may have been, it has not broadened its reach and capacity to carry forward a region-wide agenda. The Indian Ocean Marine Affairs Cooperation Council (IOMAC) was initiated by Sri Lanka in 1985 and formally established in 1990 to provide a framework for dealing with marine resource, science and environment issues: six countries are now formal members (Sri Lanka, Pakistan, Mozambique, Kenya, Indonesia, and Mauritius), but IOMAC has been slow to gather momentum, and it is not yet

clear that is is an idea whose time has come.

The Basis for New Forms of Regional Cooperation in the Indian Ocean

So the tradition of formalised regional cooperation is rather modest. There have been a number of recent changes, however, both in the region and externally, that may make the development of an Indian Ocean regional dialogue more of a prospect now than it has been in the past. The emergence of the global economy and the global market-place means that the Indian Ocean region will not return to some kind of ancient economic self-sufficiency and internal cohesion. However, the economic revival and dynamism apparent in some regional economies (conspicuously correlated with the spread of market economic forces) and manifest potential for growth in intra-regional trade and commercial interaction - coupled with the removal of Cold War-inspired influences upon the region - is encouraging an emergence of interest in regional cooperation.

Three developments are particularly significant. First, the ending of the Cold War and attendant superpower rivalry has clearly removed a significant obstacle to intra-regional cooperation. Secondly, since 1991 India has embarked on an impressive program of reform and opening of its economy to outside participation. And thirdly, South Africa has been welcomed back into the international community as a democratic state and a potentially important regional player. Certainly the sense of community among the Indian Ocean littoral and island states is still weak when compared, for example, to the economic and other ties that draw the countries of the Asia Pacific together, and the continuing difficulty of developing a dialogue on economic, security or ay other issues in the Indian Ocean region should not therefore be underestimated. Nevertheless, the prospects are now better than at any time since the end of World War II for developing, in a low-key way, Indian Ocean cooperation, and it would be appropriate for inhabitants of the region to now start exploring more actively what might be possible in this respect.

The emergence of regionalism in the Indian Ocean would certainly not be before time. Nor would it be in any sense unusual, judged against

developments in other regions around the world. Many states have come to recognise how effective a device regional cooperation can be for advancing a broad range of national interests. They have found new economic complementarities, and ways of expanding trade and investment with their neighbours. They have found mutual advantage in discussing policy problems, like refugee flows, environmental pollution, terrrorism and narcotics trafficking, which cross multiple borders. They have developed the means of discussing and defusing tensions and disputes which threaten the security of their region.

The tempo of regionalism has been increasing rapidly since the end of the Cold War. New regional arrangements are emerging and existing arrangements are growing stronger as regional interests seek and acquire fuller expression. Europe has the European Union and the Organisation on Security and Cooperation in Europe (OSCE). Africa has the Organisation of African Unity and the Southern Africa Development Community. The Asia Pacific region has Asia Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum. And, of course, South Asia has SAARC, and South East Asia the Association of South East Asian Nations (ASEAN). Australia itself has its Closer Economic Relations arrangement with New Zealand.

These creations - EU and OSCE, OAU and SADC, NAFTA and APEC, SAARC and ASEAN, and others as well - have a number of features in common, quite apart from the alphabet soup appearance of their titles. They have usually begun in quite modest ways, and with limited aims: the EU, for example, currently the world's most developed regional grouping, started life in the 1950s as a relatively simple agreement on coal and steel. Beyond such beginnings, habits of cooperation and dialogue have gathered strength as participants have gained confidence in regional processes and in each other. New opportunities for cooperation have suggested themselves and the regional relationships have developed new, diverse, layers. The machinery of regionalism - the network of summit and ministerial meetings, conferences, workshops, business associations and other linkages - has expanded and developed as a result of the growing involvement of states and economies in regional arrangements.

