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4th round of India-Australia FTA talks likely in November

PTI

October 7, 2012, New Delhi: The fourth round of Free Trade Agreement (FTA) negotiations between India and Australia is expected to be held in November this year, in New Delhi, a top official has said.

"We had three rounds of negotiations and would have the fourth round in November in New Delhi," Australian High Commissioner in India Peter Varghese told PTI.

In May last year, the two countries had launched the negotiations for comprehensive market opening pact.

But the negotiations are still at an early stage and India and Australia have not yet exchanged the first list of goods and services that are to be exempted from duties and are to be liberalised.

"These three rounds had been preliminary discussions. In the fourth round, both the governments are likely to put offers on the table. That's when the serious negotiations will take place," Varghese said.

At the moment, both the countries have a list of issues they would like to see addressed, he added.

According to a joint feasibility study conducted by both the countries, the comprehensive FTA is likely to result in India gaining an additional 0.15-1.14 per cent to its Gross Domestic Product (GDP), while Australia would end up with the gains between 0.23 per cent and 1.17 per cent to its GDP.

India has comprehensive FTAs with many other countries such as Japan, Malaysia and South Korea and it is negotiating similar agreements with more nations, including New Zealand.

Besides, Indian Commerce and Industry Minister Anand Sharma and his Australian counterpart Craig Emerson last year had agreed to work towards doubling the bilateral trade to USD 40 billion by 2016.

Varghese said: "If we succeed in concluding the FTA, I think it will be a big boost for the trade".

At present, the bilateral trade between the two countries stands at about USD 22 billion.

Indian exports to Australia include gems and jewellery, chemicals, leather, textiles and agricultural products. India's imports from Australia comprise agricultural items, horticulture, coal, gold and wool.

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Canberra makes all the right moves

Harsh V Pant, Business standard

21 October 2012: During her three-day state visit to India earlier this week, Australian Prime Minister Julia Gillard made all the right moves. An Order of Australia, an award rarely bestowed on foreigners, was conferred on Sachin Tendulkar. Gillard elevated ties with India to the highest priority for Australia and in the same league as those with the US, China and Indonesia. Underlining that “Australia’s future in Asia is finally grounded in relationships of respect with Washington, Tokyo, Beijing, Jakarta, Seoul and Delhi,” Ms Gillard declared that Australia recognises “India’s importance in the Asian century” and Australia’s goal is a partnership with India “as one of the handful of countries which matter most to Australia.” At the same time, she candidly acknowledged that “the strong relationship between our peoples has not been matched by the strength of the connection between our governments.”

The highlight of the visit was the decision by the two nations to pave the way for a uranium safeguards agreement that will finally allow Australia to export uranium to India. The safeguards pact is viewed as critical by those who have opposed the changing Australian policy of nuclear trade with a country like India that has not signed the Non-Proliferation Treaty (NPT). By underlying strict requirements on the safe use of nuclear fuel and specifying regulations in consonance with the global nuclear regime, Canberra is keen to signal its continued adherence to international nuclear standards even as it reaches out to New Delhi to give a boost to its mining industry. Though the safeguards pact will take a few years to finalise, the change of policy by Canberra is a remarkable development and needs to be recognised as such. That an Australian Labour government, traditionally considered a non-proliferation hawk, should take this decision is reflective of the changing priorities of Canberra.

Australia has the world’s largest deposits of uranium, and major Australian mining companies are looking to expand production as the global demand for nuclear power grows over the next decade. India’s civilian nuclear industry is expanding, as the number of operating plants is expected to increase from 20 to more than 60 over the next decade. Ms Gillard was successful in persuading her Labour Party last year to overturn the party policy of opposing uranium sales to a nation that was not a signatory to the NPT, despite significant opposition. The Labour government’s decision to reverse the Australian policy of allowing the sale of uranium to India as enunciated by its predecessor had been a big blow to Australia-India ties. It was Kevin Rudd, the former Australian prime minister, who had imposed the ban, on the grounds that India was not a signatory to the NPT.

Washington had to pull out all the stops in convincing the Julia Gillard government that, given the strategic importance of India, Canberra needed to change its policy on uranium sales. And Ms Gillard could point to the US-India civil nuclear pact that has brought India into the global nuclear mainstream.

