



Submission No 27

Inquiry into Australia's relationship with India as an emerging world power

**Organisation: Queensland Government
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QUEENSLAND GOVERNMENT SUBMISSION TO THE INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH INDIA AS AN EMERGING WORLD POWER

The Queensland Government is mindful of India's emergence as a dominant political and economic force, and is actively developing, and strengthening, its bilateral and trade relationship with India.

In this context, this submission focuses solely on Queensland Government interests relevant to the first aspect of the Joint Committee's terms of reference - trade and tourism.

Queensland's trade relationship with India

Exports

In 2004-05, India was Queensland's 4th largest overseas goods export market. In 2004-05, Queensland's overseas goods exports to India totalled A\$1.77 billion, representing 6.72% of Queensland's total overseas goods exports, and 29.3% of Australia's total overseas goods exports to India.

In 2004-05, Queensland's total overseas goods exports to India consisted primarily of coal, coke and briquettes (A\$1.2 billion), metalliferous ores and metal scrap (A\$300.8 million), sugars, sugar preparations and honey (A\$20.1 million) and non-ferrous metals (A\$15.9 million).

Imports

In 2004-05, India was Queensland's 22nd largest importer of overseas goods. In 2004-05, Queensland's overseas goods imports from India totalled A\$183.4M and consisted primarily of non-metallic mineral manufactures (A\$37.2M,) organic chemicals (A\$25.7M), manufactures of metals (A\$18.9M) and textile yarn, fabrics, made-up articles, and related products (A\$11.4M).

Trade Missions and Government Initiatives

The opening of India's aviation sector is providing significant opportunities for Queensland. Five Queensland companies participated in the first Queensland Aviation Services & Technologies trade mission to India in February 2006, where they pursued opportunities related to the training of pilots, maintenance engineers and ground crew. The mission visited Bangalore, Mumbai and Delhi.

In March 2006, the Honourable Paul Braddy, Chair of Queensland Education & Training International, led a higher education delegation to attend the third *Indo-Australia Conference on Biotechnology: Vaccines for Cancer, Infectious Diseases and Lifestyle and Degenerative Diseases*, in Hyderabad. The Conference was inaugurated by Nobel Laureate Prof Peter Doherty with speakers from the University of Queensland (Prof Ian Frazer) and the Queensland Institute of Medical Research (Prof Michael Good).

Eleven Queensland organisations participated in the first Queensland Creative Industries trade mission to India in March 2006. These organisations pursued opportunities in the fashion, film, animation and games development sector. The delegation visited Mumbai, Hyderabad and Delhi.

Following successful trade missions in 2004 and 2005, it is proposed that a Queensland Mining Technologies and Services trade mission will visit India in November 2006. This delegation will participate in the 8th International Mining & Machinery Exhibition in Kolkata and meet with leading Indian mining companies in Kolkata, Jamshedpur and Delhi.

Tourism Queensland conducts an annual roadshow to India (*Queensland on Tour India*) in late January and early February. In 2006, the cities visited were Delhi, Mumbai, Bangalore and Hyderabad. This will be expanded in 2007. Tourism Queensland also participates in the Tourism Australia trade mission conducted in September each year.

In 2004 & 2005, seven Queensland Government trade delegations visited India, with over 60 companies represented across these delegations:

- Two Queensland Government trade delegations visited India in 2005, with a total of 27 Queensland representatives participating in these missions:
 - Queensland Film and Entertainment Trade Mission visited Mumbai to participate in FRAMES, visit the Mumbai Film City and meet with a range of Indian film producers and post-production houses.
 - Queensland Mining Equipment & Services Trade Mission visited Kolkata, Jamshedpur, Mumbai and Delhi to meet with some of the leading mining companies in India.
- Five Queensland Government trade delegations visited India in 2004. Collectively, these missions represented the largest contingent of Queensland companies to visit India on Queensland Government trade delegations – with over 40 companies represented across the five delegations.
 - The Tourism Infrastructure Trade Mission visited Kolkata and Mumbai in March 2004 to discuss tourism infrastructure opportunities with Indian firms. This mission was led by the Honourable Mike Ahern, Queensland Special Representative for Africa, Middle East and India.
 - Two Mining Trade Missions visited Ranchi, Jamshedpur and Kolkata in March and November 2004 for discussions with some of the major private and government-owned mining companies.
 - The Queensland Higher Education Trade Mission visited Mumbai, Chennai, Bangalore and Delhi in March/April 2004. This trade mission was led by the Honourable Paul Braddy, Chair of Queensland Education and Training International. The trade mission was accompanied by a Queensland Universities Cricket team, captained by Allan Border. This cricket team played university teams in each of the cities.
 - The Indian film and television sector offers potential opportunities for Queensland. This includes locations for television commercials, films, music clips (MTV), post-production services and the use of Queensland crew on Indian films in India and Australia. Ten Queensland firms were represented at FRAMES 2004 in Mumbai in March 2004. FRAMES is one of the largest film and entertainment trade shows in Asia.

In 2005, the Department of Primary Industry and Fisheries, in conjunction with the University of Queensland, undertook a field study of the agribusiness market opportunities in India.

