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GOVERNMENT RESPONSE
TO
THE JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

“AUSTRALIA’S TRADE RELATIONSHIP WITH INDIA:
COMMONWEALTH, COMMON LANGUAGE, CRICKET AND BEYOND”

NOVEMBER 2000

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Introduction

The Government welcomes the opportunity to comment on the Report by the Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade on “Australia’s Trade Relationship with India: Commonwealth, Common Language, Cricket and Beyond”. The Report offers a thorough account of an increasingly important trade relationship to Australia.

Australia’s trade relationship with India is rapidly developing maturity. With the Coalition victory in March 1996, the development of commercial ties with India has been given new expression and impetus. Strong Ministerial support for, and involvement in, a major integrated country promotion, “New Horizons”, provided a particularly noteworthy example of this. Trade figures also reinforce this point. Two way trade between the two countries in 1999-2000 was \$2.3 billion, a figure double that of bilateral trade in 1992-93.

Development of trade ties to their current levels would have been impossible without the instigation of a program of fundamental economic reform in India from the early 1990’s. This reform, sustained over the course of a decade, has significantly redefined the architecture and operation of the Indian economy. Now, for the first time since India’s independence, India has become exposed to competition from without, and has taken important initial steps towards becoming an important player in the global economic community. Although there is still some way to go, and the reform agenda remains politically difficult, the Australian Government is encouraged by India’s efforts to date in strengthening and liberalising its economy.

Considerable media attention was given to the Australian Government’s response to Indian nuclear testing in May 1998, and the possible adverse impact this might have on the trading relationship. The Government responded to the tests by suspending Ministerial and senior official visits, both to and from Australia, and suspending defence ties and non-humanitarian aid. Australian measures did not extend to the imposition of sanctions on trade and investment with India, and there was no clear evidence that the measures adopted by the Australian Government adversely impacted upon the commercial relationship.

The Hon Nick Dondas AM MP, Chairman of the JSCFADT Trade Sub-Committee, noted in his introduction to the report that although the tests had put a “comma” in the Australia-India relationship. Australia must continue to build on its trade and investment relationship with India. The Government supports this observation. The

Report has provided focus for the Government in its efforts to enhance the relationship in a coherent and strategically planned manner.

Recommendation 1:

The Australian Government, in advancing Australia's commercial interests in India, ensure that the heterogeneity and regional and state differences to be found in India are reflected in trade policy development and trade promotion activities.

Response

Agreed.

Comment

The Government agrees with the Sub-Committee's Recommendation that Australia's market development strategy needs to take into account market diversity borne of regional and state heterogeneity within India. With its economic reform program opening Indian markets to trade and investment, and with Australia's trade push intensifying, our understanding of India's regional characteristics, cultural sensitivities, and style of governance of various states is becoming increasingly important and sophisticated.

Many economic powers have been devolved from India's Central Government, allowing greater participation by state governments in developing their own economies. This, together with each state's infrastructure capacity, resource endowments, and varying attitudes towards the process of economic reform need to be closely heeded by the Government in formulating market strategies for India and assessing the differing levels of economic opportunity afforded by various Indian states.

The Government has taken a number of concrete steps to ensure that it has current information on India's commodity trade needs across the country, and the capacities of various states to absorb foreign investment. Senior officers in the Australian High Commission in New Delhi regularly travel to the range of Indian states to evaluate and discuss prevailing economic conditions, and identify potential trade opportunities for Australian business.

In addition, Austrade has a network of offices in New Delhi, Mumbai, Chennai, Calcutta and Bangalore. This reflects the Government's recognition of the importance of positioning itself on the ground in major Indian centres of commerce to gain a clear composite picture of the needs and opportunities in the diverse Indian market.

Recommendation 2:

The Australian Government urgently review its decision which led to the closure of the Cox Peninsula transmitter and provide facilities to enable Radio Australia to transmit short-wave radio broadcasts into India

Response

Not Agreed.

Comment

The ABC's Charter requires it to, amongst other things, transmit to countries outside Australia broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:

- Encourage awareness of Australia and an international understanding of Australian attitudes on world affairs; and
- Enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs.

The Government announced, on 8 August 2000, an initiative to enhance Australia's broadcasting into the Asia Pacific, recognising the dynamic nature of the region, and the importance of a credible, reliable and independent voice. Under this initiative, Radio Australia will be provided with up to \$3 million of additional funding per year for three years to ensure it is able to strengthen transmission arrangements in the region and to enhance its online services.

In addition, the Government is examining ways to provide an editorially independent Australian television presence in the region, projecting accurate images and perceptions about Australia and its way of life.

The Government is confident that the additional \$3 million in funding combined with existing resources will ensure that sufficient alternatives are available to the ABC to increase its transmission capacity or reach to Asia. These options include leasing offshore sites or organising relays of its programs. Radio Australia has been innovative in this regard, establishing retransmission arrangements with 116 stations in the Asia-Pacific region alone, and leasing capacity from offshore transmission facilities in Taiwan.

On 22 May 2000, the Minister for Finance and Administration determined that Christian Vision Ltd would be granted a 10 year non-exclusive licence to operate the Cox Peninsula facility following the conclusion of an international tender process. Christian Vision is a United Kingdom based registered charitable company.