Australia has the world’s largest deposits of uranium, so it always made economic sense for it to sell more to an energy-hungry India. Moreover, it is difficult for Canberra to justify a ban on uranium exports to India, a fellow democracy and a country with impeccable nonproliferation credentials, while continuing to send uranium to China, which has been the most important factor in the weakening of the nonproliferation regime in view of its relationship with Pakistan. Australia has 22 bilateral nuclear cooperation pacts with countries, including the US, China, Taiwan and South Korea.

Even as other nuclear-supplier nations have been lining up to sign civil nuclear pacts with India, Australia found itself marginalised. After the Nuclear Suppliers Group, of which Australia is a member, decided to carve out an exception for nuclear materials exports to India in 2008 by granting it a special waiver, there was no logical reason for Australia to continue with its policy of a ban on uranium sales to India.

Moreover, the geostrategic environment in the Indo-Pacific has undergone a rapid transformation in recent years, with the rapid rise of China. Washington has been working to transform the US-

Australian partnership from “an Asia-Pacific alliance to an Indo-Pacific alliance.” Australia’s ties with China have also been difficult in recent years and building bridges with India underlines the evolving strategic reality in the region. The two states have a shared interest in managing the Indo-Pacific commons, including the very important sea lanes of communication. Closer maritime cooperation between New Delhi and Canberra is crucial in managing the growing turbulence in the Indian Ocean region.

Bilateral trade between Australia and India has increased from \$3.3 billion in 2000 to \$20 billion last year, and is projected to reach \$40 billion by 2016 as negotiations on the Comprehensive Economic Cooperation Agreement continue. India is now the fourth largest market for Australian exports. As the Indian economy grows, Australia will continue to be a major supplier of minerals and fuel. Despite recent tensions regarding attacks on students of Indian origin, Australia has continued to grow in importance as a destination for higher studies. The Indian community is Australia’s fastest-growing immigrant community.

It was in 2009 that the two sides decided to elevate their ties to a “strategic partnership.” But as is true of all such ‘strategic’ partnerships, nothing substantive has come out of it. Indian bureaucracy has mastered the art of scuttling momentum in any relationship, and India-Australia is no exception.

With Ms Gillard’s visit, Australia has underscored its commitment to its ties with India and signalled its seriousness about a robust partnership. It is time now for New Delhi to reciprocate. The last trip to Australia by an Indian Prime Minister was in 1986, 26 years ago. Earlier this year there were indications that Manmohan Singh would be visiting Australia, but that came to nothing. There is more to the India-Australia relationship than “cricket, Commonwealth and a common language.” And New Delhi should not be shy of taking advantage of this growing convergence.

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US, Australia raise "subsidised" India wheat export issue with WTO

Stuti Chawla, NewsWire18

21 November 2012, New Delhi: India's robust wheat exports from the central pool seem to have ruffled many feathers. A number of countries, including Australia and the US, have raised the issue of India's "subsidised" wheat exports with the World Trade Organisation, two government officials said.

"Some countries have problems with India's wheat exports, as they feel there is an inherent subsidy in exports," one of the officials said.

Under the World Trade Organisation norms, members cannot introduce new subsidies that could distort international trade.

Though the Indian government maintains it is not giving any subsidy on wheat exports, some countries have questioned that, as the government's wheat export prices are lower than its economic cost of procuring wheat.

The government's economic cost of wheat procurement was 19,100 rupees a ton this year. The highest price the government has fetched in its export tenders so far is \$319.15, or about 17,700 rupees, a ton.

The second government official said the government is not giving any direct subsidy on export of wheat, as the Food Corp of India is anyway reimbursed for incidental costs incurred on procurement. "If you look at sale of wheat from the government stock, exports are fetching the highest price compared to other state-run welfare schemes...There is no subsidy that we are giving only for exports," the official said.

The government has so far sold a little over 1 mn ton wheat via tenders, and plans to sell another 1 mn ton this year.

Exports are part of the government's plan to liquidate grain stocks from the central pool, as total stocks are far higher than the government's warehousing capacity. At the start of this month, the government had 69.5 mln ton food grain in stock, including 40.6 mln ton wheat, as against its total storage capacity of about 62 mln ton.

The government has also stepped up allocations in the local market to liquidate the wheat, some of which could start deteriorating if kept much longer.

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India seeks lower import tariff from Australia

Amiti Sen, Economic Times

26 November 2012, New Delhi: India has asked Australia to lower tariff and other import barriers on a host of products including pharmaceuticals, passenger cars, gems & jewellery, garments, chemicals and machinery in the bilateral free trade agreement being negotiated.