It has also been a characteristic of evolving regional structures and processes

that they have accelerated the emergence, at a less tangible level, of a sense of community among their respective populations. That sense - a feeling of identification with the region and its constituent cultures and peoples - grows from the increased contact and knowledge that the formal arrangements bring. Tourism, business travel, education, new information technology and and the ever-increasing cross-linking of trade and investment all drive along this growth. And the formal and the informal aspects of regionalism - architecture and community respectively - interact and help each other develop further.

Several features of successful regional arrangements ought to be recognised. They are, by nature, inclusive in their approach to membership, within the obvious limits of the strength of the basic adhesive which binds their members together. They tend, often if not invariably, to be heterogeneous, often accommodating wide differences in size, economic strength, religion and culture among their members. They operate to a large degree by consensus, accepting the critical importance of ensuring that development proceeds at a pace, and in directions, that all members are comfortable with. And they are almost invariably multi-tracked, advancing through the efforts not only of governments, but of a range of other players as well, including business associations, and academic and research institutions.

None of this is to suggest that regionalism's growth will be at the expense of global cooperation - or, worse, will result in the emergence in a world-wide tribalism based on mutually-antagonistic regional groupings. For one thing, different regional groupings are not mutually exclusive: rather they are linked together by the overlapping memberships of their constituent states, in rather the same way that the five Olympic rings overlap. Most nations maintain a multi-dimensional international focus, reflecting such basic factors as history, the nature of the economy, geographic location, and ethnic, religious and linguistic makeup. They are usually engaged with different groups of states simultaneously, allowing them to identify with more than one region or sub-region. The linkages produced in this way should be seen as a source of strength and openness in each respective regional grouping - ensuring that these do not become inward-looking, as each member has regard for the other regional associations of which they are simultaneously members.

We in Australia identify primarily these days with the Asia Pacific, but we

certainly don't identify only with that grouping. Australia, like most countries, has multiple other group interests and loyalties to which we can and should give weight. We are members (with 184 others) of the United Nations, and (with 50 others) of the Commonwealth of Nations. Within the UN system we have been part of the 'Western Europe and Other Group' (WEOG) for electoral and policy discussion purposes. We are members, and in several cases initiators, of a number of special interest coalitions formed for particular purposes, like the Cairns Group of fair-trading agricultural producers and the 'Australia Group' of responsible of responsible chemical exporters. We have bilateral or plurilateral defence alliances with the United States, New Zealand and Papua New Guinea and - in the context of the Five Power Defence Arrangements - with Malaysia, Singapore and the UK as well.

Geographically, we have a strong regional and institutional attachment to the South Pacific group of nations. Within the South Pacific, we are an 'Australasian' country, bound intimately to New Zealand through the comprehensive CER Free Trade Agreement. In the context of the countries to our north, with whom we are becoming ever more strongly integrated, we are coming to see ourselves, and be seen, as a country of the "East Asian Hemisphere". And, of course, we are increasingly now not just looking north and east in defining our geographical identity, but west as well, to the Indian Ocean region. Australia can give weight and value and commitment to all of these group relationships, old and new, and to others as well, without in any way prejudicing or undermining our sense of identification with any single one of them. And our experience in this respect should be no different in kind from anyone else's.

The Way Ahead for Indian Ocean Regional Cooperation

So how might we go about progressing regional cooperation in the Indian Ocean region? While it is true to say that regional relationships around the Pacific rim, particularly in the private sector, had reached a high degree of intensity before APEC came into being, and there is no comparable intensity in the Indian Ocean rim, none of this is to say that the Indian Ocean region is condemned to be forever without forums for consultation and dialogue on

matters of mutual interest.