The Government has agreed in principle to permit international shortwave broadcasting from Australia by companies incorporated in Australia, subject to a case-by-case assessment by the Minister for Foreign Affairs based on national interest criteria. A bill to implement a licencing scheme for international broadcasting services operating from Australia which addresses national interest and other relevant criteria is currently before the Parliament.

Recommendation 3:

The Prime Minister of Australia consider making an official visit to India, accompanied by a delegation of senior Federal Ministers, once relations are normalised.

Recommendation 4:

The Minister for Trade put together a trade mission to India to coincide with the visit to India of the Prime Minister of Australia.

Recommendation 5:

The Australian Government put together, in consultation with industry, an ongoing program of trade visits to India with the visits to be led by senior Ministers.

Response

Agreed.

Comment

The Government agrees with the comments made in the Report on the extent to which high level visits underpin the strength of bilateral relationships. It recognises that particular benefits can accrue from senior level visits to India, which are capable of overcoming the bureaucratic hurdles which can impede bilateral trade and investment.

The Government imposed a suspension on Ministerial and senior official visits in the wake of the May 1998 nuclear tests. This measure was relaxed in November 1998, and since that time a series of senior Government Ministers have visited India. The then-Deputy Prime Minister and Minister for Trade, the Hon Tim Fischer MP, visited India in February 1999. In addition to commencing the process of restoring the bilateral relationship from the strains caused by the nuclear testing issue, Mr Fischer also used the opportunity afforded by his visit to promote the bilateral commercial relationship, by co-chairing the Joint Ministerial Commission meeting, which was held back-to-back with the Australia-India Joint Business Council meeting.

Mr Fischer's visit was followed by a highly successful visit by the Minister for Foreign Affairs, the Hon Alexander Downer MP, in March 2000, with the program of Ministerial visits culminating in the visit by the Prime Minister of Australia in July 2000. These visits underscored the interest of both sides in increasing the level of

engagement between Australia and India. The Department of Foreign Affairs and Trade is currently considering possible modalities for enhanced Ministerial-level and senior official-level dialogue, to be considered by the Government in due course.

Maintaining the substantial momentum generated by increased Ministerial exchanges, the Minister for Trade, the Hon Mark Vaile MP, visited India in October 2000, and led a business delegation on that visit. There are also plans for the Minister for Communications, Information Technology and the Arts, Senator the Hon Richard Alston, to visit India in December 2000, and lead an information technology industry business delegation. An Australian Parliamentary delegation visited India in November. Other senior Ministerial visits, while not yet confirmed, are currently under active consideration.

The Government supports the development of regular bilateral visits by our respective Ministers for Trade, particularly when combined with meetings involving influential and interested business interlocutors. The development of parallel meetings of the Australia-India Joint Business Council and the Australia-India Joint Ministerial Commission have clearly demonstrated the additional benefits accruing when Ministerial and business involvement is combined.

Importantly, there is an equal need to encourage a greater number of Indian Ministers to visit Australia. In addition to the visit by Indian Minister of Commerce and Industry, Murasoli Maran, in April 2000, the Indian Minister of Textiles, Kashi Ram Rana visited Australia in November, in a substantially commercially focused visit. Other visits by Indian Ministers are under active consideration.

Recommendation 6:

The Australian Government provide sufficient direct and indirect funding to ensure the continued viability of the specialised research centres that focus on India, South Asia and the Indian Ocean Region.

Response

Noted.

Comment

The Australian Government has provided assistance to specialised research centres focusing on India and South Asia, through funding available from the Commonwealth Department of Education, Training and Youth Affairs (DETYA) and the Department of Foreign Affairs and Trade.

In the past, the Government, through the former National Priority Reserve Fund, provided seed funding on a competitive basis to encourage innovative research programs by various research centres, and to encourage centres to become self-sufficient. The National Centre for South Asian Studies (NCSAS) is an example of one South Asian research centre which benefited from assistance under this fund.

Research funding is currently available on a competitive basis to research centres and qualified researchers through the Australian Research Council. In addition, DETYA provides funding to universities for research, research infrastructure and research training.

The Department of Foreign Affairs and Trade has previously supported the IOR-ARC process through the provision of funds to the Indian Ocean Centre, which was originally established as a joint initiative of the Department of Foreign Affairs and Trade, the Western Australian Department of Commerce and Trade, and Curtin University. Future work is likely to be based on a competitive tendering process for individual projects.

Recommendation 7

DEETYA, in consultation with the universities increase funding to preserve the study of the Hindi language and eliminate the uncertainty surrounding the availability of Hindi courses in Australia.

Response

Noted.

Comment

Decisions regarding the structure and content of university courses are matters over which the Commonwealth has no direct control or influence. The Government provides operating funds for universities in the form of a block grant and does not earmark operating funds for particular faculties or disciplines. Thus, there is no mechanism within current funding arrangements for directing support towards any field of study or language. It would be regarded as interference by the Commonwealth to seek to direct support towards any field of language or study.

The Government is, however, concerned to ensure that students at Australian universities have available to them the highest quality academic courses which reflect their diverse academic and vocational interests. The Government has encouraged universities to collaborate with each other, and with other institutions and organisations, to maximise student choice through the development or trial of alternative approaches which will make it possible to continue to offer courses with low enrolments. The Minister for Education, Training and Youth Affairs approved grants under the 1998 Higher Education Innovation Program to be awarded in the areas of Maintaining Student choice to support a number of projects. Under this program, the Collaborative Teaching of Small-Enrolment Asian Languages project undertaken by a consortium of six universities in NSW and the ACT will see joint delivery of courses in lower enrolment languages, including Arabic, Hindi, Urdu, Thai, Lao, Vietnamese, Korean and Russian.

