

Barton Deakin Brief: Australia-India Economic Relationship

18 November 2014

The Prime Minister of the Republic of India, the Hon Narendra Modi, today addressed a Joint Sitting of the Australian Parliament.

His bilateral discussions with Australian leaders focused on the expansion of economic and strategic ties. The Australian Prime Minister, the Hon Tony Abbott MP, today expressed an intention to formalise a comprehensive Australia-India trade agreement in 2015.

Prime Minister Modi's visit to Canberra follows the conclusion of a September 2014 bilateral agreement that will facilitate the sale of Australian uranium to India.

This Barton Deakin Brief outlines key developments in the trade and investment relationship between Australia and India, including:

- The Australia-India Comprehensive Economic Cooperation Agreement trade negotiations;
- Details of the agreement to allow the sale of Australian uranium to India;
- The Australian Business Week in India event scheduled for 12-15 January 2015; and
- The Australia-India Strategic Research Fund.

Prime Minister Modi is the first Indian leader to visit Australia in 28 years. The bilateral talks have coincided with the [Brisbane G20 Leaders Summit](#) held on 15-16 November.

Australia-India trade relationship

Bilateral trade between Australia and India was valued at \$15 billion in 2013, a figure that has tripled since 2003. However, Prime Minister Abbott has noted that this figure "hardly does justice" to the potential of the relationship. In contrast, Australia's bilateral trade with China in 2013 was ten times larger than the value of Australia-India economic ties.

India is Australia's fifth largest export market, with Australian goods worth \$9.5 billion entering India in 2013. Australian exports to India, dominated by resources, decreased by 22.1 per cent between 2012 and 2013. Australian coal exports worth \$4.8 billion reached the Indian market in 2013.

On 17 November 2014, the Government of Queensland indicated it would jointly invest with the Indian private sector to facilitate resources exports to India through the construction of a rail line linking a \$16.5 billion coal mining project to the deep water port at Abbot Point. Queensland's Minister for State Development, Infrastructure & Planning, the Hon Jeff Seeney MP, noted that the State's unspecified contribution would be short-term - see his media release [here](#).

Each year, a Joint Ministerial Commission facilitates the annual meeting of Australia's Minister for Trade and Investment and India's Minister for Commerce and Industry.

An overview of the Australia-India bilateral economic relationship can be accessed [here](#).



Australia-India Comprehensive Economic Cooperation Agreement

In a speech introducing Prime Minister Modi to the Australian Parliament today, Prime Minister Abbott noted that Australia aims to conclude “a free trade deal with what is potentially the world’s largest market” before the end of 2015. The full speech can be accessed [here](#).

Negotiations on the Australia-India Comprehensive Economic Cooperation Agreement commenced under the Gillard Labor Government in May 2011, with five rounds of discussions already completed.

The next round of negotiations will be held in December 2014.

The Australian Government is seeking:

- The removal barriers to free trade, by reducing tariffs and alleviating border restrictions;
- For increased access for Australian service providers into the Indian market; and
- A commitment to facilitate further bilateral investment.

Australian businesses are encouraged to provide feedback on the trade negotiation process. The Department of Foreign Affairs and Trade (**DFAT**) is welcoming submissions on the impacts of a potential Australia - India trade agreement.

Detailed information on how to produce a submission is available [here](#).

A 2008 [Joint Feasibility Study](#) on a potential Free Trade Agreement (**FTA**) by DFAT and the Indian Ministry of Commerce and Industry considered the impact of reduce tariffs and increased trade in services, with a strong focus on IT, telecommunications, tourism and finance.

Further information on Australia’s trade negotiations with the Republic of India can be read [here](#).

Barton Deakin has released the following Briefs outlining the key comprehensive bilateral trade deals concluded by the Abbott Government, led by the Minister for Trade and Investment, the Hon Andrew Robb AO MP:

- [China - Australia Free Trade Agreement](#)
- [Japan - Australia Economic Partnership Agreement](#)
- [Korea - Australia Free Trade Agreement](#)

Uranium exports

On 5 September 2014, Prime Ministers Modi and Abbott witnessed the signature of a deal outlining a mutual commitment to the peaceful use of nuclear energy.

The Minister for Foreign Affairs, the Hon Julie Bishop MP, tabled the [Australia-India Civil Nuclear Cooperation Agreement](#) in the Australian Parliament on 28 October 2014. Her statement to the House of Representatives can be read [here](#).