Over the past five years, Queensland has also hosted a range of high-profile visits from Indian State and Central Governments and the Indian private sector. This includes two visits by the Government of Karnataka, two visits by the Central Government Minister for Mines; two visits by Tata Steel; and visits by the Federation of Karnataka Chambers of Commerce and Industry, Karnataka State Cooperative Urban Banks, Coal India and Sahara India. In May 2006, Queensland also hosted a delegation of tourism executives from India to highlight some of Queensland's top tourist spots.

Aspects of the Queensland-India Government to Government Relationship

The Honourable Peter Beattie MP was the first Queensland Premier to make an official visit to India, when he visited Mumbai and Bangalore in February 2003. The Premier returned to India in September 2004, again visiting Mumbai and Bangalore.

In February 2003, the Premier signed a Memorandum of Understanding (MOU) on Economic Relations with the State of Karnataka. The MOU was re-signed by the Premier in April 2005 for an additional two years. This agreement was the first MOU between States in Australia and India.

A Queensland Government Trade and Investment Office opened in Bangalore in September 2004, and Tourism Queensland is intending to open an office in Mumbai in 2007.

The Department of Natural Resources, Mines and Water's Safety in Mines Testing and Research Station (SIMTARS) actively markets its products and services in India through a representative based in Kolkata.

The Queensland Government has an excellent working relationship with Indian Government representatives in Australia. This includes the High Commissioner (Canberra), Consul General (Sydney) and Honorary Consul (Qld).

The Queensland Government also works with the Australia-India Business Council (AIBC) to promote bilateral trade and investment. Each quarter, a Queensland-India Breakfast Briefing is co-hosted by the Queensland Government and the AIBC. Speakers at these briefings have included the Indian High Commissioner to Australia, Head of the Monash Asia Institute, the Australian agent for JK Tyres, the Australian Manager for Tata International and a range of Queensland firms who have been successful in doing business in India.

Opportunities and Barriers

India is the largest producer of fruit in the world and the second largest producer of vegetables. Most of the fruits and vegetables are consumed domestically, however more than thirty percent of fruits and vegetables are lost due to poor refrigeration and insufficient post harvest facilities.

Opportunities exist for investment in the agribusiness sector in India. These include the introduction of technology and practices for pre and post-harvest management practices, cold-chain facilities and in the areas of food processing. There are avenues for foreign investment, joint ventures and partnerships in the areas of disinfestation technologies like vapour heat

treatment and hot water treatment and as well as in the areas of refrigeration, transport and logistics.

While supermarkets in India do not promote foreign horticultural products during the Indian crop season, opportunities exist to supply counter seasonal fruits and vegetables due to Queensland's climatic advantage. With its high yield of agricultural products and leading edge technology in agricultural production and processing techniques, Queensland provides a strong base for collaboration and joint ventures with India.

Opportunities also exist in education and training. India represented the fastest growing student market for Australia in the three years ending 2005. In 2005, the Indian student market for Queensland grew approximately 27.7% from last year to total 2,100 students. In November 2005, Queensland's market share of the total number of Indian students studying in Australia was 7.7%. The majority of students were in higher education (92%) followed by vocational education and training (4.6%). Postgraduate education is the predominant sector, with specialised areas such as biotechnology a key focus.

The Indian tourism market has grown rapidly in recent years and continued growth is predicted for the next decade. For the year ending March 2006, over 72,000 Indians visited Australia and over 12,000 of these visited Queensland. This was an increase of 11.4% over the year to date. The Queensland Government is actively marketing Queensland as a primary tourist destination for Indian travellers.

New opportunities are also emerging in biotechnology, India's film and entertainment industry, aviation sector, creative industries and sports-related services.

However, there are a number of tariff and non-tariff barriers to Queensland trade and investment with India.

Bureaucratic processes at the local, state and national level impact on the decision-making process, and are leading to an increased timeframe to realise export outcomes. Greater transparency in decision making, and in the awarding of contracts at the government level and within the private sector, would improve market access for Queensland exports.

Infrastructure deficiencies within India can have a negative impact on Queensland exports and on foreign investment in India. The movement of freight can be slow and ineffectively monitored. Customs and excise duties are not always applied in a consistent manner and can differ across ports of entry and exist at a national and state level (i.e. double taxation). Clearance of goods through customs can be a cumbersome process and India's quarantine documentation and specifications are complex. Price variations and high import duties are also impediments to the export of Queensland food and processed food products. .

Lack of recognition of foreign training qualifications (including Australian) by Indian authorities can at times be a barrier. For example, the Directorate-General of Civil Aviation does not recognise pilot training qualifications other than those from India. Pilot training is in high demand in India and Queensland institutions are keen to provide the training, but the lack of recognition of the qualifications provides a market entry barrier. It is not the quality of Queensland training that is a market barrier, rather the content of existing Queensland courses do not meet Indian requirement. Further, Australian Education International (AEI) states that all degrees conferred by Australian universities to Indian students are recognised by

the Indian Government for employment, and Indian Universities for further study. However, the Queensland Government has received feedback from one Queensland university that there is an issue with the recognition of Australian law degrees, and Queensland institutions are active in lobbying the Bar Council in India in this regard.