



Submission No 37

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

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Australian Government

**Department of Industry
Tourism and Resources**

**SUBMISSION
TO THE
JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH INDIA
AS AN EMERGING WORLD POWER**

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Terms of Reference

The full committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade shall examine and report on Australia's relationship with India as an emerging world power with particular reference to:

- Trade and tourism including investment opportunities;
- The defence relationship;
- The strategic possibilities for both nations resulting from increasing globalisation and regional imperatives.

Summary

India is one of Australia's fastest growing trading partners, in 2005 it was our 12th largest merchandise trading partner, overtaking Indonesia, and our 6th largest merchandise export market, overtaking the UK and Taiwan and growing faster than any of our other top 30 markets over the past five years.

However, despite a growing services trade, it is still minerals which dominate our exports. India is one of Australia's fastest growing mineral export markets, accounting for 8 percent of total mineral exports in 2005-06, up from 1 percent in 1995-96. India also accounted for 6 percent of Australia's energy exports in 2005-06, up from 5 percent in 1995-96¹:

- non-monetary gold, coal and copper ores are the principal resources exported to India valued at \$5.7 billion in 2005;
- India is Australia's fifth largest coal export market (8 percent of Australia's coal exports) and third largest market for coking coal (13 percent).

India's continued economic and industrial expansion provides opportunities for Australian industry, particularly in areas such as tourism, minerals - particularly coal, LNG and mining technology services. As India continues to reform its energy sector, demand for alternative energy sources such as LNG is growing rapidly. The Australian mining industry's experience and technical capabilities in mining technologies and services are expected create new export opportunities in the Indian market.

Indian investment in Australia is still small, however, there are indications that the value of Indian investment in Australia is increasing rapidly and there are good prospects for the future. Particular areas of interest include automotive assembly and parts, biotechnology, education partnerships, mining technology and services, clean energy, and mineral exploration and processing.

India is one of Australia's fastest growing tourism markets with arrivals in 2005-06 growing by 33 percent over 2004-05. The total annual inbound economic value of the Indian market is forecast to quadruple from \$200 million in 2005 to \$800 million in 2015. The number of Australian visitors to India has also been growing steadily with 93,700 in 2005, an increase of 28 percent on the previous year.

Australia's exports of manufactures to India have increased 15.9 percent in 2005-06, and have grown at an average annual rate of 4.5 percent since 1995-96. The majority of this growth has been in simply transformed manufactures (STMs) which grew at 9.3 percent per annum, while exports of elaborately transformed manufactures (ETMs) grew at 2.3 percent. Total manufactures imported from India decreased 0.1 percent in 2005-06, however they have grown at an average annual rate of 8.4 percent since 1995-96. The growth has been in both STMs and ETMs

The growth and potential of India is recognised by the Department, which has a number of initiatives in place to foster Australia's commercial relationships in areas of its responsibility.

¹ ABARE Australian Commodities, September Quarter, 2006 www.abare.gov.au

Introduction

This submission briefly outlines the key elements of the Department's current engagement with India. The areas covered are investment flows, resources and energy, tourism and manufacturing.

The overall Australia-India economic relationship has grown steadily in recent years and has the potential to increase considerably as India's economic expansion continues. Australia's strength in exporting primary products, particularly minerals and fuels, positions us well to supply growing Indian industrial and consumer demand.

Two-way trade in goods totaled \$8.2 billion in 2005, with India overtaking Indonesia to become Australia's 12th largest merchandise trading partner. Australian merchandise exports to India reached \$7 billion in 2005, which represents 5.0 percent of Australia's total merchandise exports. As our 6th largest merchandise export market in 2005, India has overtaken the UK and Taiwan and has grown faster than any of our other top 30 markets over the past five years. The top traded items are set out in Table 1.

Table 1			
Top Australian exports to India - 2005		Top imports from India - 2005	
Item	Value (A\$ m)	Item	Value (A\$ m)
Non-monetary gold	2,989	Pearls and gems	92
Coal	2,224	Jewellery	49
Copper ores	527	Iron, steel articles	41
Wool	142	Floor coverings	35

Although the trade relationship is dominated by merchandise trade, the role of services is growing, and Australia exported \$1,032 million worth of services to India in 2005. While this only represents 2.8 percent of Australian service exports, new prospects continue to emerge in sectors such as information and communication technologies (ICT), biotechnology, education, tourism, health, film and insurance. Imports of Indian services totaled \$302 million in 2005.

