

House of Representatives, Monday 29 June 1998

COMMITTEES: Foreign Affairs, Defence and Trade Committee: Report

Mr DONDAS (Northern Territory)(12.46 p.m.) —On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee's report entitled *Australia's trade relationship with India —Commonwealth, common language, cricket and beyond*, together with the minutes of proceedings and evidence received by the committee.

Ordered that the report be printed.

Mr DONDAS —This report of the Joint Standing Committee on Foreign Affairs, Defence and Trade on Australia's trade relationship with India will play an important role in maintaining the focus on the importance of India to Australian trade and investment. Australia recognised early in this decade that the Australia-India relationship was underdeveloped. Since then, the Australian government has increasingly focused efforts on developing a stronger and more diverse relationship with India. Australia's bilateral relationship with India has expanded significantly, particularly in the areas of trade and investment. In the past six years, bilateral trade has more than doubled. On current growth rates, this trade level is set to double again in the next five years, making India one of Australia's largest export markets. Equally important is Australian investment in India, which has increased dramatically since 1991.

Much of the impetus for the expanding bilateral trade relationship has been provided by the gradual restructuring and liberalisation of India's formerly inward looking economy. This restructuring began in earnest after India struck severe balance of payments difficulties in 1991. Since then, a wide range of economic and trade reform measures have been implemented to improve India's economy and to make it globally competitive. Despite its status as a developing country, financial and investment indicators suggest India has huge potential as a market for trade in goods and services. It is the world's largest democracy, with a population of approximately 950 million people, and is growing at two per cent per annum. In 1994 it was rated the fifth largest economy in the world in purchasing power parity terms, although it is estimated that 328 million citizens are living below the poverty line. The size and real disposable income of India's growing middle class is debated. However, by the year 2020 India is expected to be the fourth largest economy in the world.

The importance of India as an emerging regional economic and political power, and in particular its growing significance to Australia's commercial interests, cannot be underestimated. The inquiry took a considerable body of evidence during 1997 which stressed the opportunities for Australian trade and investment. Concern was expressed by witnesses that the focus, at the official level, on the significance of the Indian market to Australia would wane in the wake of the successful Australian trade New Horizons promotion at the end of 1996. The committee has made a number of recommendations which will build upon the impetus and success created by the New Horizons promotion, including putting in place an ongoing program of trade visits, to be led at the highest government level.

The committee recognises the important and significant role played by Australian business councils, chambers of commerce, cultural organisations and specialised research and studies centres in developing trade and investment links with India. The report deals with the future of the specialised research centres and the need to preserve the teaching of the Hindi language in Australia. I would like to thank you, Mr Speaker, as the former Chairman of the Joint Foreign Affairs, Defence and Trade Committee, especially the subcommittee, for your very hard work and your foresight in promoting the inquiry and hence the report.

The committee endorses the efforts of the Australian government in promoting Australia's trade and commercial interests in India. A number of initiatives have been identified which

will assist in further developing commercial ties and focusing Australian business on India as a market and the opportunities to be found there. Two issues of significant concern to the committee, which impact on the Australian government's strategy to advance Australia's commercial interests overseas, are the closure of Radio Australia's broadcasts to India and the lack of a mixed credit or soft loan facility.

The report addresses the importance of Australia's engagement in a number of regional mechanisms, including the multilateral initiative on regional cooperation and trade facilitation, the Indian Ocean Rim Association for Regional Cooperation. The committee stresses the importance of paying more attention to the social and cultural dimensions of the South Asia-Indian Ocean region and utilising the expertise of specialised research centres.
(Time expired)

Mr PRICE (Chifley) (12.51 p.m.) —I would like to begin by thanking the Chairman of the Joint Committee on Foreign Affairs, Defence and Trade, the honourable member for the Northern Territory (Mr Dondas), and indeed the former chairman of the trade subcommittee, for their contribution. I especially thank the secretariat. This report, entitled *Australia's trade relationship with India —Commonwealth, common language, cricket and beyond*, is a very important report. I was always very pleased that India was the first country I ever visited as part of a delegation of members from Australia back in 1986, and it is very good to see how things have changed. When we are talking about a very important subject like our trade relationship with India, which is a country with which we have over \$1 billion in trade surplus, that is, we export more than \$1 billion more than we import from India, and bearing in mind that India is likely to grow to the fourth largest economy in the world, it is a matter of regret that it is not possible for members of the subcommittee to actually visit India and see first-hand all the intricacies and complexities you would expect from a democracy of some 950 million people.

I want to place on record my congratulations to the people of India. They are a shining example in terms of being a democracy and embracing democratic principles in their country. The report would be more meaningful if members of the committee could not only discuss things conceptually but—just as we have travelled around Australia gathering evidence—go to India and see the other part of the picture so that when we bring down a report like this we can be assured that we are maximising every opportunity for trade that exists in India; and there are quite a number.

The report makes some 33 recommendations for improving our trade. I want to place on record my appreciation of the fact that the Deputy Prime Minister (Mr Fischer), has visited India, as has the Leader of the Opposition (Mr Beazley). I think both recognise the importance of Australia's relationship with India. It is a matter of regret that the current Prime Minister (Mr Howard), has yet to visit India. I would hope that, whatever the outcome of the triennial shareholders' meeting soon to be held in Australia, whoever is Prime Minister would have as a high priority visiting India. I think it is very important that we have not only that one-to-one relationship which Australia has secured with so many countries in our region, with good ministerial and departmental contact, but also, as I was saying earlier, a parliament-to-parliament relationship. Regrettably, under the current practices of the House, that is not possible. I hope in the next parliament that may be addressed.

Mr SPEAKER —Does the member for the Northern Territory wish to seek a further opportunity to debate this issue?

Mr DONDAS (Northern Territory) —I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Mr SPEAKER —In accordance with the resolution agreed to earlier this day, the debate is adjourned. The resumption of the debate will be made an order of the day for a later hour this day. The member will have leave to continue speaking when the debate is resumed.