Recommendation 8:

The Department of Foreign Affairs and Trade, which chairs the India Contact Group, ensure that all State and Territory-based India business associations are invited to participate in Group meetings.

Response

Agreed.

Comment

The India Contact Group (ICG) was established in December 1996 to provide a consultative mechanism for government and non-government agencies and organisations wishing to pursue closer ties with India. Since its inception, the ICG has predominantly comprised officials from federal and state government departments, with participation from a small number of major business organisations, most notably the Australia-India Business Council and the Australia-India Chamber of Commerce (Victoria Branch). Because of limited interest shown by business groups in participating in the ICG, its focus has largely been on enhancing inter-departmental and inter-governmental relations.

In accepting the Sub-Committee's Recommendation, efforts have been made to expand business participation in the India Contact Group. This has ultimately proven to be unsuccessful, partly because of a lack of interest in the work of the Group, but also because of the inconvenience occasioned by the need for business representatives to travel to Canberra to participate in meetings. The Department of Foreign Affairs and Trade has sought to overcome these difficulties by undertaking regular briefings for business groups, including on the activities of other departments, in the course of travel by departmental officers to various cities in Australia.

Recommendation 9:

The Australia-India business organisations marshal their resources to develop a communications strategy between them to improve the understanding and efficiency of the efforts being made to increase trade and investment within India.

Response

Agreed.

Comment

The Department of Foreign Affairs and Trade's consultations with a range of Australia-India business organisations have revealed support, in principle, for the Sub-Committee's Recommendation. As a result, a tele-conference was organised by the

Australia-India Business Council, aimed at assessing ways in which these organisations might work more closely to achieve the common goal of promoting the Australia-India business relationship. The participating organisations agreed they should work together, although each valued their autonomy and wished to remain a separate state-based entity, conducting a distinct program of activities for its members.

Organisations agreed to circulate information on their activities and encourage members of other organisations to participate in those activities where appropriate to do so. They also agreed to confer regularly, with the Presidents of organisations to meet annually. The Australia-India Business Council has adopted the practice of advising state-based organisations of its preparations for Australia-India Joint Business Council meetings.

The Australian Government maintains regular contact with, and provides information to, the range of Australia-India business organisations. Austrade, the Australia-India Council and the Australia-India Business Council jointly produce a newsletter for the Australian business community and institutions with an interest in India. The newsletter, "Australia-India Focus", provides to the business community authoritative and comprehensive information on pertinent developments in the Australia-India commercial relationship.

Austrade also actively assists the Australia-India Business Council to arrange meetings for visiting delegations, and provides support for annual Joint Business Council meetings. Austrade regularly briefs the Australia-India Business Council, and other business groups, on activities and forthcoming events. Austrade, along with the Department of Communications, Information Technology and the Arts and the Department of Foreign Affairs and Trade, is currently active in establishing an information technology business network.

Recommendation 10:

The Australian Government should not consider abandoning the Private Sector Linkages Program but should expand the Program within its Official Development Assistance.

Response

Not Agreed.

Comment

The Private Sector Linkages Program (PSLP) was reviewed by AusAID in 2000, and has been discontinued. Consistent with the aid program's private sector development strategy, the aid program will continue to support activities that provide an enabling environment for private sector development, and will retain the flexibility to respond to specific private sector initiatives as they arise.

Recommendation 11:

The Australian Government maintain and continue to strengthen its network of offices across India.

Response

Agreed.

Comment

Austrade is well placed in India, with five offices (New Delhi, Mumbai, Chennai, Calcutta and Bangalore). This is one of the most extensive networks maintained by Austrade anywhere in the world.

Austrade has strengthened the capacity of its offices in India with the appointment of additional Business Development Managers, and the development of a business plan which consolidates and co-ordinates the activities of these offices to ensure the organisation continues to offer its client a streamlined, India-wide service.

It is possible that India's continued emergence, over time, as an attractive and growing market for Australian exporters and investors will lead to further expansion of Austrade's network of offices in India, and its resource levels in current posts.

Recommendation 12:

Austrade include information on India in its Asia update on the Austrade World Direct Website.

Response

Not Agreed.

Comment

The Government does not agree with this recommendation. The Asia Update was designed explicitly to deal with the impact on the countries of East Asia of the East Asian crisis. Always intended to be temporary, and limited to the duration of the crisis, it has now been discontinued. Austrade has made readily available a wide range of other information on India, including electronic and web sources, on its web site.

In addition, a series of case studies, detailing the experiences of Australian companies in the Indian market, was released by Minister for Trade, the Hon Mark Vaile during his visit to India in October 2000. These case studies have been posted on the DFAT and Austrade web sites.

Recommendation 13:

The Australian Government convene an annual South Asia Conference of senior representatives of State Government trade promotion agencies to provide an update on trade developments and emerging export opportunities in the region and to identify options for closer Federal-State co-operation

Response

Agreed.

