



## Submission No 15

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

**Organisation: Australian India Business Council**

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May 31, 2006

Committee Secretary  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
Department of the House of Representatives  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600  
AUSTRALIA

Please accept my submission to the "Inquiry into Australia's relationship with India as an emerging world power".

While the terms of reference of the inquiry include trade and tourism including investment opportunities; the defence relationship; and the strategic possibilities for both nations resulting from increasing globalisation and regional imperatives, the attached submission focuses on the opportunities for bilateral trade and investment and the business-related strategic opportunities for Australia arising from the Indian opportunity.

Although I am making this submission as National Chairman of the Australia India Business Council (AIBC), I need to stress that, while I am confident that the Committee and membership of the Council will be comfortable with the contents of the submission, due to time constraints, I have not been able to seek their endorsement. The submission should therefore be seen as reflecting my personal views.

In order to keep our membership informed, I am also simultaneously distributing this letter and the attached submission to all our members and am seeking their feedback. I would like to forward such feedback as I receive to the Committee and trust the Committee will accept the same as additional input to its review.

AIBC has also separately encouraged our members to make their own submissions to the Inquiry.

A handwritten signature in black ink, appearing to read "Neville J Roach".

Neville J Roach  
National Chairman

## **The Australia India Business Relationship – An Unprecedented Opportunity for Partnership**

**Submission by Neville J Roach AO, National Chairman of the Australia India Business Council, to the “Inquiry into Australia's relationship with India as an emerging world power”.**

### **Introduction**

The Australia India Business Council (AIBC) welcomes the Inquiry and its recognition of India as an emerging global power and the consequent importance of the relationship between Australia and India.

AIBC was formed in 1986 following the mutual recognition of the potential for trade between the two countries by the then Prime Ministers, Mr Bob Hawke of Australia and Mr Rajiv Gandhi of India. AIBC is now widely recognised by both governments and businesses in both Australia and India as the peak bilateral business association in Australia for promoting and supporting trade and investment between the two countries. It is the only national business association that is totally focused on bilateral relations between Australia and India.

The AIBC's mission is:

**“To build stronger business links between Australia and India for the benefit of our members and both countries”**

### **Recent Developments in the Bilateral Relationship**

The recent visit to India by the Prime Minister of Australia, the Right Honourable John Howard, and the 20-strong high level business delegation that accompanied him, clearly demonstrated that the Australia India relationship has never been better or stronger. At meeting after meeting, whether involving political leaders, senior officials, business men and women or the media, the close and natural ties that bind our two countries together were inevitably stressed by speakers from both countries. Without a doubt, Australia India links have moved beyond the traditional 3 Cs of cricket, Commonwealth and curry to the much broader and more strategic areas of trade, investment, collaboration, education, trade, defence and, of course, tourism.

Australian Government interest in India has also been evident by several visits to India by Ministers including the Hon Mark Vaile, the Hon Alexander Downer, the Hon Ian McFarlane, Senator the Hon Helen Coonan and the Hon Fran Bailey.

At an agency level, the Australian Government is now well represented in India. Austrade has offices in 5 major cities and Invest Australia has just announced that it will soon be opening its office in Mumbai. In addition to the High Commission in Delhi and the Consulate General in Mumbai, plans have also been announced to open a Consulate General in Chennai.

Australian States and Territories have also recently stepped up their interest in India, with Premiers Carr, Beattie, Bracks, Rann, and Gallop all leading business delegations to India during the past 3 years. Several State Ministers have also visited India. Western Australia, Queensland, Victoria and South Australia have all opened offices in India.

In turn, Indian Government Ministers have visited Australia as have Chief Ministers and Ministers from Indian States and Territories. (However, it seems that governmental visits from India to Australia have been somewhat less frequent than in the other direction. The last Indian Prime Minister to visit Australia was Mr Rajiv Gandhi who visited Australia in 1986. This may not indicate a significant underlying problem, but it could be a sign that Australia is not getting as much attention from India as other countries.)

There has also been considerable dialogue between Government leaders and officials of both countries and this has led to a number of MOUs of collaboration, the establishment of Joint Working Groups and other collaborative initiatives. The most significant of these has been the Trade and Economic Framework Agreement that was announced as an outcome of the Joint Ministerial Commission Meeting held in Sydney in May 2005 between the Indian Minister for Commerce and Industry, the Hon Shree Kamal Nath and the Australian Minister for Trade, the Hon Mark Vaile, and signed during the Prime Minister's visit to India in March 2006.

