

14 September 2006

The Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
Parliament House
CANBERRA ACT 2600

Submission: Australia's relationship with India

Dear Madam

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide this submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade for its inquiry into Australia's relationship with India.

Given the nature of the Australian business community's engagement with India, we will confine our remarks to the commercial, economic and trade relationship, allowing others to address the foreign and military/strategic issues.

The Australia – India relationship, originated from our common colonial heritages, contains the seeds for optimism – but, it must be more than just cricket.

Each is growing in trade and investment importance to the other, with Australia having the capacity to provide India with useful technical assistance on policy design, sequencing and implementation building on our own experiences over the past two or so decades with domestic and international liberalisation.

Against this background, the ACCI welcomes the adoption earlier this year of the Trade and Economic Framework (TEF) agreement between Australia and India, as a platform to closer and stronger trade and economic relations between the two countries.

Beyond the TEFA, the Australian and Indian Governments should hold open the possibility of negotiating a bold and comprehensive Australia – India Free Trade Agreement (AIFTA) at an appropriate time in the future.

In the meantime, the Australian Government should enhance its program of technical assistance to India to strengthen the capacity of that country to undertake necessary policy and structural reforms, especially in the areas of fiscal consolidation and

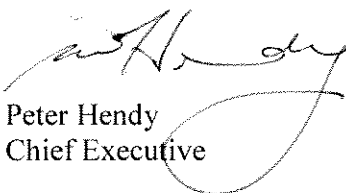
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management, more effective competition policy, broader deregulation of the domestic economy, and liberalisation of India's international trade policies.

As our contribution to the work of the Committee, and its deliberations on the Australia – India relationship, please find attached a copy of our report, *Riding the Indian Elephant*, which was published recently.

The Chamber looks forward to meeting with the Committee in Sydney on Wednesday 20 September, at 11.40 am, to discuss the key issues before the Inquiry. In this regard, we will be represented by Dr Brent Davis, the ACCI's Director of Trade and International Affairs, who has primary carriage of these matters and was the author of our report.

Yours sincerely



Peter Hendy
Chief Executive