Minister Bishop noted that the terms of the Agreement apply the same standards and conventions that Australia employs in the transfer and trade of nuclear material with nations such as the United States, Japan, Canada and the European Union (**EU**).



Key terms of the Agreement include:

- India's assurance that it would use nuclear resources to reinforce energy security, separating military and civilian nuclear facilities;
- Mutual recognition that nuclear energy should be developed for peaceful purposes, consistent with the objective of supporting the non-proliferation of nuclear weapons;
- Confirmation that Australian supply of uranium to India is not inconsistent with peaceful purposes;
- Wide scope to provide and share technology, resources and personnel for the management of nuclear facilities;
- Australia's permission for India to reprocess and enrich nuclear materials exported between both nations; and
- A restriction on either Australia or India retransferring any nuclear material traded between each other to another nation.

In 2008, Australia explicitly banned the sale of uranium to any nation that was not a signatory to the United Nations Treaty on the [Non-Proliferation of Nuclear Weapons](#) (including India).

Negotiations to sell Australian uranium to India recommenced after former Prime Minister the Hon Julia Gillard overturned this policy during an October 2012 bilateral visit to New Delhi.

India plans to implement safeguards stipulated the regulatory [International Atomic Energy Agency \(IAEA\)](#) at all civilian nuclear facilities by the end of 2014.

In December 2011, the Parliamentary Library released an [overview](#) of Australia's uranium export policy.

Australia Business Week in India (ABWII)

The Minister for Trade and Investment, the Hon Andrew Robb AO MP, will lead an Australian business delegation to India on 12-15 January 2015. Over 300 Australian business people will visit Indian business hubs including New Delhi and Mumbai.

Businesses interested in participating can register their interest [here](#).

The ABWII will be organised by the Australian Trade Commission ([Austrade](#)), which has eleven offices across key Indian markets. The week will coincide with a campaign by Tourism Australia to promote increased travel between both nations.

Minister Robb's press release announcing the ABWII can be read [here](#).

The event will be modelled on the Abbott Government's successful trade and political delegation to China in April 2014. Barton Deakin's Brief on the Australia Week in China can be accessed [here](#).

Australia-India Strategic Research Fund

In September 2014, Prime Minister Abbott [announced](#) that the Australian Government will provide \$20 million over four years to the Australia-India Strategic Research Fund (AISRF).



This funding will support research collaboration between Australian and Indian scientists in areas including:

- Agriculture;
- Biomedical devices;
- Implants;
- Nanotechnology; and
- Vaccines.

Established in 2006, the AISRF is Australia's largest fund designed to drive bilateral research links with another country. It has supported over 220 joint scientific projects developed in conjunction with 90 research universities and institutions in both nations, receiving a total of \$60 million in funding over the past ten years. Further information is available on the Department of Industry [website](#).

Background

Prime Minister Abbott was the first foreign leader to officially visit India following the election of Prime Minister Modi in May 2014. Both leaders released a joint media release following their bilateral meeting on 5 September 2014 - see [here](#).

During his visit to India, Prime Minister Abbott made a series of speeches outlining Australia's commitment to strong economic bilateral engagement. The full transcripts can be accessed below:

- [Indian Chamber of Commerce](#), New Delhi - 5 September
- [Prime Minister's Delegation and Indian CEOs Lunch](#), Mumbai - 4 September
- [New Colombo Plan Launch](#), Mumbai - 4 September
- [Prime Minister's Business Delegation Breakfast](#), Mumbai - 4 September

Former Australian Prime Minister Kevin Rudd formalised a 'Strategic Partnership' agreement with India in November 2014, which included a [Joint Declaration on Security Cooperation](#). Strategic and military ties were enhanced during Prime Minister Modi's visit to Canberra today.

Further information

A joint media release from Prime Ministers' Modi and Abbott outlines the key areas of cooperation discussed during the state visit. It can be accessed [here](#).

The transcript of Prime Minister Modi's speech to the Australian Parliament can be read [here](#).

During Prime Minister Modi's state visit to Canberra, India and Australia signed five bilateral agreements enhancing cooperation and engagement areas including [social security](#), tourism, arts and culture and the [transfer of prisoners & narcotics](#).

Furthermore, a year-long 'Festival of India' will be held in Australia throughout 2015.

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