At a business level also, bilateral trade and investment between Australia and India is booming with Australia now exporting some \$6-7 million to India and importing a little over \$1 million from India. Investments by Australian firms in India amount to around \$1 million with Indian companies making a similar level of investment in Australia.

At a community level, Indian migrants, temporary business entrants, students and tourists are coming to Australia in increasing numbers and the number of Australian business visitors and tourists to India are growing rapidly.

With all these positive developments, it would be easy to conclude that the Australia India relationship is progressing very positively and will continue to develop through normal activities and market forces and that any special effort by either governments or businesses in either country is unnecessary and, at best, only likely to have marginal impact.

However, while all the interaction between Australia and India has been most encouraging, and the Prime Minister's visit was unquestionably Australia's most significant initiative ever in terms of strengthening the Australia-India relationship, it must be stressed that this only represents a new beginning. Both Australia and India need to make a sustained effort over the medium and long term to capture the full potential of what each country has to offer the other. In particular, Australia needs to make a concerted effort at every level of both government and business if we are to maximise the benefits to us of the Indian opportunity.

That the Indian opportunity offers very substantial benefits to the whole world and especially to Australia is now well recognised. Although India's growth and appetite for resources, investment and a very wide range of goods and services are still quite small relative to China's, they are nonetheless very large when measured by any absolute or relative yardstick except in comparison to China. And there is a growing body of experts around the world who argue that India only lags China by 10 – 20 years and that, due to some significant fundamentals which favour India in the long term, especially India's vibrant democracy, its rule of law, the use of English as the language of business, the continuing growth in its working age population and of its skill base, and the long tradition and recognised strength of Indian private sector entrepreneurship, management and governance, India's economic growth is likely to be sustained over a longer period of time than China's. Whether such views of India's comparative growth are soundly based or not, the fact is that India is fast heading towards becoming the world's third largest economy and the richest in terms of surplus skilled resources that can help alleviate the impending skill shortages in most advanced countries, including Australia and even in China.

The challenge for Australia is that the whole world is now beating a path to India's door and, if we are to get our fair share of the benefits that will flow from the Indian opportunity, we will need to work both harder and smarter to compete with every other country and especially those countries, like the USA, Japan and the countries of Europe and Asean, who have a far more developed relationship with India and to whom India is more likely to look for many of its requirements for development than Australia. This is not to suggest that Australia doesn't have a lot to offer, or that we don't have very significant competitive advantages ourselves. It's just that we shouldn't take India for granted or assume that we will get all the potential benefits from the Indian opportunity on a business as usual basis. The Australia India Business Council strongly believes that Australia can accelerate and maximise the benefits of our links with India, and develop a relationship that is far more sustainable and of a much higher quality, if our governments and businesses give India much more attention and priority.

## **Challenges facing the Australia India Relationship**

The biggest challenges limiting the relationship between Australia and India are:

Firstly, both countries give much higher priority to other countries than they give each other. This is largely a result of history and particularly the different approaches that the two countries took to external relations during the Cold War, with Australia strongly committed to the Western, particularly US, Alliance, and India, to quote our Prime Minister during his visit to India, “profoundly committed to non-alignment”. Whatever the historical reasons, the fact is that Australia has developed much closer links with the US and the UK, New Zealand, Europe, Asean, Japan, Korea and, more recently, China than we have with India. Similarly, India has traditionally focused on the West, giving the US the highest priority, followed by the UK, Canada and Europe. Even after India started looking East, its attention has been mainly directed to East Asia - Japan, Korea, China and Asean - rather than to Australia.

Secondly, the knowledge and experience that Australia and India have of each other is extremely limited, and the way each country views the other is not as favourable as it should be and tends to be somewhat superficial, often based on historical, stereotypical, images that no longer reflect current reality.

### **1. Australia’s Image of India**

Because India’s economic resurgence has only become apparent in the last few years, it is not surprising that there continues to be considerable scepticism in Australia regarding the reality and sustainability of India’s economic growth. Australians continue to be diffident in their approach to doing business in India and remain concerned about a number of perceived impediments that may no longer be as much of a problem as they may have been in the past.