Investment

India's GDP for 2005 grew by 8.3 percent to US\$775 billion (8.9 percent in the year to the second quarter 2006), making it the 12th largest economy in the world.² Foreign direct investment into India in 2005 is estimated to have reached US\$5.5 billion and portfolio investment US\$8.9 billion.

Recorded Indian investment into Australia is still very small, with an estimated total stock in 2005 of only \$258 million. However, there are many recent examples of Indian investment projects in Australia, with considerable interest in further investment. This indicates that the value of Indian investment into Australia is increasing rapidly.

The largest single Indian investment in Australia is the Oswal Group's A\$630 million Burrup Fertiliser plant in Western Australia, which opened in April 2006 and is the world's largest ammonia plant. Other notable resource sector investments include:

- the Aditya Birla Group and Sterlite Industries in copper resources in Queensland, Western Australia and Tasmania;
- Gujarat NRE Coke in New South Wales coal mines; and
- Suzlon Energy is an active investor in wind power in Victoria.

The top Indian software firms - Tata Consultancy Services, Satyam, Infosys, Pentasoft, Wipro and HCL - are all represented in Australia and have a growing market presence.

Invest Australia has been active in the Indian market for three years, and over that time has helped to attract investment projects into Australia across a range of industry sectors including mining, manufacturing, information technology and services.

In August 2006, Invest Australia opened its first office in India, located in Mumbai. In late October 2006, this will be joined by an office in New Delhi. These offices, staffed by experienced Indian nationals and working in close cooperation with Austrade and the Department of Foreign Affairs and Trade, will enable Invest Australia to increase the range and scope of its operations in India.

Current and emerging sectors of interest in terms of attracting investment to Australia from India include automotive assembly and components, biotechnology (R&D, clinical trials, novel drug development), tertiary and vocational education partnerships, mining technology and services, clean energy technologies, greenfield and brownfield mineral exploration and downstream minerals processing.

Resources and Energy

Trade relationship

India is one of Australia's fastest growing mineral export markets, accounting for 8 percent of total mineral exports in 2005-06, up from 1 percent in 1995-96. India also accounted for 6 percent of Australia's energy exports in 2005-06, up from 5 percent in

² IMF / EIU October 2006.

1995-96³. Non-monetary gold, coal and copper ores are the principal resources exported to India valued at \$5.7 billion in 2005:

- India is Australia's fifth largest coal export market, worth \$2.22 billion in 2005 (8 percent of Australia's coal exports) and third largest market for coking coal (13 percent);
- Non-monetary gold was Australia's largest direct export to India in 2005 worth \$2.99 billion.

India is the world's sixth largest energy consumer with energy needs increasing in line with a growth rate of approximately 8 percent per annum.

Joint Working Group on Energy & Minerals

The India-Australia Joint Working Group on Energy and Minerals (JWG) was established in 2000. The purpose of the JWG is to address trade and investment issues in the energy and minerals sector, to exchange information on policy developments and to identify possible commercial opportunities.

Australia is also collaborating with India through multi-lateral forums, including the Asia Pacific Partnership on Clean Development and Climate (AP6), the Carbon Sequestration Leadership Forum and the Methane to Markets Partnership to address environmental and greenhouse challenges.

Australia-India Coal and Mining Forum

The Australia-India Coal and Mining Forum was held on 1-2 February 2006 in New Delhi under the auspices of the JWG. The Forum brought together approximately 240 senior stakeholders from both technical and non-technical backgrounds to share their industry knowledge and expertise. Indian representatives indicated the Forum was the largest resources bilateral event that India had participated in.

Key issues discussed at the Forum included impediments to trade and investment; market access; regulatory frameworks on mining; opportunities for collaboration on education skills and training; prospects for mining technology services and equipment; and specific coal issues such as clean coal technologies, coal washeries and coal bed methane.

Resources Strategy

The Department of Industry, Tourism and Resources is developing an India-Australia Resources Strategy to progress issues identified at JWG meetings and the Coal and Mining Forum, as well as to provide a roadmap for the long term resources relationship between India and Australia.

