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# Bilateral Economic Cooperation, Knowledge Partnership and Air Services Agreement

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## Bilateral Economic Cooperation

India was Australia's 4<sup>th</sup> largest export destination for its goods, 6<sup>th</sup> largest services trading partner and 5<sup>th</sup> largest trading partner in goods and services.

- Bilateral trade: 22billUSD
- Main exports: Pearls & gems, Rotating electric plants, Jewellerys, textiles, and Medicaments
- Main imports: gold, Coal, copper and copper ores, Crude Petroleum, Fertilizers.
- balance of trade is heavily in favor of Australia; Indian trade deficit of about US \$ 11 billion. On the economic front, the major concern is India's burgeoning trade imbalance with Australia, which was the second largest that India had with any of its trading partners. Indian authorities are seeking greater access for Indian IT, pharmaceutical and fruit in the Australian market. However, Australian tariff rates and other trade restrictions are low, and Australia has an open market and one of the lowest tariff rates among OECD countries. So the trade imbalance would not seem to be a consequence of Australian trade restrictions; rather, it is the inability of the and services sectors to penetrate the Australian market and compete with products from other countries, particularly from China and Southeast Asia that appears to be the main problem.
- India has had a Bilateral Investment Promotion Agreement (BIPA) with Australia since 2000.

## Opportunities

- Exists in infrastructure development including roads, ports, airports and railways; power sector; mining; oil and natural gas including LNG; biotechnology; drugs and pharmaceuticals; information technology; water management, soil conservation and waste disposal; food processing and agribusiness; film and television; processing of gems and Jewellerys; tourism; and education.

- The reasons for the downward spiral in bilateral relations are not unheard-of Australia's decision to deny Uranium to India, Kevin Rudd's inclination towards China, and repeated incidents of attacks on Indian students in Australia. Australia's damage control attempts on the issue of racial attacks on Indian students led to high profile visits of its leaders.

## **Rudd'S 2009 Visit**

- decision to upgrade bilateral relations to that of a 'strategic partnership' . This decision would strengthen partnership in the areas of political, economic and security interaction, energy and natural resources, science and technology and people-to-people contacts.
- A Joint Declaration on Security Co-operation
- India-Australia CEOs Forum which would involve prominent companies from each country across the spectrum of key economic sectors
- Memorandum of Understanding in the Field of Water Resource Management.
- Joint Study Group Report on the feasibility of Free Trade Agreement, consider a Comprehensive Economic Partnership in East Asia. (East Asia Summit) , consider further Australia's Asia Pacific community initiative.
- Australia's firm support for India's membership of the Asia Pacific Economic Cooperation grouping

## **Knowledge Partnership**

- Australia-India Strategic Research Fund
- collaborative projects in education from primary school

## **Some Major Bilateral Agreements Signed between India and Australia Include**

- Joint study Group on feasibility of an FTA
- Trade and Economic Framework Agreement
- Joint Australia-India Consultative Committee on Legal Services
- Joint Working Group (JWG) : Biotechnology
- Special Agreement on Cooperation in Science and Technology
- Agreement on the Promotion and Protection of Investments
- Agreement for Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income

## **Air Services Agreement**

- Australia has become an attractive destination for Indian students. Estimates indicate the presence of nearly 70,000 students in various Universities all over Australia.
- Perhaps the biggest issue between the two countries is uranium. India has been demanding that Australia lift the ban on uranium exports to India, pointing out that nuclear energy could be a climate-friendly way of helping to meet the massive electricity needs of a nation seeking to lift hundreds of millions out of poverty. This has become a central issue and a ' for India and a thorn in Australian government policy as it considers whether it can encompass selling uranium to India for civilian use as it does to China and Russia and reduce Indian misperceptions of Australia ' tilting China ' s way ' .
- The devised alternative route to energy cooperation is trade in coal and Liquefied Natural Gas. Australia recently signed the first long-term LNG supply deal with Petronet India Limited. This 20-year agreement will enable India to take gas from the Gorgon oil field which could just be the beginning of a big partnership in the energy sector.
- Australia's decision to invest AUD 50 million on Green Technology in India is an attempt to bridge the gap on issues of climate change.
- India and Australia would push for a bilateral Free Trade Agreement to give a fillip to bilateral trade
- The Australia-India Council (AIC) was established by the Australian Government in May 1992 to broaden and deepen Australia-India relations through contacts and exchanges in a range of fields which promote mutual awareness and understanding. The AIC is a non-statutory body

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