One dynamic driving greater regional economic cooperation will be the progressive reduction in developed country tariffs - resulting from unilateral measures and successive rounds of multilateral trade negotiations - which is eroding the value and relevance of preferential arrangements such as the Lome Conventions (where former colonial powers extended preferential access for former colonies). Increasingly, regional economies will need to take advantage of the more liberal global trading environment in ways which will require changes in economic culture, and a reduction in traditional patterns of dependency. Outward-looking approaches will increasingly become the norm as further deregulation and market opening occurs. The globalisation of the world economy means that inward-looking, self-sufficiency policies will inevitably fail to capture the enormous growth potential that interaction with other economies offers. In Australia, we have been solidly on that path for 12 years. A program of regional dialogue and practical cooperation can both strengthen and nurture such developments.

It is also easier to reform collectively than in isolation, and the gains are greater the more the participants. Specifically, a process of regional economic cooperation in the Indian Ocean region could capture this dynamic and act as a catalyst for greater regional integration and prosperity. Such a process could follow the cooperative model established in the early years of APEC, with an emphasis in the first instance on data compilation, information dissemination and policy dialogue and on cooperative projects in specific sectors of economic activity, such as transport, infrastructure and telecommunications, and particular thematic areas like human resource development and small and medium enterprise development.

There is a need for some creative thinking, new ideas and a willingness to look at new ways of doing things, if we are to develop a cooperative approach which is appropriate to the Indian Ocean region. In the process we need to allow a lot of ideas to flourish. Above all, we need to open up a dialogue and think through concepts and directions - without necessarily making assumptions, at this stage, about what the end product might look like. The need at this stage is not so much for a decision-making process as an exploratory process.

That need is, in fact, the rationale for the International Forum on the Indian Ocean Region (IFIOR), to be hosted by Australia in Perth next month. This forum will act not as an inter-governmental meeting but as a "second track" means of exploring the scope for regional cooperation. It will be well-suited to do so, by the nature of its membership, agenda and philosophy. The Forum will be inclusive in its attendance, with participants invited from all around the region. Participation will be on a tripartite basis, consisting of government officials (in their personal capacity), business leaders and academics. It will operate in a deliberately constructive and forward-looking fashion; no encouragement will be given to, or opportunity allowed for, the counter-productive airing of bilateral disputes or confrontational attitudes surrounding them. There will not be any negotiated declarations or communiques - simply a Chairman's Statement summarising the flavour of the discussions and perhaps suggesting some ways forward.

We have adopted a broad agenda for the meeting, embracing first, economic issues, including existing trade and investment linkages, existing economic cooperation, obstacles and opportunities for enhancing trade and investment and ways of moving economic cooperation forward; and secondly, other issues, including education, environment, maritime cooperation and security. While I don't want to in any way pre-empt the Forum's deliberations, let me say just a little more about two of these areas: the central agenda item, economic cooperation, and what seems to be the most sensitive item, security cooperation.

The economic agenda for IFIOR is expected to focus on the regional impact of the emergence of the global marketplace, the need to be equipped to compete in it and implications of this for domestic economies. IFIOR could usefully discuss the impact on regional growth of regional countries' Uruguay Round commitments and the role the World Trade Organisation (WTO) can play in further encouraging trade and stimulating growth in the region. With the quickening pace of growth in key markets around the region, business is placing a high priority on trade and investment liberalisation and facilitation, and on business networking - areas where IFIOR, with its broad business representation and inclusive approach to participation, can play a key role in identifying areas where governments need to play an early supportive role.

IFIOR could also help to identify the sectors and areas of government activity where regional business could benefit most from a region-wide cooperative approach and go on to suggest options for productive regional collaborative activity. The early indications are that the economies of the region could benefit particularly from collaborative effort in the areas of customs cooperation, telecommunications, tourism and human resources development. The Indian Ocean Tourism Organisation (IOTO) will meet in Perth immediately after IFIOR, with some of the same participants and with an agenda focused on encouraging cooperation in promoting tourism into the region.