The objectives of the Strategy are to:

- enhance the collaborative relationship between Australia and India through information sharing, encouraging private sector communication and networking, participating in capacity building exercises, completing joint projects and showcasing industry expertise;
- identify and address impediments to trade, investment and regulatory frameworks in both Australia and India; and

³ ABARE Australian Commodities, September Quarter, 2006 www.abare.gov.au

- ensure sustainable development of the resources sectors in Australia and India through increasing awareness and implementation of sustainable mining practices and clean coal technologies.

Energy Security

India's energy security strategy is focused on both domestic and international measures, including a vigorous program of 'energy diplomacy'. High-profile negotiations for gas pipelines through Pakistan, Bangladesh and Myanmar are part of this strategy. There has been some reform of India's energy sector, and investment in infrastructure, but regulatory and infrastructure deficiencies remain a major constraint.

The acceleration of India's economic growth in recent years and relatively high population growth are placing significant pressure on already strained energy supply systems. India has suffered from energy shortages for some time. Growing energy demand and low levels of investment in energy resource exploration and development and in related infrastructure have contributed to a widening gap in the energy demand-supply balance. India is increasing its reliance on imported resources - particularly thermal coal - for electricity generation. Australia is well-placed to contribute to India's energy security as a key provider of secure, reliable and competitive resources and energy.

LNG

The Australian Bureau of Agricultural and Resource Economics (ABARE), expects that Indian LNG imports will increase to 8.1 million tonnes per annum (mtpa) by 2010 and 11.2 mtpa by 2015. This will involve an expansion at the existing import terminals and/or new LNG terminal projects.

Recent public statements by Indian Ministers and gas companies indicate a strong interest in Australia as a possible source of LNG. Australian companies see India as a potentially lucrative long term opportunity, but to date only occasional spot cargoes have been sent. However, the outlook for Australian LNG exports to India has improved significantly, with Shell signing a memorandum of understanding (MOU) with India's Gujarat State Petroleum Corporation to supply up to 0.5 mtpa of LNG, which could be sourced from the Gorgon project.

DITR has commissioned ABARE to undertake a study of the gas market in India and opportunities and impediments relevant to Australia and India LNG trade. This study is expected to be completed in the first half of 2007.

Petroleum exploration

The annual offshore acreage release was launched on Monday 8 May 2006. The acreage release was promoted to Indian petroleum exploration companies in new Delhi, India, in July 2006 by a senior delegation from DITR and Geoscience Australia. The promotional seminar was co-hosted by the Indian Ministry of Petroleum and Natural Gas. Attending the seminar were major Indian public sector and private sector companies involved in petroleum exploration including Hindustan Petroleum Corp, Bharat Petroleum Corp, Gujarat State Petroleum Ltd, Gas Authority of India Ltd, Oil and Natural Gas Corp, Reliance Energy Ltd, TATA Petrodyne, OIL India Ltd, and Indian Oil Corporation. Several international firms with operations in India also participated: Cairn Energy, Niko Resources, and Hardy Exploration and Production Company.

A number of Indian petroleum companies submitted bids in the recently closed 2005 bidding round. Permit Bids are assessed on the basis of the work program most likely to enhance the petroleum prospectivity of an area.

Four Indian exploration companies (Videocon, Gujarat State Petroleum Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation) have interests in three Australian permits located offshore of Western Australia, South Australia and the Joint Petroleum Development Area. All three permits are operated by Oilex.

The companies proposed a guaranteed work program of 2D and 3D seismic mapping and one exploration well at a total indicative cost of \$24 million.

Two Australian small-cap petroleum companies, Norwest Energy and Oilex NL, are building important linkages with Indian partners.

Nuclear Energy and Uranium demand in India

In 2004, nuclear power supplied approximately 3 per cent of India's electricity. India has 15 power reactors in operation with a total generating capacity of 3,310 megawatts electrical (MWe). India has plans for a major expansion of nuclear electricity generation. Seven reactors are under construction with a planned capacity of 3,920 MWe. A further 19 are proposed. India plans to supply 25 per cent of India's electricity with 20,000 MWe of nuclear capacity by 2020.

India's production capacity is inadequate to meet demand from its planned expansion in nuclear generating capacity. India is not a signatory to the Nuclear Non-Proliferation Treaty (NPT) and has difficulty securing uranium imports. As a result, India's civil nuclear policy has been to maintain independence in the nuclear fuel cycle.

India was recently reported to have obtained enriched uranium from Russia to fuel two of its reactors at Tarapur.