Comment

Austrade, over the period 1997-99, conducted the very successful LinkWest program, which has introduced commercial opportunities in South Asia to the Australian business community through a series of targeted seminars, regional workshops, and individual consultations. Austrade has actively involved state government trade promotion bodies in this process.

The Government believes that opportunities for exchanges and co-operation in Federal-State promotional activities should continue to be explored. While the India Contact Group forms one mechanism for such co-operation, states have not participated to the extent hoped. The Department of Foreign Affairs and Trade's efforts to facilitate visits to South Asia by state-based delegations have been far more successful, as have the regular briefings offered to state government departments by Commonwealth officials.

Recommendation 14:

The Australian Government develop an ongoing communication campaign to promote Australia as a clever country in India.

Response

Agreed.

Comment

The Australian Government's program to promote Australia as a clever country in India is pursued through a number of avenues.

The Australian High Commission in New Delhi has developed a public affairs/cultural relations strategy which includes among its primary objectives the reinforcement of Australia's image as a reliable, technologically advanced commercial partner.

The public affairs strategy is an ongoing one, funded and supported by the public Affairs Division of the Department of Foreign Affairs and Trade. In addition to an annual allocation, \$20,000 in 1999-2000, to fund public affairs activities in India, the High Commission regularly utilises a range of other departmental programs aimed at promoting Australia's image in abroad, including the Overseas Media Visitors Program.

Since its inception in 1992, the Australia-India Council (AIC) has actively supported a wide range of projects and activities in India, aimed at promoting awareness of the high quality, sophistication and diversity of Australian products and services, including in the fields of environmental management, public health, and mining and energy.

The AIC sponsored a tour of India in December 1998 by a travelling exhibition, "Innovative Australians", which showcased Australia's capabilities as a supplier of innovative and sophisticated technology and expertise, in areas where Australian companies or individuals have made a unique impact. The exhibition was developed by the National Science and Technology Centre (NSTC) in conjunction with IDP Education Australia, with funding from the Department of Foreign Affairs and Trade.

Recommendation 15:

The Australian Government continue to press the Indian Government to remove its tariff and quantitative restriction barriers to trade and investment.

Response

Agreed.

Comment

The Australian Government has been active, in both bilateral and multilateral spheres, in encouraging India to remove quantitative restrictions to trade, and to lower existing tariff barriers.

India has maintained quantitative import restrictions for the past thirty years on a range of goods, including dairy products, processed food, horticultural items, clothes and machinery. The restrictions often included import prohibitions, non-automatic licencing and special licencing.

As a result of pressure from its trading partners, including Australia, India offered, in May 1997, to phase out these restrictions on around 2,700 different products in three phases over six years. This offer was regarded by Australia (and others) as too slow, and in company with the EU, Japan, Canada and New Zealand, the Government initiated dispute settlement procedures in the WTO. Following bilateral consultations in the course of that process, the Australian and Indian Governments concluded a bilateral agreement for the early phase-out of India's quantitative restrictions. At the time it was estimated that this agreement would boost Australian exports to India by

at least A\$30 million per year initially, and to offer the prospect of increasing exports to India by over A\$200 million in the long term.

Since that agreement, a subsequent agreement between India and the United States has accelerated the timetable for the removal of India's quantitative restrictions, whereby almost all restrictions will now be lifted by 2001.

As the Indian Government has removed quantitative restrictions, it has frequently sought refuge behind higher tariffs. The Government continues to raise concerns at the level of Indian tariffs across a range of products, while appreciating that progress towards securing reductions will be slow.

Bilaterally, Australia and India have traditionally used the Joint Ministerial Commission, which is co-chaired by Ministers, to address specific market access problems, including questions of tariff levels and the removal of quantitative restrictions. In addition, Australia uses opportunities afforded by Ministerial and senior official contacts to reinforce the mutual benefits accruing to India and Australia from any reduction of Indian tariffs.

Multilaterally, India has renegotiated tariff bindings on a range of products with interested parties in the WTO, under Article XXVIII of the GATT. Australia was among the few countries participating in those negotiations with whom India managed to secure agreement, thereby securing improved access for a range of products of interest to Australia.

Recommendation 16:

The Australian Government continue the work that is being done to provide the Indian Government and judiciary, and business with Australian expertise in administrative and legal practices.

Response

Agreed.

Comment

The Government supports this Recommendation. The Sub-Committee's Report recognises the importance of the professional services sector in driving Australia's international competitiveness, and notes that India is a key and emerging market for professional legal services. The Attorney-General's Department considers that Australia's continued involvement in this sphere has the potential to benefit Australian legal service providers and other exporters of goods and services.

Although foreign law firms have been permitted to open offices in India, very few are likely to do so without the resolution of a long-running law suit, brought by a group of Indian lawyers, against the first three foreign firms that established a commercial presence in India. Until the regulatory regime governing the practice of law by foreign

lawyers is clarified and other constraints are resolved, access by Australian firms to the legal services market is likely to be limited. A number of Australian firms are active with local law firms in India in the provision of legal services that are required to facilitate trade and investment.

The Australian Government, through a range of projects, has sought to further promote links between Australia and India in the legal sector and to assist with the long term development of aspects of the Indian judicial and legal system.

The Australia-India Council (AIC), in collaboration with the International Legal Services Advisory Council (ILSAC) and with various Australian legal service bodies and educational institutions, has since 1996 developed and supported a number of bilateral activities in the field of law. These have included training in India in commercial dispute mediation practices, environmental law, legal education and the drafting of legal documents.