Understanding as we do the many sensitivities which exist on security issues, not least on the sub-continent, we don't wish to give security any particular emphasis at the Forum. The primary focus will be on economic and related issues, and to the extent security issues are discussed it will be primarily in the context of exploring the applicability to this region of dialogue structures of a kind which have been, in recent years, evolving elsewhere. But while security issues are planned to occupy only a small proportion of the conference agenda, we would be pleased to see the opportunity taken to advance a constructive, non-threatening and forward-looking agenda for the region, starting first with areas of likely broad agreement as a basis for approaching later, when greater confidence and understanding exist, the more difficult issues.

Particular security issues which seem appropriate for discussion at IFIOR include maritime resource protection; the safety of sea lanes and seaborne commerce; anti-piracy measures; the UN Agenda for Peace issues as they relate to the Indian Ocean context; and the experience elsewhere in developing patterns of security dialogue at the regional level, including the ASEAN Regional Forum and the Organisation for Security and Cooperation in Europe (OSCE). Building on the experience of other regions, it may be that the Forum will want to encourage the development of consultative and research linkages among think-tanks, universities and institutes of international affairs and strategic studies in the region. Our experience in the Asia-Pacific region is that second track dialogue, embracing academics and officials in their personal capacities, has contributed to a greater sense of mutual understanding and, ultimately, a greater willingness to discuss and get

progress on some of the more difficult security issues of the region . Progress may be very slow - and I fully expect it to be in the Indian Ocean region - but there is benefit to be gained from this approach and no reason why our positive experience in the Asia Pacific cannot be repeated in this part of the world.

Let me also say a little more about the whole question of "second track" dialogue structures, an approach not quite as familiar in this region as elsewhere. The essential nature of "second track" activity is simply that all participants in it attend in their personal - that is, non-official - capacities. This allows for open and frank discussion, without the requirement that participants reflect national positions, and without participants being committed to outcomes. Generally, the "outcomes" tend to be in the form of a statement from the Chair to which no participant is committed: that is certainly the plan for our Forum. This approach allows for ideas to be fully explored; it allows officials to be exposed to a wide range of business and academic (and other officials' personal) ideas without feeling compelled to stake out firm positions, or resist some looming, binding outcome which is not agreeable. Such activities provide useful and creative ideas which can be accepted or rejected by governments when they find their way - as they often do - into "first track" processes. Second track dialogue is now a widely accepted feature of dialogue in the Asia Pacific region. For instance, meetings hosted by the tripartite Pacific Economic Cooperation Committee (PECC), or strategic studies think-tanks, have been able to explore what are sometimes thought to be adventurous options for economic and security policy development; this has been important both in the lead-up to the establishment of new structures (APEC and the ARF), and in generating new ideas for those structures to consider.

In approaching the Perth Forum and all these issues, we have been very conscious of the need to ensure that IFIOR is fully consistent with the Mauritius-initiated Indian Ocean working group process, which commenced in March this year and to which I referred at the outset. We are a member of the Mauritius working group, committed to it and determined to make it work. We want to supplement and complement the Mauritius process, which is essentially inter-governmental in character, by feeding into it more ideas and visions drawn from a wider range of countries, and business and other non-

governmental forums and sources.

The direction the Forum will take after Perth is something for participants themselves to decide, on the basis of their assessments of the outcome. It will be their task to determine the best way to carry forward the progress they have made in defining the environment for regional cooperation. There is a range of choices for the future of the Forum, and again I do not wish to try to pre-empt the meeting beyond pointing out a number of obvious possibilities.

One of these is that fruitful cooperation between the two processes emerging out of Mauritius and Perth could continue into the future, with IFIOR engendering a second track, tripartite, inclusive process of regional cooperation. Such a relationship could, perhaps, usefully be advanced by a second Forum meeting, to be held in another regional state in the next 12 to 18 months, as well as some solid intersessional work. It may be that there will be some interest in formalising at least the economic component of the IFIOR process by establishing an Indian Ocean regional equivalent to PECC - which began in 1980 as a tripartite discussion forum for government, business, and academics, and which generated, as I have already indicated, many of the ideas which have now been taken up in APEC.