Uranium mining in India

Uranium mining operations are carried out by the Government owned corporation, the Uranium Corporation of India Limited (UCIL), supervised by the Department of Atomic Energy. Production supplies India's nuclear power reactors.

Geoscience Australia advises that India's prospectivity for major uranium deposits is low. India has reasonably assured resources of 42,568 tonnes of uranium recoverable at less than US\$130/kg, compared to Australia's resources of 701,000 tonnes recoverable at less than at US\$40/kg.

India has 4 operating underground uranium mines; Jaduguda, Narwapahar, Bhatin and Turamdih, utilising modern mining equipment and technology. UCIL is developing an open cut mine at Banduhurang and an underground mine at Bagjata.

India has "stepped up" uranium exploration. India's Atomic Mineral Division has invited tenders for exploration drilling and is planning to outsource geophysical

exploration. The Atomic Energy Commission has launched a major initiative to find 100,000 t U over the next four years.

India has about 25 per cent of the world's thorium reserves (approximately 290,000 tonnes) and has developed technology to utilise its thorium as nuclear fuel to compensate for its limited uranium supplies.

US - India Civil Nuclear initiative

President Bush and Indian Prime Minister Singh on 2 March announced agreement on a plan to separate India's civil and military nuclear facilities. Separation is an essential foundation for implementation of the agreement reached by President Bush and Prime Minister Singh on 18 July 2005 on facilitating civil nuclear cooperation with India.

India has agreed to classify 14 of its 22 nuclear reactors as civilian and subject to permanent IAEA safeguards. The separation plan will be implemented in phases to be completed in 2014. The agreement must be approved by the US Congress.

Australia - India Uranium relationship

Australia has a longstanding policy of only selling uranium to countries that are party to the Nuclear Non-Proliferation Treaty and which have a bilateral safeguards agreement in place with Australia. Under this policy Australia is currently unable to sell uranium to India. There are no automatic implications for our policy from the nuclear cooperation agreement between the US and India.

Diamonds

Australia is a significant producer of rough diamonds, although the average quality of Australian stones is quite low by world standards. India is the world's primary location for the manufacture (cutting and polishing) of diamonds, and the costs of labour and specialised skills available make manufacturing of low grade diamonds commercially viable. Some estimates place the number of Indian craftspeople employed in the processing of Australian-produced rough diamonds as high as 300,000. These goods generally reach India via the global trading hub for diamonds in Antwerp (hence their absence from the Australia-India trade statistics). Indian Government and industry representatives have recently initiated efforts to establish direct supply of rough product from Australia, Russia and other diamond producing countries.

Steel

According to ABARE, India exhibits the characteristics of a nation poised for strong growth in its iron and steel sector: a large population, strong economic growth, low current rates of steel consumption and growing integration with the global economy. This scenario presents opportunities for Australian steel and iron making companies. BlueScope steel has entered into a 50/50 joint venture with Tata Steel, India's largest private steelmaker, establishing distribution and fabricating facilities at four sites as an initial investment. This opens opportunities in the growing east of the country, as well as positioning BlueScope for entry to the developing markets of Bangladesh and Pakistan. Australia's HIsmelt iron making technology has also attracted strong interest from Indian steel makers, as it can make quality iron using India's plentiful

low quality metallurgical coal. The process is also attractive because it can reduce greenhouse gas emissions by up to 50% compared to similar iron making processes.

Tourism

Indian Visitor Arrivals

India is one of Australia's fastest growing tourism markets with 78,900 visitor arrivals in 2005-06, representing 33 percent growth on 2004-05 arrivals. This trend is expected to continue with 292,000 Indian visitors expected each year by 2015. The total annual inbound economic value of the Indian market is forecast to grow from \$200 million in 2005 to \$800 million in 2015, an increase of 316 percent. The number of Australian visitors to India has also been growing steadily with 93,700 in 2005, an increase of 28 percent on the previous year.

MOU on Tourism Cooperation

Australia and India share a close bilateral tourism relationship. In April 2002, the Australian and Indian Governments signed a MOU on tourism cooperation. The MOU outlines specific areas of interest for both countries to exchange knowledge and expertise, including ecotourism, investment and management of tourism infrastructure. A MOU Joint Working Group was established to oversee its implementation, with the inaugural meeting held in September 2005 in New Delhi. The Australian delegation to this meeting was led by the Hon Fran Bailey MP, Minister for Small Business and Tourism.