In addition, with AIC funding and support, ILSAC has arranged visits to Australia by the Attorney-General of India, Mr Soli Sorabjee, in May 2000 and by the Executive Director of the Indian Council of Arbitration, Mr G K Kwatra, in May 1997.

Consideration is currently being given to establishing an Australia-India Legal Forum, to promote bilateral links, in a more formal and systematic way, between judges, law practitioners, and legal service providers and educationalists.

Recommendation 17:

The Australian Government, as a matter of priority, reintroduce a mixed credit or soft loans facility as part of its strategy to strengthen Australia's trade and investment performance.

Response

Noted.

Comment

The Government has no in-principle objection to aid being provided in the form of soft loans, but not at the expense of other high priority aid activities. A soft loans scheme would have significant funding implications. If consideration were to be given to a soft loan scheme, it would need to have as its objective the reduction of poverty and achievement of sustainable development.

Recommendation 18:

The Department of Immigration and Multicultural Affairs examine ways to provide timely visa issue to Indian nationals seeking to travel to Australia for business.

Response

Agreed.

Comment

DIMA has made significant progress in recent years to streamline entry arrangements for international business visitors. The short-stay business visitor visa allows genuine business visitors entry to Australia for up to three months, to enable them to pursue business interests and investment opportunities. In India, bona fide applicants can expect a visa to be issued within a few days.

A decision was taken recently to establish a dedicated business visa unit within the DIMA office at the Australian High Commission in New Delhi. This unit will manage and process the ever-growing number of applications for short-stay business visitor visas from Indian nationals. The unit will aim to provide an efficient service and timely decisions to all business visitor visa applicants.

There has been strong growth in recent years in the number of temporary visas granted to Indian nationals for employment in Australia, particularly in the information technology industry. During the last twelve months, processing times have improved significantly, and bona fide applicants can expect to be granted a visa within approximately two weeks.

Additionally, in response to the rapid growth in demand for business visas in western India in recent years, DIMA opened a dedicated visa office in the Australian Consulate-General in Mumbai in September 1999. Australian Immigration services in India are now provided by the DIMA office at the Australian High Commission in New Delhi, and the Australian Consulate-General in Mumbai.

Recommendation 19:

The Departments of Immigration and Multicultural Affairs and Employment, Education, Training and Youth Affairs further examine the links between business and educational entry to Australia.

Response

Agreed.

Comment

With the Prime Minister's strong support, the Minister for Education, Training and Youth Affairs, the Hon Dr David Kemp MP, has established an Inter-departmental Committee (IDC) on International Education to focus on developing a whole-of-government approach to Australia's involvement in international education. The IDC, convened and chaired by the Department of Education, Training and Youth Affairs (DETYA), is working to ensure that the Government's objective of enhancing the export of Australian education services is achieved with maximum efficiency and effectiveness through the co-ordination of relevant activities across Commonwealth agencies.

Following a review of its resource deployment to support its international operations, DETYA is expanding its presence in India over the next three years to develop opportunities in this key market for Australian education exports.

In March 2000, the Government announced a number of changes to Australia's Student Visa Program aimed at better targeting those markets which attract genuine overseas students. At the same time the Government intends to strengthen the action that can be taken against students who abuse their visa conditions. The key changes include the recent joint development, between DIMA and DETYA, of an electronic confirmation of enrolment system to improve the integrity of the recruitment of international students. Effective from 1 November 2000, all overseas students will be obliged to ensure that their education provider is advised of their current residential address and of any subsequent change of address.

As of 1 July 2001, the current single visa student class will be broken down into separate education sector visa classes. A student information packages will be developed to explain the new requirements. In addition, subject to being passed by Parliament, the visa cancellation processes for students who do not satisfy course requirements will be streamlined, and the Minister for Immigration and Multicultural Affairs will be able to suspend the processing and grant of student visas to providers who appear to have a significant number of non-bona fide students. Amendments to legislation will also permit relevant information about students and providers to be shared between agencies with an interest in education services for overseas students.

In March 2000 the Government also agreed to extend the Pre-Qualified Institutions (PQI) program for the 2001 academic year. This follows the trialing of pilot programs in 1999 and 2000. The program for 2001 will cater to an expanded number of education providers and students. The PQI program is a co-operative arrangement between selected education providers and the Government to allow for the growth of the student visa market in certain non-gazetted countries, including India. Under the program, PQI providers are given streamlined visa processing. In return, providers commit to a range of obligations, including greater assessment of the bona fides of a student. The PQI program has been developed in close consultation with peak industry bodies in all sectors of Australia's international education industry.

Additionally, as a result of changes to the points test category introduced on 1 July 1999, foreign students who have studied in Australia for one academic year and obtained an Australian post-secondary qualification at the Australian Qualifications Framework (AQF) level or above, can apply for migration without the need to demonstrate that they have "skilled work experience". To ensure their qualifications are current, applications for migration must be lodged within six months of completion of the course.

Further changes to the points test have also led to foreign students being able to obtain up to ten bonus points under the points test for an Australian qualification (in the case of PhD holders), with five points given to the holders of AQF diploma level qualifications and above.