New Delhi has stressed that specialised access for some identified products from India, many of which are being imported in large quantities from China, is important to bridge the gaping trade deficit between the two countries.

"We are keen to conclude the proposed FTA with Australia, but it has to be done in a way that the large trade deficit does not get larger and we get to sell the products where we are competitive," an official told ET. India imported goods worth \$15 billion from Australia in 2011-12 compared to exports worth \$2.4 billion, running a trade deficit of \$12.5 billion.

India and Australia began talks on a free trade pact, formally known as a comprehensive economic cooperation agreement, in May last year and are still at an initial stage of discussion. Both hope to increase bilateral trade to an annual \$45 billion from the present \$18 billion in the next five years as a result of the FTA.

New Delhi believes that its industry can export several products to Australia if it gets marginally better terms of trade, especially in goods where China is dominating. In a recent negotiating group meeting, India came up with a long list of products where it could give Australia assured quality at reasonable prices, the official said.

It included pharmaceuticals, organic chemicals, gems & jewellery, passenger cars, transport equipment, machinery and instruments, manufacture and metals, electronics goods, plastic products, garments, leather, rubber products, marine products, telephones, metal and furniture.

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Trade pact discussions will take place early next year

Surabhi, Indian Express

12 December 2012: Australian Deputy Prime Minister Wayne Swan, who is on a two day visit in India to strengthen bilateral trade ties, believes that the two countries must expand relations beyond minerals and energy. In an interview with Surabhi, he spoke on a range of issues including uranium sales to India, Australia's role in the G-20 as well as the apparent suicide by a nurse in a London hospital after a hoax call from an Australian radio station. Excerpts:

What is the main purpose behind your visit to India?

It is a part of our regular engagement with the Asia Pacific. It comes in the context of the Asian Century White Paper. It is a good opportunity to catch up with Indian policy makers on the G-20 core issue of uplifting growth. More importantly, we wish to deepen our bilateral relationship not just at an economic level but also at a strategic level. Trade relations with India have strengthened in recent times to about \$20 billion.

How can the two countries broaden their trade relationship?

It can be much broader than just investment in energy and resources. I am very optimistic about what we can do in the future together. We can extend it to a whole range of trade and services such as financial services or working with your domestic resources. I also know that India is very interested in our expertise in infrastructure projects. We can ensure that there is professional expertise and planning in infrastructure projects in India.

By when can we expect conclusion of the comprehensive economic cooperation agreement (CECA)?

Another round of discussions will take place around the first quarter of next year. I don't think we can rush into it, we have to proceed in a very methodical way. But it doesn't put on hold our bilateral trade ties.

By when will Australia begin uranium sales to India?

Our Prime Minister has dealt with it when she visited India in October. The two countries have agreed to commence the negotiation of a civil nuclear cooperation agreement, but no date has been set for the final round of talks. The minerals resources rent tax framework has also been largely agreed on.

An Australian radio station is embroiled in the apparent suicide of a nurse. Is the government concerned?

It is a tragedy and there are obviously lessons to be learnt from it. I think the Australian media regulator is having a look at the kind of lessons that we can learn from this episode.

Australia is now a member of the G-20 troika. What will be your focus areas at the G-20?

At present, we are engaging with Russia and finalising their agenda. We will chair the G20 only in 2014. But we have come through a very challenging period in the world economy where Europe is in recession and there is slow growth in the US. It has had an impact on Australia and other countries. We are clear that the central objective of the G-20 should be about lifting growth and supporting jobs.

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India, Australia discussing free trade agreement

Press Trust of India

Chennai, 11 January 2013: India and Australia are currently discussing a free trade agreement between the two countries, a senior Australian diplomat said here today.

“Discussion on FTA has been happening over the last couple of years. That is still continuing...”, Australian Trade Commissioner and Consul Commercial, Michael Carter said.

He said the trade relations between the two countries have been growing steadily and in the last five years trade has “doubled” to reach Australian 20 billion dollars.

“The forecast for the next couple of years is we are planning to double that figure to Australian 40 billion dollars...”, he told PTI here.

Noting that Mahindra and Mahindra and IT giant Infosys were some of the major investors in his country, Australian Consul General David Holly said, “the total Indian investments made in Australia till last year was Australian 11 billion dollars”.