Following the inaugural meeting of the MOU Joint Working Group, Minister Bailey and the then Indian Minister for Tourism, Mrs Renuka Chowdhury, agreed on a Ministerial Action Plan. As part of the Action Plan, Australia agreed to host a Tourism Business Forum and both parties agreed to establish a bilateral Ecotourism Working Group.

Australia-India Tourism Business Forum

The Australia-India Tourism Business Forum was held in Melbourne on Friday 24 March 2006. It coincided with the Closing Ceremony of the Melbourne Commonwealth Games on Sunday 26 March 2006, in which Delhi played a significant role as host city of the 2010 Commonwealth Games. India's new Minister for Tourism and Culture, Ms Ambika Soni, led a large delegation of Indian government officials and industry representatives to participate in the Forum. The Forum provided an important opportunity for tourism delegates from both countries to foster business relationships, and identify opportunities for growth in tourism trade.

Australia-India Ecotourism Working Group

The first meeting of the Australia-India Ecotourism Working Group was held in New Delhi on 5 October 2006, with government, industry and research institution representatives. A two year work program to promote cooperation in areas of mutual advantage in investment, research and training was agreed. Particular areas of focus were ecotourism certification, community participation in tourism and opportunities for exchange between the two ecotourism industries.

Tourism Australia's marketing activities

Marketing activity in India will intensify over the next few years, in line with the anticipated growth in outbound tourism. A variety of Brand Australia activities are being undertaken in Delhi and Mumbai, with the most recent being a joint print advertising campaign with Qantas from February to June 2006 in the lead up to the peak season. The 'Where the Bloody Hell Are You?' Campaign is scheduled to be rolled out to the Indian market during 2006-07.

Tourism Australia currently services the Indian market through contracts with both a trade representation company and a public relations agency. Staffing at the trade representation company has recently been upgraded resulting in the appointment of a Country Manager for India, based in Mumbai, who will work with key stakeholders to assist Tourism Australia achieve key objectives for the Indian market. This approach will allow for maximum investment in marketing activities and remove the need for fixed overhead costs associated with maintaining an office.

Current Tourism Australia activities in the Indian market include:

- the Visiting Journalist Program;
- high profile public relations activity;
- cooperative marketing with Qantas and key agents;
- the annual India Travel Mission;
- expansion of the Aussie Specialist Program for travel agents;
- the Aussie Specialist Preferred Travel Agents Program with the Department of Immigration and Multicultural Affairs to facilitate visa issuance;
- industry servicing to our distribution partners; and
- targeted promotions to the incentive business area.⁴

Tourism Australia and Austrade are also developing preliminary plans to host an Australia Tourism Showcase in Mumbai in March 2007. A small number of notable VIPs from India will be invited to attend the Showcase, which will highlight unique Australian tourism experiences. With the media also in attendance, it is hoped the VIP attendance will leverage substantial media coverage, and encourage influential Indians to travel to Australia.

The Emerging Markets Strategy

The Emerging Markets Strategy (EMS), which was prepared by an industry consultative group, was launched by Minister Bailey on 8 December 2005. The EMS reflects the Australian Government's priority to seize the opportunities presented by the rapid economic growth, and outbound tourism growth, currently underway in China and India. The EMS investigates the tourism potential of the two target markets, identifies gaps in Australia's capacity to service the demand, and offers 21 recommendations for maximising future growth.

The Chinese and Indian markets are forecast to be Australia's two fastest growing markets to 2015 with average annual growth rates of 16.5% and 14.3%, respectively. The EMS incorporates the results of long-range forecasts to 2025, which were specially commissioned to clearly articulate the demand potential of the China and India markets. Visitor arrivals from India are forecast to reach 550,000 in 2025, with

⁴ Further information on all Tourism Australia activities can be found at www.tourism.australia.com.

an average annual growth rate of 11.4 percent. By 2025, India is expected to rank seventh overall in terms of visitor arrivals to Australia.

An extensive interdepartmental committee process has been required to develop the Australian Government's response to the EMS and its sister strategy, the National Tourism Investment Strategy. The combined Government response to both reports is expected to be released by the end of 2006.