Appendix 1 provides a brief summary of the rapid changes that are taking place in India and the need for Australian Governments and businesses to update their views of and attitude towards India from the stereotypical views of the past to the realities of modern India. This updated perspective is essential if Australians are to approach the Indian opportunity positively and constructively and in order to be accepted by Indian government and business counterparts as genuine partners, committed to developing long term strategic relationships for mutual benefit and based on mutual respect.

### **2. Australia’s Image in India**

It is equally important for Indian governments and businesses to view Australia more realistically and positively. To achieve this outcome, we need to promote

ourselves to India much more strongly and effectively than we currently do. Again, Governments can play a significant role in promoting a positive image of Australia in India through the work of the Australian High Commission in India, Austrade, Invest Australia, Tourism Australia etc. and through special purpose promotions at trade fairs and conferences.

Appendix 2 provides an outline of some key image issues that need to be addressed, some incorrect impressions about Australia's social and cultural characteristics that need to be corrected, and some of our significant strengths in terms of science, technology, management and general and specialist business experience and expertise that can add considerable value to India's ambitious development programmes that need to be promoted.

### **3. Industry Sectors offering the most potential for Australia**

While India's development needs and plans are so large and diverse that they offer business opportunities in virtually every sector of the economy, there are certain sectors where Australia has a particular competitive advantage or capability. These are highlighted in Appendix 3.

### **4. The role of Governments in the Australia-India Relationship**

While business clearly needs to build its trade and investment ties with India without relying too much on government support, it must be stressed that government leadership can play a major role in encouraging business to increase its engagement with India. And active dialogue between our governments and their Indian counterparts is also essential if impediments to bilateral business are to be removed and if Australian business is to enjoy at least as favourable a regulatory environment in its dealings with India as businesses from other competitor countries do. The impact of governmental involvement on Indian governments and businesses should not be underestimated as Indians tend to see the interest shown by foreign governments as a significant indicator of just how genuine and serious they and their businesses are in forming a long-term mutually beneficial relationship with India.

As this submission is to a Federal Parliamentary Committee, it focuses mainly on the role of the Australian Government. However, it is important to stress that State and Territory Governments also have a major leadership role to play in developing the relationship with India especially because much of any bilateral business activity is conducted by Small and Medium Enterprises (SMEs), many of whom look to State and Territory Governments for leadership and support. And, as India also has a Federal structure, there is a significant opportunity for State-to-State and Territory-to-Territory initiatives. Such targeted programmes could also help each State or Territory Government and its business community to focus on one or a few States/Territories in India instead of trying to address all,

which is an impossible task given India's huge territory, population and diversity. It would also help avoid the common syndrome of several or all Australian States and Territories competing with each other in a few select Indian States, Territories or cities, while opportunities in the rest of India are not pursued at all.

However active and influential the State and Territory Governments might be, there is no doubt that it is the Australian Government that has the strongest influence and impact on the relationship that Australia has with India. The rules and regulations governing trade and investment between the two countries are largely set by the Federal Governments of both countries and it is through negotiations at the federal level that liberalisation and deregulation takes place and that impediments facing our businesses in either direction can be highlighted and addressed.

The Australian Government has shown clear leadership in establishing significantly improved trading environments through multilateral negotiations leading up to APEC and the WTO and, at a bilateral level, the FTAs negotiated with New Zealand, Singapore, Thailand and the USA, and currently being negotiated with China. The Indian Government has also made progress in negotiations at both the multilateral and bilateral level. However, the trade and investment relationship between Australia and India lags significantly behind what either country has achieved with other trading partners. While the recently negotiated Trade and Economic Framework is a significant step forward, if Australia is serious about the potential benefits of the Indian relationship, then upgrading and accelerating negotiations towards an FTA should become a priority for the Australian Government.

## 5. **Business Relationships**

Business can and must all do a lot more to increase our knowledge and understanding of each other. For bilateral business to achieve its full potential and be sustainable in the long run, it must deliver mutual benefit founded on mutual respect. In turn, this requires mutual understanding based on current reality instead of past prejudice.

There is no doubt that, for all our much-touted advantages of common political and legal systems, the Commonwealth ties, our common passion for cricket and the relative ease of communications because of our common use of the English language, both Australia and India are much more committed to doing business with a large number of other countries than with each other.



## **6. The need for Complementary Government and Business Initiatives**

If Australia is to accelerate and maximise the benefits we derive from the Indian opportunity, it will need concerted action on the part of both governments and businesses. Ideally, the Australian Government and industry associations need to work together to develop strategies and action plans for each industry sector. The initiatives that have been taken in relation to Tourism and Mineral Resources are excellent examples of this proactive and collaborative approach.

