

PREFACE

India has in the past been neglected by Australia. This was clearly brought into focus in the July 1990 report by the Senate Committee on Foreign Affairs, Defence and Trade, *India Relations: Trade and Security*. Since that report 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 political instability with successive changes of government at the centre, there appears little question of India's long term commitment to economic reform and liberalisation. The newly elected BJP-led Coalition Government, in its *National Agenda for Governance*, announced its commitment to continue the reform process.

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 growing at 2 percent per annum. In 1994 it was rated as 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.

Recognising the importance of India as an emerging regional economic and political power, and in particular its growing significance to Australia's commercial interests, the Australian Government has increasingly focused efforts on developing a stronger and more diverse relationship with India. This has largely been pursued through a number of formal bilateral and multilateral mechanisms, including *Australia India - New Horizons*, an integrated trade and cultural promotion held in India in the latter part of 1996. Australia is also engaged in a number of regional mechanisms, in which India is a participant or seeks inclusion, including the ASEAN Regional Forum and APEC. More directly, Australia and India have recently committed to a multilateral initiative on regional cooperation and trade facilitation, the Indian Ocean Rim - Association for Regional Cooperation (IOR-ARC).

In referring the reference on Australia's trade relationship with India to the Committee, the Minister for Trade, the Hon Tim Fischer MP, saw the Inquiry as a particularly valuable undertaking. He noted there have been significant developments in Australia's trading relationship with India and that Australia must now build on the achievements of the New Horizon promotion to expand its trade and investment interests in India - the dominant regional economy.

Two significant events occurred during the final stages of the Committee's Inquiry which impact on the Australia-India relationship. The first was the election of a new Government in March 1998. The second was the five underground nuclear tests which India conducted in May 1998. India has been described as a country with no full stops and the latter event has certainly put a comma in the Australia-India relationship at both a political and commercial level. There may well be further events and developments between the drafting of this report and its tabling but the Committee believes that Australia must continue to develop its links west and to build on its trade and investment relationship with India.

Nick Dondas, AM, MP
Chairman
Trade Sub-Committee

RECOMMENDATIONS

Recommendation 1

The Australian Government, in advancing Australia's commercial interests in India, ensure that the heterogeneity, and regional and state differences to be found in India are reflected in trade policy development and trade promotion activities. (para 3.35)

Recommendation 2

The Australian Government urgently review its decision which led to the closure of the Cox Peninsula transmitter and provide facilities to enable Radio Australia to transmit short-wave radio broadcasts into India. (para 4.26)

Recommendation 3

The Prime Minister of Australia consider making an official visit to India, accompanied by a delegation of senior Federal Ministers, once relations are normalised. (para 4.45)

Recommendation 4

The Minister for Trade put together a trade mission to India to coincide with the visit to India of the Prime Minister of Australia. (para 4.48)

Recommendation 5

The Australian Government put together, in consultation with industry, an ongoing program of trade visits to India with the visits to be led by senior ministers. (para 4.49)

Recommendation 6

The Australian Government provide sufficient direct and indirect funding to ensure the continued viability of the specialised research centres that focus on India, South Asia and the Indian Ocean region. (para 4.73)

Recommendation 7

DEETYA, in consultation with the universities, increase funding to preserve the study of the Hindi language and eliminate the uncertainty surrounding the availability of Hindi courses in Australia. (para 4.78)

Recommendation 8

The Department of Foreign Affairs and Trade, which chairs the India Contact Group, ensure that all State and Territory-based India business associations are invited to participate in Group meetings. (para 4.89)

Recommendation 9

The Australia India business organisations marshal their resources to develop a communication strategy between them to improve the understanding and efficiency of the efforts being made to increase trade and investment with India. (para 4.92)

Recommendation 10

The Australian Government should not consider abandoning the Private Sector Linkages Program but should expand the Program within its Official Development Assistance. (para 4.109)

Recommendation 11

The Australian Government maintain and continue to strengthen its network of Austrade offices across India. (para 5.20)