Visas for Indian visitors

The issuance of Australian visitor visas to Indians has been significantly enhanced in recent years, with the result that 80 percent of applications lodged with Preferred Aussie Specialists are processed within 72 hours and returned to the applicant's home via courier.

In addition, the Department of Immigration and Multicultural Affairs (DIMA) extended the electronic visa application facility for short stay visitor visas to the India market on the 21 August 2006. This allows Aussie Specialist Agents in India to submit an electronic visa application (via the internet) for their clients, thus reducing application delivery and processing times. DIMA and Tourism Australia plan to gradually expand the number of Aussie Specialists in India, and hence the number of agents authorised to use the electronic visa application facility.

Air Services

Air service capacity entitlements for Indian and Australian carriers have increased significantly since 1996. There are currently no capacity constraints under Air Services Agreements with India, with capacity entitlements well ahead of demand from both Australian and Indian airlines. From October 2006, carriers of both countries have 6,500 seats per week available for use to six specified points in the other country.

Qantas Airways Ltd operates three Airbus A330 services between Sydney and Mumbai (via Darwin outbound), utilising some 900 seats per week of the Australian capacity entitlement. Qantas also code shares on Jet Airways services operating between Singapore and Mumbai which results in a greater than daily frequency between Sydney and Mumbai and a daily code share connection from Perth to Mumbai. Under the code share arrangements, Qantas will also market services to New Delhi, with daily connections from Sydney, Melbourne, Brisbane and Perth via Singapore. Cairns, Darwin and Adelaide will also benefit from convenient connections. While Qantas has reported it is committed to providing air capacity into India, profitability of the route remains an issue.

Currently, no Indian carrier operates to Australia so the full capacity entitlement of 6,500 seats per week remains available. A number of other carriers operate numerous services which provide air links between India and Australia, particularly via Singapore, Kuala Lumpur and Bangkok. In the year to June 2006, Singapore Airlines carried over 49 percent of the total of 383,279 Australia-India origin-destination passengers, with Qantas (21.5 percent) and Malaysia Airlines (18.7 percent) carrying the bulk of the remainder.

Manufacturing

Australia's manufacturing trade with India has increased significantly over the past decade. As shown below in Table 2, total manufactures exported to India increased 15.9 percent in 2005-06, and have grown at an average annual rate of 4.5 percent since 1995-96. The majority of this growth has been in simply transformed manufactures (STMs) which grew at 9.3 percent per annum, while exports of elaborately transformed manufactures (ETMs) grew at only 2.3 percent;

- the main STM export items are fertilisers (excluding crude fertilisers), lead and zinc;
- the main ETM export items are integrated circuits, pigments, paints and varnishes, telecommunications equipment, toys, games and sporting goods, and miscellaneous manufactures.

Total manufactures imported from India decreased 0.1 percent in 2005-06, however they have grown at an average annual rate of 8.4 percent since 1995-96. The growth has been in both STMs and ETMs.

- the main STM import growth items are pearls and gems; construction materials; and organo-inorganic compounds;
- the main ETM import growth items are jewellery, medicaments (including veterinary), medicinal and pharmaceutical products, rubber tyres, structures of iron, steel or aluminium, tractors, electrical equipment for circuits, furniture, electric power machinery, taps, cocks and valves, and motor vehicle parts.

Table 2			
	2005-2006 A\$'000	Year on Year Growth 2005-06	Average Annual Growth since 1995-96
Manufactured Export	469,420	15.9%	4.5%
Manufactured Imports	1,029,309	-0.1%	8.4%

India is attracting more Australian business prospects. According to Austrade there are over 1500 Australian businesses currently exporting to India, including in the manufacturing sector. For example, Ford Australia recently provided design and engineering services to adapt the Ford Fiesta specifically for the Indian market. The value of this work has been estimated at \$200 million.

Key concerns currently relate to market access for Australian manufactured products into India. The issues are:

- customs procedures, including customs clearance and valuation procedures;
- internal taxes and charges system;
- labelling and marking requirements; and
- certification of textiles and standards.

In relation to the Australian textile, clothing and footwear (TCF) sector, a market access study in May 2003 identified certain issues in relation to the Indian market:

- certification that textiles and textile products do not contain prohibited dyes is required;
- strict safety and marking guidelines are imposed on imported fabrics and textile products; and
- customs procedures can be burdensome – documentation requirements are extensive and delays are frequent.