There also needs to be significantly more dialogue between the two countries at both government and business levels. While there is an understandable reluctance to enter into MOUs that lack substance, we need to recognise that Australia lags many of its competitors when it comes to building stronger relationships with India through regular and meaningful dialogue. MOUs followed up by regular meetings and agreed action plans can serve as very useful mechanisms to increase the attention and priority that Australia and India give each other. In this regard, the MOUs for collaboration in ICT and Tourism are very welcome.

Ideally, dialogue between the two countries needs to occur at three levels - Ministerial, between officials and between business associations. Probably the best example of such a successful model is the Joint Ministerial Commission Meeting between the Australian Minister for Trade and the Indian Minister for Commerce and Industry. This meeting is usually preceded by a meeting between officials from both countries and run in parallel with the Joint Business Councils Meeting between the Australia India Business Council and its counterpart in India. These arrangements give business the opportunity to provide direct input into the ministerial meetings and in turn give the Ministers the opportunity to provide feedback to the business groups.

MOUs should provide for Joint Working Groups for officials of both countries as well as for business-to-business meetings, ideally held concurrently to enable input from each group to the other.

The challenge going forward is not only to initiate more MOUs but also to give the actions envisaged in the MOUs the attention and priority they deserve.

Industry associations need to be encouraged to actively engage in dialogue with their Indian counterparts.

As the only peak national business association in Australia which focuses totally on the bilateral relationship between Australia and India, the Australia India Business Council has a special strategic role to play. AIBC takes this role very seriously and has made significant contributions to the strengthening of Australia India business links generally and specifically in the ICT, Tourism, Resources,

Film and Education and Research industry sectors through providing input to Government policy and encouragement of increased dialogue, networking and missions between the two countries. AIBC believes that it has a pivotal role to play in the development of stronger business links between Australia and India and looks forward to the opportunity of participating in the public hearings of the Inquiry.

## **Appendix 1**

### **Australia's Image of India – the need for an updated perspective**

How should Australians perceive India today? The old, almost colonial, view of India as a poor, developing country, technologically backward, with a closed economy, lacking in skills and capital, is so outdated as to be a negative and counterproductive basis for doing business with India. India, of course, still has massive problems – especially with infrastructure. But the refreshing and encouraging virtue of the political and business leaders of India today is their honest acknowledgement of such challenges, and their commitment to address them vigorously and rapidly. And, for all its residual problems, the new India is amazingly different from the India of just 15 years ago. The economy is rapidly opening up, investment is being welcomed and facilitated, growth rates are among the highest in the world and millions are moving from poverty to join the biggest middle class in the world. Indians are today providing skilled resources at every level, including sophisticated Research and Development, to the whole world - as permanent and temporary migrants, as well as through offshore services.

India's political, bureaucratic and business leaders are showing themselves to be as visionary and capable as the best in the world. Indian business names like Tata, Infosys, Mittal and Hero Honda, are becoming famous global brands. Indian tourists are being wooed around the world because they are amongst the biggest spenders.

India has moved from being an aid receiver to an aid donor. India now has massive foreign reserves and Indian companies are making big investments around the world, including Australia. India's status as an emerging global power was clearly recognised by US President George Bush earlier this year when he opened the door of the exclusive nuclear club to India, without extending this privilege to any other nation.

Most importantly, the potentially massive Indian market is growing rapidly and offers huge opportunities for Australian goods and services. Australia is already a significant beneficiary of the booming Indian economy. In just 4 years, India has leapt from 13<sup>th</sup> to become our 6<sup>th</sup> largest export destination for merchandise trade. Exports to India now exceed \$6 Billion a year, while imports from India are a little over \$1 billion, meaning Australia enjoys a huge balance of payments surplus. Coal and gold exports each exceed \$2 billion and services close to a billion. In addition, nearly a billion dollars of diamonds go to India for processing and setting via Antwerp.

For us to do even better in and with India, Australian business must put aside old fashioned, patronising attitudes and recognise that India has as much to offer

Australia as we have to offer India. Arguably, given India's destiny to become the third largest economy in the world, Australia probably stands to gain more from India than India might gain from us. And, with just about every country now beating a path to India's door, we will have to become much more India-focused and India-savvy if we are to compete successfully for India's business.