Recommendation 12

Austrade include information on India in its *Asia Update* on the Austrade World Direct Website. (para 5.24)

Recommendation 13

The Australian Government convene an annual South Asia Conference of senior representatives of State Government trade promotion agencies to provide updates on trade developments and emerging export opportunities in the region and to identify options for closer Federal-State cooperation. (para 5.27)

Recommendation 14

The Australian Government develop an ongoing communication campaign to promote Australia as a clever country in India. (para 5.32)

Recommendation 15

The Australian Government continue to press the Indian Government to remove its tariff and quantitative restriction barriers to trade and investment. (para 5.36)

Recommendation 16

The Australian Government continue the work that is being done to provide the Indian Government and judiciary, and business with Australian expertise in administrative and legal practices. (para 5.41)

Recommendation 17

The Australian Government, as a matter of priority, reintroduce a mixed credit or soft loan facility as part of its strategy to strengthen Australia's trade and investment performance. (para 5.52)

Recommendation 18

The Department of Immigration and Multicultural Affairs examine ways to provide timely visa issue to Indian nationals seeking to travel to Australia for business. (para 5.60)

Recommendation 19

The Departments of Immigration and Multicultural Affairs and Employment, Education, Training and Youth Affairs further examine the links between business and educational entry to Australia. (para 5.63)

Recommendation 20

The Australian Government endorse and actively support the adoption of international legal standards that combat child labour. (para 5.83)

Recommendation 21

The Australian Government, in cooperation with the Copyright Agency Limited, examine strategies to assist India to establish a reproduction rights organisation, RRO. (para 5.93)

Recommendation 22

The WTO Intellectual Property Obligations and Enforcement Unit, in the Trade and Negotiations Division of the Department of Foreign Affairs and Trade, monitor developments in international intellectual fora in relation to India. (para 5.97)

Recommendation 23

The Australian Government ensure that Australia is engaged to the greatest possible extent in regional arrangements which provide preferential access to markets. (para 6.20)

Recommendation 24

The Australian Government assist in bringing to the attention of international food aid authorities the nutritional value of pulses and the importance of including pulses in food aid programs especially to South Asia. (para 6.30)

Recommendation 25

The Australian Government, in cooperation with the Indian Government, undertake a feasibility study to evaluate supplying liquefied natural gas from Australia's western gas fields. (para 6.61)

Recommendation 26

The Australian Government continue to lend support to the efforts of the Australia India Health Industry Network in its efforts to promote the export of Australian health services and products to India. (para 6.130)

Recommendation 27

The Australian Government make representations to the Indian Government to remove the restrictive practices which work against Australian films being shown in India. (para 6.140)

Recommendation 28

The Australia-India Council examine the provision of financial support to the Australian Film Television and Radio School for a workshop to exchange educational and industry development information and expertise with the Film and Television Institute of India. (para 6.142)

Recommendation 29

The Department of Transport and Regional Development develop a watching brief on transport infrastructure opportunities in India and South Asia as part of the Australian Government's efforts to build its bilateral relationship and improve trade with India. (para 6.155)

Recommendation 30

The Australian Government, under its *Supermarket to Asia* initiative, work towards developing a market profile of India for Australian agri-food exports. (para 7.45)

Recommendation 31

The Australian Government build on its level of support for the IOR-ARC through a specific allocation of funds for research and development of the trade and investment potential of the organisation. (para 8.31)

Recommendation 32

The Australian Government assess the potential for reciprocal arrangements between bilateral organisations and academic institutions to promote a general level of cultural awareness between Australia and countries of the South Asian region. (para 8.52)

Recommendation 33

Austrade evaluate the possibility of arranging cultural briefings for Australian businesses in collaboration with existing Asian research centres within Australian universities as an adjunct to its *Link West* seminars for business. (para 8.58)

Recommendation 34

The Australian Government provide sustained support for existing South Asia and Indian Ocean focused research centres by outsourcing research requirements to them in order to meet the Government's objective to strengthen Australia's trade and investment performance with India and South Asia. (para 8.60)