“We have seen quite a significant number of (Indian) investments in Australia”.

The Australian government representatives were here to announce the “Aussie Beach Day” which is being conducted as part of ongoing “OZFest” cultural festival between India and Australia, kickstarted by Australian Prime Minister, Julia Gillard in New Delhi last year.

The OZ FEST Cricket Cup, a yoga session, a display of ‘29er class’ yachts from Tamil Nadu Sailing Association along with Australian members in Bay of Bengal will be held in Marina beach on January 19.

Describing Australian coastline as 3.5 times bigger than Indian coast line, David Holly said Aussie Beach Day is a wonderful platform to promote activities and initiatives that are common to both countries.

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India, Australia free trade pact talks in April

PTI

New Delhi, 29 January 2013: In a bid to fast track talks for the proposed Free Trade Agreement (FTA), India and Australia are likely to hold the next round of negotiations in April.

"The next round of negotiations are scheduled to take place in April in Australia. There has been a discussion on exchange on goods offer and now exchange in services and investments would take place," Australian Trade Minister Craig Emerson said.

Both the countries will bring negotiations to conclusion as quickly as possible to have a balanced agreement, he told reporters here after the 14th Australia-India Joint Ministerial Commission (JMC) meeting with Commerce and Industry Minister Anand Sharma.

The FTA negotiations were started in 2011. So far, four rounds of negotiations including the exchange of goods offers have taken place.

Sharma said: "No deadlines have been set but there is a commitment that we will have an ambitious and balanced FTA."

During 2011-12, the bilateral trade stood at about USD 18 billion and the two countries had set a target to increase it to USD 40 billion by 2016.

According to the joint statement, Sharma and Emerson also reiterated that a comprehensive, equitable agreement would broaden the base of merchandise trade, remove non-tariff barriers that impede trade in services, facilitate and encourage investments.

Besides, the two ministers reaffirmed their commitment to finding ways to break through the current impasse in the Doha Round of World Trade Organisation negotiations, the release said.

Expressed disappointment that it had not been possible to conclude Doha Development Agenda to date, they agreed on the importance of moving the process forward, particularly in the current global economic environment and agreed on the need to resist rising protectionist pressures, it said.

Sharma said Australia and India work closer in WTO and are seriously looking at how to have a meaningful outcome of the ninth Ministerial Conference scheduled in Bali this year.

"But before that we will have an opportunity to meet, particularly the key stakeholders (ministers), so that we can take the process forward," he said.

"There has been a regular exchange and I can share with you that our ambassadors in Geneva will seriously engage in as we prepare the agenda subsequently. We will also be looking engaging the two key interlocutors..." he added.

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India-Australia free trade pact can deepen ties

Business Line (The Hindu)

Chennai, 11 March 2013: Australia is eager to negotiate a comprehensive economic partnership (essentially a free trade agreement) to intensify and diversify the trade partnership with India, said Patrick Suckling, Australian High Commissioner. There is strong political commitment on this and four rounds of negotiations have been held, said Suckling, addressing the 23rd annual day of the Indo-Australian Chamber of Commerce in the city.

Goods tariffs have already been exchanged and services tariffs will be discussed soon, he said. A fifth round of negotiations will be held in May in Australia. Bilateral trade between the two countries stands at \$22 billion and has the potential to double in a few years. Last year, India invested \$11 billion in Australia. Indian exports to Australia doubled to \$3 billion, in the last few years.

“Economic relations will be the bedrock of the relationship growing forward,” said Suckling. Four top Australian banks, infrastructure, education, agri- business and biotech companies from Australia are in India. Indian interest in Australia encompasses aircraft technology, medical, IT and education, he said.

Trade Agenda

The G20 forum of which both India and Australia are members is looking to promote a quick economic recovery. “We are working closely with India on a sustainable global growth and trade agenda.” The high commissioner said security cooperation, especially maritime security, will also be deepened between the two countries.

Australia is committed to negotiating safeguards with India to sell uranium, which is currently not exported as India is not a signatory to the non-proliferation treaty, said Suckling.

Safeguarding Indians

People to people relations are also growing, said Suckling. Around 450,000 people of Indian origin are in Australia. Indians are the fastest growing migrant group. Indians also comprise the second largest student population, after Chinese students. (In 2012, there were 55,000 Indian students in Australia).

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