The best way to do this is, of course, to go there, whether as tourists, business visitors or students, and personally experience 'Incredible India' as a tourist destination and the increasingly 'highly credible India' as a business opportunity. Governments can play a significant leadership role in encouraging businesses to consider the Indian opportunity through participation in missions led by Ministers or senior officials to India with appropriate support from agencies like Austrade and Invest Australia. Such missions should ideally be organised collaboratively with Industry Associations or Bilateral associations like the Australia India Business Council.

## Appendix 2

### **Australia's Image in India – the need to update Indian Perceptions**

#### **1. Australia's image as a social and cultural community**

For Indians considering engaging with Australia in business, some of the first concerns that are often expressed are, “what’s it like to do business with Australians? Will they be happy to do business with Indians? Are they likely to display prejudice or will they discriminate against me, my family, my employees? Similar anxieties can be raised by potential tourists, students or migrants, considering Australia as an option for short or long term visits, overseas education or as a permanent residence. While such questions may irritate or seem absurd to us, we should not shy away from them. Unfortunately, the memory of the White Australia policy (which operated until only 40 years ago) still lingers with some Indians, who ask, “How will we be treated? Will we be made to feel welcome? Will we face any prejudice or subtle discrimination? Will we enjoy friendly, helpful service?”

The good news is that we can answer these questions confidently and positively. The message we need to strongly and continually promote overseas, especially in non-white countries like India, is that, far from reflecting the White Australia policy, we have transformed ourselves in the short space of just 40 years into one of the most successful multicultural societies in the world. Indians visiting Australia for the first time are sure to be struck by our phenomenal diversity and how comfortable and confident we are with it. They can expect to be delighted by our friendly welcome, from the time of their arrival. If they move around any Australian city, they will see migrants from all over the world settled in every part of the city, including the most affluent areas.

We can confidently claim that relative to countries like the UK, Canada and New Zealand, that have recently experienced diversification of their populations, Australia's transformation into a multicultural society has been achieved remarkably smoothly, and we experience much less stress from our diversity than any of those comparable countries. The contrast with the US is even greater.

This doesn't mean that we are perfect or that our policies can't be improved. Nor are we free from all problems arising from our diversity. Like India, we too experience outbreaks of intolerance from time to time. We have a long way to go before our Indigenous brothers and sisters enjoy the same economic, health, education and social outcomes as the rest of us. We continue to face challenges understanding new communities that come to our shores, especially in the early years when our knowledge and understanding of each other is inadequate. However, our experience has been that, over a generation or two, new communities and the host community become comfortable with each other, only

one indicator of how comfortable being that we now have the highest rate of mixed marriages in the world. And, of course, the welcome everyone who visited Australia for the recent Commonwealth Games received, and the similar welcome we extended during the Olympic Games in Sydney in 2000, would not have been possible if we were not already long accustomed to living with diversity on a daily basis, whether at work or at play.

So, we can confidently say to all Indians who come to our shores, whether as tourists, business visitors, students, or as temporary or permanent migrants, “you will find in Australia, a vibrant, multicultural, society, with a large community of Australians of Indian origin representing all the regions, religions and languages of India. You will be able to meet all your special needs, whether they are places of worship, shops stocking Indian clothing, foodstuffs or Bollywood movies, or Indian restaurants offering a variety of Indian cuisines. Most importantly, the wider Australian community, which comprises a majority whose origin is Great Britain or Ireland, but also includes people from every part of the world, has a great affection for India and will make you feel very welcome.”

## **2. The image of the Australian Economy**

In relation to the Australian economy, we also need to correct false generalisations and ensure Indians appreciate the overall strength of our economy as well as the special strengths and capabilities in some key industry sectors that have significant implications for bilateral business.

The following is a by way of an example of the attributes of the Australian economy that we should strongly and continually promote in India:

“In general terms, Australia has a very strong economy, surprisingly large given our population of just 20 million. We have enjoyed continuous GDP growth since 1992; our growth rate has been one of the highest among OECD countries; inflation has been contained within the target range of 2-3%; unemployment at 5.2% is close to the lowest level for decades despite a very high participation rate of 64.4%.

Australia is an advanced, industrialised economy with a sophisticated services and manufacturing base. While the resources sector is booming, the services sector accounts for 78% of our GDP and manufacturing for around 13%. You may be surprised to know that Mining accounts for just 6% and Agriculture 3%. Mining and agriculture, of course, account for the bulk of our exports, although services exports, including engineering, construction, IT, consultancy, education and tourism, are also substantial and growing rapidly. For example, Australia’s services exports to India are approaching a billion dollars a year.