Recommendation 20:

The Australian Government endorse and actively support the adoption of international legal standards that combat child labour.

Response

Noted.

Comment

Australia has been an active participant in the work undertaken by the International Labour Organisation (ILO) on the development of a Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Kinds of Child Labour. The Convention was concluded during the 87th Session of the International Labour Conference (ILC), held in June 1999. The Convention was adopted unanimously by the 174 States members of the ILO.

ILO Convention No. 182, *Worst Forms of Child Labour, 1999*, which defines a "child" as a person under the age of 18, requires States Parties to:

- Take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency;

- Design and implement programs of action to eliminate as a priority the worst forms of child labour, and establish or designate appropriate mechanisms to monitor the implementation of provisions giving effect to the Convention, and
- Take appropriate steps to assist one another in giving effect to the provisions of the Convention through enhanced international co-operation and/or assistance.

Ratification of Convention No.182 remains under active consideration by the Federal, State and Territory governments. The Commonwealth is not in a position to make any further comment at this stage, as consultations with the State and Territory Governments is still in progress. According to Australia's treaty-making policy this is a pre-requisite for ratification to proceed.

While Australia does not fully comply with the other ILO standard dealing with child labour (*Convention No 138, Minimum Age, 1973*) because no jurisdiction has a statutory minimum age for employment, Australia nevertheless supports its principles, and believes that law and practice at Federal, State and Territory levels of government meets the requirements of Article 2 of the ILO's *Declaration on Fundamental Principles and Rights at Work, 1998* to "respect, promote and to realise in good faith" the principle of effective abolition of child labour.

Recommendation 21:

The Australian Government, in co-operation with the Copyright Agency Limited, examine strategies to assist India to establish a reproduction rights organisation, RRO.

Response

Agreed.

Comment

The Government supports international co-operation for the protection of copyright in accordance with obligations under the Berne Convention and the WTO Agreement on Trade Related Aspects of International Property Rights (TRIPs). India is a Member State of the World Intellectual Property Organisation (WIPO), and a signatory to the Berne Convention and the TRIPs agreement.

The Government recognises that copyright collecting societies (agencies which act as the interface between copyright owners and users of the relevant intellectual property) play an important role in the successful exploitation and protection of copyright and related rights. Accordingly, the Government would support a request from India to WIPO for technical assistance in establishing a collecting society for copyright rights. WIPO regularly provides training and technical assistance to member countries and is well placed to be able to respond to such a request from India.

The Government would also consider a direct request from India for assistance in establishing a collecting society for reproduction rights, subject to the availability of funding under Australia's aid program, and high priority involvement by the Indian Ministry of Industry. The Government would consult with Copyright Agency Limited in responding to such a request.

Recommendation 22:

The WTO Intellectual Property Obligations and Endorsement Unit, in the Trade Negotiations Division of the Department of Foreign Affairs and Trade, monitor developments in international intellectual fora in relation to India.

Response

Agreed.

Comment

Australia is an active participant in international property fora, and recognises that India has a significant voice in international developments in this field. Bilateral trade and investment will benefit from the common adherence to international intellectual property standards, particularly those contained in the WTO TRIPs agreement.

India will have an important role in the creation of new intellectual property norms and in the review of TRIPs scheduled for this year. For each of these reasons, the WTO Intellectual Property Obligations and Enforcement Unit within the Department of Foreign Affairs and Trade will continue to follow closely the perspectives of India in international intellectual property fora, as well as related developments in intellectual property protection within India.

Recommendation 23:

The Australian Government ensure that Australia is engaged to the greatest possible extent in regional arrangements which provide preferential access to markets.

Response

Agreed.

Comment

The Australian Government is actively pursuing greater market access for Australian companies in a number of South Asian markets. An essential part of developing further regional trade and economic integration is the establishment of regional arrangements.

To this end, the Government has supported the development of regional arrangements such as the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), which aims to develop increased trade and investment amongst its member countries in a manner consistent with WTO principles. Both Australia and India are members of IOR-ARC. One of the objectives established in the original Charter of IOR-ARC was to promote economic liberalisation, and to remove impediments to and lower barriers towards freer and greater flows of goods and services, investment and technology within the Indian Ocean region.

Australia has actively and vigorously pursued the development of a trade policy dialogue within IOR-ARC, and has worked increasingly co-operatively with India in our efforts to do so.

Recommendation 24:

The Australian Government assist in bringing to the attention of international food aid authorities the nutritional value of pulses and the importance of including pulses in food aid programs especially to South Asia.

Response

Agreed.

Comment

The Australian Government recognises the nutritional value of pulses and the importance of including pulses in food aid programs. In 1995 the Government was instrumental in negotiating successfully the inclusion of pulses within the Food Aid Convention (FAC). The Australian Government further supported the retention of pulses in the 1999 FAC, which is now in force until June 2002.

Prior to 1995, the FAC had focused solely on the provision of grains as food aid. While recognising the value of pulses, the international community generally accepts that grains such as wheat, sorghum, rice, corn and maize are the most appropriate food aid commodities since they comprise the staple foods of vulnerable groups in most developing countries.

The major international food agency, the United Nations World Food Program (WFP), to which Australia is a significant contributor, takes particular account of the traditional dietary requirements of vulnerable populations in designing cost effective food aid operations. WFP includes pulses in its food aid operations where it is considered appropriate.