The Forum in Perth will also advance consideration on forming some key building blocks for the tripartite consultative process, such as the proposals for an inclusive Indian Ocean Rim Business Forum and an Indian Ocean Research Network, which have already been explored around the region, with encouraging reactions, over recent months. Fresh support might also be generated for revitalising existing sectoral Indian Ocean regional organisations, such as the Indian Ocean Marine Affairs Cooperation (IOMAC) body and the Indian Ocean Tourism Organisation (IOTO).

Australia and India : Partners in the Region

There is nothing unique about the strong partnerships we have built up over the last generation with countries in the Asia Pacific region like China and Japan, and absolutely no reason why India and Australia should not enjoy a

similarly close partnership. For our part, we have always understood the immense significance of India, and have tried on a number of occasions - so far not very successfully - to lift our bilateral relationship into the front rank where it belongs.

But there are now good signs that our relationship is at last on the move. Recent highlights have included Vice President Narayanan's very successful visit to Australia last year, during which he opened the India Today 1994 promotion staged by the Australia-India Council; the launch by my own Department of a major study of economic reform in India, *India's Economy at the Midnight Hour*, aimed at drawing the attention of Australian business to India's immense economic potential; and the leading by Trade Minister, Senator Bob McMullan, last February of the largest contingent of senior Australian business representatives ever to visit India. India has gained prominence as one of the focus markets at our annual National Trade and Investment Outlook Conference, now the most significant trade and investment conference in Australia, and one of the most important in the region. And late next year India will be the target for a major multi-million dollar Australian promotion, a co-operative venture between our Federal and State governments and the private sector: the priority we are giving to India is underlined by the fact that this promotion is only the fifth of its kind we have held, the previous ones being in Korea and Japan (our two largest trading partners), Indonesia (our near neighbour, with whom we have vital economic and security links), and Germany (our largest trade and investment partner, apart from the UK, in Europe).

All this demonstrates the importance we are placing on building a comprehensive economic relationship with India. That task is being helped by the processes of economic reform both countries have put in place. However, the level of two-way trade and investment is still nowhere near its potential, with India currently ranking only as Australia's 17th largest market and 20th overall among our trading partners. I think we will see a rapid rise in the rankings by the end of this decade, once we start taking serious notice of each other and the enormous potential that exists for trade and investment between us. That potential lies not only in the traditional areas of commodity exports from Australia, and textile, clothing and footwear imports from India, but in sectors like telecommunications and information technology, multimedia and

software generally, financial services, mining, infrastructure development, aerospace and aviation, food and beverages and health services. It perhaps needs to be emphasised that, for all the huge difference in our populations, Australia's economy - measured in familiar GDP terms - is in fact a little bigger than India's ($US284 billion as compared with $US252 billion in 1993) and - if we add our CER partner New Zealand - bigger than all six ASEAN countries combined. We may not have many consumers, but we have a lot of purchasing power!

The scope for building linkages extends well beyond trade and investment. The new perspectives brought by the end of the Cold War have produced an environment in which a more balanced, multi-stranded and mature relationship is emerging. There is more frequent dialogue between us on international issues, a broader understanding of each other's viewpoints and a rapid increase in people-to-people contact, including through tourism, education and academic and cultural exchange.

Australia and India have already come far, in a very few years, in building a new, diverse and vibrant bilateral relationship. That is certainly cause for great satisfaction. And we both have been given now an exciting new opportunity to play a significant role in the creation of new cooperative arrangements in the Indian Ocean which washes both our shores - arrangements which offer significant advantages, and no disadvantages, for us both.

The emergence of Indian Ocean regional cooperation has only been made really possible, and only really makes sense, as a result of India's economic reforms and its interest in seeing the region as a whole develop. Those new arrangements will not come into being overnight, or without much patient, hard work. But I believe Australia and India are well placed, working in close collaboration, to provide the leadership, imagination and creativity which will certainly be required to start the Indian Ocean region along the path to that goal.

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