In 2005, the Australian economy was ranked the most resilient in the world for the fourth consecutive year, providing a very compelling case for business

investment. The Australian economy has been ranked 9<sup>th</sup> globally in overall competitiveness in 2005 and third in the Asia Pacific region.

Australia is also one of the most open economies in the world making it an attractive market and destination for foreign investment. Our average tariffs are less than 5% and overseas investment is welcome with very few limitations. In AT Kearney's FDI Confidence Index 2004, Australia jumped from 19<sup>th</sup> to 7<sup>th</sup> place as a preferred investment destination. In 2004, Australia was the second largest recipient of foreign direct investment (FDI) in the Asia-Pacific region, after China.

Looking ahead, with forecast economic growth of 3.2% in 2006 and 3.6% in 2007, Australia is expected to continue to expand more rapidly than most other OECD economies.

Despite Australia's obvious economic success and strength, the stereotypical view of Australia that one frequently picks up in India and elsewhere is that we are a relaxed people, fairly laid back, not very hard working, obsessed with sport and leisure, not as advanced in technology, management or business as say the US, Europe or Japan. Australia's relative economic affluence is frequently viewed as being almost entirely due to our good fortune of having a small population enjoying the benefits of a very large country, which is richly endowed with abundant natural resources.

The reality is actually very different. Much of Australia is uninhabitable and the exploitation of natural resources has required enormous hard work over the past two centuries as well as exceptional skills, a pioneering spirit, significant innovation and the development and application of leading edge technology.

Australia has a remarkable record in terms of scientific research. For such a small country, we have had 8 Nobel Prize winners in the areas of medicine and chemistry – arguably an even better record than we enjoy in sport! Throughout history, Australians have been innovative and inventive. Australian inventions include the boomerang, the stump jump plough, the refrigerator, the wine cask, the black box recorder carried on all planes, and the bionic ear.

When it comes to business, much of our success comes from the sophisticated application of technology and sound management.

These strengths mean that Australia has much more to offer the world, including India, than just raw materials. Although India has traditionally looked to the USA, Europe and East Asia for advanced technology and skills, Australia can be a very attractive alternative source. And, because we are a medium sized rather than a large, dominant power, we can be seen as the good guys - much easier to do business with on a partnership basis. Australia and India must also never underestimate the added value of our common use of English for business, our similar political and legal systems, our membership of the Commonwealth, our

shared values of secularism, pluralism and multiculturalism, and our common religion, cricket!



## Appendix 3.

### **Specific Industry Sectors that offer significant opportunity for bilateral business between Australia and India**

We need to make Indian business more aware of the world class levels of excellence that Australia has achieved in knowhow and skills in a number of industries, especially those that could be of special interest and value to India.

#### **1. Mineral Resources**

The best and most obvious industry in which Australia is clearly a global leader is the mining industry. While India is already a large scale importer of Australian mineral resources, the fact that our mining industry is also the most efficient and advanced in the world is not so widely recognised. Our expertise in mining extends to exploration, engineering, construction, transportation, general management, environmental protection and remediation, equipment and software. All our technology and skills should be of significant value to India, as it moves to modernise and expand its mineral industry substantially and rapidly to meet the demands of economic growth.

#### **2. The Wine Industry**

Another world class industry that Indians are not sufficiently aware of is our wine industry, now recognised around the world for high quality and excellent value, winning significant market share and prizes globally, especially against traditional wine making countries. This achievement has been entirely based on skills, science and technology. Our wine industry employs highly trained agricultural and chemistry specialists, who are able to grow a wide variety of quality grapes in all of Australia's varied soils and climates, which are then used to make world class wines using modern, hygienic, technology and processes. Add to this exceptional creativity in the development of new blends and brilliant marketing, and you have a modern Australian success story. Australia would be the ideal partner for India's developing wine industry, not only because we have world class skills, but also because our experience with widely variable climates, including dry, warm to hot climates, should be particularly useful to India. Also, as India's wine industry is in the early stages of development, Australia's 'New World' expertise is of much greater relevance and value to India than what the 'Old World' wineries of Europe have to offer.