It is also noteworthy in this context that many South Asian countries, including India, already produce and import pulses as part of commercial trade. Australia is a source of supply for such imports and has actively promoted Australian pulse exports to the

region. The Australian pulse industry is looking to further expand its markets, including South Asia, and is well placed to continue increasing production.

Recommendation 25:

The Australian Government, in co-operation with the Indian Government undertake a feasibility study to evaluate supplying liquefied natural gas from Australia's western gas fields.

Response

Agreed.

Comment

This Recommendation is consistent with the Government's vision for a strong internationally competitive LNG industry, which is outlined in its LNG Action Agenda (LNGAA). This Action Agenda was developed in consultation with the Australian LNG industry and the Western Australian and Northern Territory Governments. The LNGAA aims to ensure that the Government's policy framework supports an internationally competitive LNG industry and facilitates access to prospective markets, such as India. In line with the LNGAA, the establishment of LNG exports to India by Australian LNG companies is accorded a high priority by the Department of Industry, Science & Resources, the Department of Foreign Affairs and Trade and Austrade.

The Indian LNG market is considered to be highly prospective but requires infrastructure investment if its potential is to be realised. Australian LNG companies are active in the market and have signed a Heads of Agreement with the potential to supply LNG valued at up to \$A1 billion per annum.

The potential for a strong LNG trade relationship sits comfortably with other steps taken to build energy trade between Australia and India. Through such fora as the Australia-India Joint Ministerial Commission and the India-Australia Joint Working Group on Energy and Minerals, the Government will continue to highlight that market access for Australian LNG is a priority for bilateral trade. One of the objectives of the Working Group is to identify factors that may impede the development of energy and resources trade and investment and to discuss strategies to eliminate such factors.

In the lead up to establishment of a viable LNG industry in India, excellent opportunities exist for sale of Australian condensate. DISR has brought this to the attention of local producers who also have LNG capability.

Recommendation 26:

The Australian Government continue to lend support to the efforts of the Australia India Health Industry Network in its efforts to promote the export of Australian health services and products to India.

Response

Agreed.

Comment

The Department of Health and Aged Care has encouraged the health industry to widen its interaction with countries in Asia. To this end, the Australian Health Industry Forum was established in 1994 under the auspices of the Department of Industry Science and Resources and the Department of Health and Family Services, and supported by Austrade. The Forum has encouraged the Australian health industry to expand its export activities and to improve domestic capacity to reduce the import of health products.

A number of country working groups were established under Forum auspices, through which Australian companies, organisations and individuals have come together to network with a commercial objective and to focus on a particular country. One of the four country groups under the Forum focuses on India. The health and medical sector of India is large, and offers enormous potential to Australian exporters of health and medical goods and services. The health and medical sector has also been one of the Government's Market Development Task Force priorities for India.

The Australia India Health Industry Network (AIHIN) has undertaken a number of visits to India to promote the Australian health industry. The Department of Health and Aged Care has been involved in, and supported, these visits, working closely with the AIHIN as a member and an adviser to its activities. The Department was similarly supportive of the visit of an Indian health delegation to Australia in 2000. The Australia-India Council provided funding support of A\$40,000 to the AIHIA to assist with a visit to India in 1998, and to undertake a review of possible collaborative projects.

Austrade organised a South Asia Health Promotion, including a trade mission to India in June-July 1998. In India the mission members participated in the Health and Medicare India trade show in Mumbai, made site visits and participated in individual and group appointments. Austrade continues to work closely with individual clients interested in pursuing opportunities in the Indian health sector, including some substantial private groups which are considering investment activity.

Recommendation 27:

The Australian Government make representations to the Indian Government to remove the restrictive practices which work against Australian films being shown in India.

Response

Noted.

Comment

The Australian Government does not intervene or regulate the distribution and exhibition of films. Nor does it restrict the import of foreign films and television product. The Government considers it inappropriate that Australian films receive such treatment from other countries, including India.

Currently films are permitted to be imported into India only if they meet one of the following three criteria:

- The film should have been screened at any one of the international film festivals recognised by the Ministry of Commerce;
- The film should have been reviewed by one of a wide range of film journals recognised by the Ministry of Commerce, or
- The film should have won an award at one of the international film festivals recognised by the Ministry of Commerce.

In addition, foreign films need to obtain a "No Objection Certificate" from the Central Board of Film Certification, as well as the Film Censor Board. Finally, a Public Notice has to be obtained from the Ministry of Commerce. Evidence suggests, however, that there is considerable flexibility in the interpretation of these guidelines.

Recommendation 28:

The Australia-India Council examine the provision of financial support to the Australian Film Television and Radio School for a workshop to exchange educational and industry development information and expertise with the Film and Television Institute of India.

Response

Agreed.

Comment

The Government supports the promotion of greater understanding, co-operation and exchange of ideas between the Australian Film Television and Radio School and its Indian counterpart, which would generate benefits for both countries.

Pursuant to this Recommendation, the Australia-India Council has collaborated with the Australian Film Television and Radio School on curriculum development projects with the Film and Television Institute of India, which enabled the Institute to re-open film and television courses in 1999.

Recommendation 29:

The Department of Transport and Regional Development develop a watching brief on transport infrastructure opportunities in India and South Asia as part of the Australian Government's efforts to build its bilateral relationship and improve trade with India.

Response

Agreed in part.

Comment

The Government supports this Recommendation in part. The Department of Foreign Affairs and Trade and Austrade monitor infrastructure developments in the region and co-operate closely with the Department of Transport and Regional Services on matters relating to transport infrastructure.

Recommendation 30:

The Australian Government, under its Supermarkets to Asia initiative, work towards developing a market profile of India for Australian agri-food exports.

Response

Agreed.

Comment

The Government is committed to making the Australian food sector a premier supplier to a wide range of Asian markets. The Supermarket to Asia Council, which brings together Government and key food sector business leaders, has adopted a three-pronged strategy to reduce the cost of doing business, improve access to Asian markets and upgrade Australia's regional transport and communications infrastructure.

While concentrating initially on North Asia and South-East Asia, Supermarket to Asia's focus now extends to include South Asia. The then-Deputy Prime Minister and Minister for Trade, the Hon Tim Fischer MP, launched the Supermarket to Asia profile on India in October 1998.

Recommendation 31:

The Australian Government build on its level of support for the IOR-ARC through a specific allocation of funds for research and development on the trade and investment potential of the organisation.

Response

Agreed.

Comment

Australia's participation in IOR-ARC has been strongly focused on developing the trade and investment potential of the organisation. Australia's vision, as outlined by the Australian Minister for Trade at the inaugural meeting of IOR-ARC, was "to create an enabling environment for business".

The Department of Foreign Affairs and Trade has previously supported the IOR-ARC process through the provision of funds to the Indian Ocean Centre. The Department is currently funding a study on Barriers to Trade in the region faced by Australian business. Future work is likely to be based on a competitive tendering process for individual projects.

The Department of Foreign Affairs and Trade also funded an IOR-ARC informal senior officials meeting in Perth in December 1998.

Recommendation 32:

The Australian Government assess the potential for reciprocal arrangements between bilateral organisations and academic institutions to promote a general level of cultural awareness between Australia and countries of the South Asian region.

Response

Agreed.

Comment

The Australian Government believes there is significant potential to develop programs between Australian and Indian institutions through a range of avenues to promote cultural awareness.

The Australian Government already provides a number of scholarships, through the International postgraduate research Scholarship Scheme (IPRS), to students from this region to obtain postgraduate qualifications and gain experience with leading Australian researchers. Of the 300 IPRS awards made by Australia in 1999, 15 were offered to Indian students/scholars and a further 8, 11, and 2 were offered to Sri Lankan, Bangladeshi, and Pakistani students/scholars respectively. DETYA will continue to explore other education initiatives that would enhance the level of cultural awareness between Australia and countries of South Asian regions.

Since its inception in 1992, the Australia-India Council has supported a wide range of cultural and educational projects and activities between Australia and India, under its Visual and Performing Arts programs. These projects have been aimed at promoting mutual awareness and appreciation of the quality, diversity and sophistication of each country's performing and visual arts. These projects have been undertaken in partnership with relevant bodies, including the Australia Council for the Arts and Asialink, and have in many cases fostered long-term links between cultural and academic institutions. In some cases, projects have been facilitated under the 1991 Memorandum of Understanding between Australia and India for the promotion of bilateral cultural exchanges, which is administered for the Indian Government by the Indian Council for Cultural Relations (ICCR).

Recommendation 33:

Austrade evaluate the possibility of arranging cultural briefings for Australian businesses in collaboration with existing Asian research centres within Australian universities as an adjunct to its LinkWest seminars for business.

Response

Agreed.

Comment

There is a clear need for regular communication between the Government and industry to raise the level of understanding in Australia about Indian culture and business practices. The Government actively encourages members of the business community to become sensitised to Indian cultures and values prior to embarking on travel or developing trade and investment ties in India. Austrade's Market Profile on India provides details on business etiquette in India, and highlights some cultural issues of relevance to the business community.

In addition, the Department of Foreign Affairs and Trade has produced a kit, "Australia India Connections" which is aimed at providing the reader/listener with a sensitivity to Indian cultures, and to some extent, identifying easily avoided contacts, whether in official contacts, business or the broader social environment .

Where appropriate, relevant research centres will be invited to participate in future seminars on conducting business with India.

Recommendation 34:

The Australian Government provide sustained support for existing South Asia and Indian Ocean focused research centres by outsourcing research requirements to them in order to meet the Government's objective to strengthen Australia's trade and investment performance with India and South Asia.

Response

Agreed.

Comment

The Government, through a variety of agencies including the Department of Foreign Affairs and Trade, AusAID and the Australian Centre for International Agricultural Research (ACIAR), has regularly used Australian research centres with an Indian or South Asian focus as a means to strengthen Australia's trade and investment performance. Papers on specific issues of interest to the development of Australia's

trade relationship with India have been commissioned by research centres with particular economic expertise, such as the papers on aspects of Indian economic reform commissioned by DFAT and AusAID from the Australia South Asia Research Centre at the ANU.

Research funding is currently available on a competitive basis to research centres and qualified researchers through the Australian Research Council. In addition, DETYA provides funding to universities for research, research infrastructure and research training.

The Government is concerned, however, that research centres in Australia not be solely dependent on the Government for its funding. In the future, research centres in Australia will need to pursue other funding options for their survival, marketing their expertise more widely with those interested in developing ties with South Asia.