#### **3. The Sports Industry**

The field that Australia is probably best known for globally is sports. The success of Australians in sport is generally attributed to our obsession with sport and the amount of time and effort we put into sporting and leisure

activities. The reality is that Australians put in longer hours of work than most OECD countries and the number of Australians actively engaged in sport is actually declining. Our success in sport does not come from working less and playing more, but from excellence in the use of science and technology, coaching and management.

The Australian Institute of Sport and its cricketing arm, the Australian Cricket Academy, are highly advanced research and training institutions. Sports research includes collection and analysis of videos of all the leading sportsmen in the world so that all their strengths and weaknesses are revealed. In athletics and rowing, sensors are used to measure strides and strokes. Sports medicine develops athletes to peak fitness and helps them regain fitness after injury. And the sports industry is much more than our sporting heroes. Construction of sporting facilities, management of sporting institutions, organised competition from pre-school to world championship levels, and event management, are all areas where Australia excels. The triumph of the Olympic Games and now the Commonwealth Games was not just the medals won by our athletes, but the excellence of our organisational, technology implementation, project management and administrative skills. As India prepares to host the Commonwealth Games for the first time in 2010, Australia is clearly the ideal source for Games knowhow and the perfect partner.

#### **4. Information Technology**

Australia also has significant strengths in an industry that India is now globally renowned for, Information Technology. While Australia is not a significant player in the production of IT products and services, we have always been at the forefront as early adopters and voracious users of the most advanced technology which we have applied to virtually all our industries at world's best practice levels. Some 75% of advanced mining applications have originated in Australia. Another great example is banking. A few years ago, Tata Consultancy Services, or TCS, India's largest IT software and services company, chose software developed by a New South Wales company, FNS, for its successful bid to upgrade the State Bank of India's system. The project has now been largely completed and is already the largest banking system in the world, with over 5000 branches on-line. It will ultimately connect all of the Bank's 13500 branches and provide services to their 125 million customers! The FNS system has now also been sold to some 12 Indian banks.

#### **5. The Services Sector**

The services sector not only offers significant opportunities for bilateral business growth, but also has the potential to provide the strongest stimulus for stronger and closer business relations and understanding between

Australia and India generally. While many services can now be provided remotely, by their very nature, services inevitably require direct human interaction, including the movement of people from one country to the other.

The most significant service industry in this regard is overseas education. Australia has now become the third highest destination of choice for Indian students seeking education overseas. Apart from financially underpinning the Australian education system by paying full market prices for their education, overseas students also contribute to the rental accommodation and retail industries through the money they spend for their living requirements.

The tourism industry also benefits significantly from overseas students because for every student we get some 4 visitors, as their parents, siblings and other relatives come here for a variety of reasons – to check out the teaching institution, arrange accommodation, spend holidays with them or attend their graduation.

On top of all the above benefits, overseas students frequently choose to stay here, giving us the best possible migrants we could hope for, migrants who have earned Australian qualifications at their own cost and who are most likely to succeed because they have already been successful in their studies, and, through the time they have spent here as students, they have got to know us and we have got to know them.

In turn, successful migrants can influence friends and relatives to come here for their studies or to visit them in Australia. We should develop complementary programmes promoting education, tourism and migration as a virtuous triangle, in which each adds value to and gains value from the other. The potential of this virtuous triangle is enormous and yet it has hardly been exploited at all. We should encourage Indian students to consider making Australia their permanent home. And we should treat Indian students and migrants as potential consumers and promoters of tourism. We should run special marketing programmes targeted to Indian students and the wider, increasingly affluent, Indian community, encouraging them to travel within Australia and experience Australia's tourist attractions. You can be sure that once they have experienced and enjoyed travelling around Australia personally, they will be the best promoters of Australia as a tourist destination to their relatives and friends back home.

## **6. Other Industry Sectors**

Apart from the sectors mentioned above, there are a number of other opportunity areas for trade and technology transfer between Australia and India. Australia is well advanced in growing, harvesting, storing, packing, processing, transporting, and marketing of food and beverages. Our engineering and construction companies have won contracts for major

projects around the world. We have considerable experience in the development and management of infrastructure, including roads, ports, airports, water and energy. Our financial services and retail industries are among the most advanced and sophisticated in the world. While our film industry is small compared to India's, it is of a high quality, reflecting Australian creativity as well as the wealth of production and post-production skills. The combination of a welcoming community, the local availability of high level skills and our unique locations, flora and fauna, makes Australia an ideal location for shooting Indian films, as successful movies like Salaam Namaste, shot in Melbourne, have demonstrated.