



INDIA AUSTRALIA RELATION

POSSIBLE MAINS QUESTION

1. India–Australia relations have indeed transitioned from a difficult past to a promising future. Comment.
2. Australian firms are having vast infrastructure opportunities in India. Discuss.
3. India and Australia have a shared vision on the Indo-Pacific. Examine it.
4. India and Australia need to take a leadership role in maritime security affairs in the two oceans. Critically analyze it.

INDIA-AUSTRALIA ECONOMIC COOPERATION AND TRADE AGREEMENT

Australia is an important strategic partner of India and both the democracies are part of the four nation QUAD, Trilateral Supply Chain Initiative and the Indo-Pacific Economic Forum (IPEF).

The trade relationship facilitated through ECTA will open a new chapter on India-Australia Comprehensive Economic Partnership between two vibrant economies with shared interest and trade complementarities.

This agreement initiated by the Hon'ble Prime Ministers of both the sides, is the cornerstone of our multi-faceted bilateral relations. ECTA is the first trade agreement of India with a developed country after more than a decade. The Agreement encompasses cooperation across the entire gamut of bilateral economic and commercial relations between the two friendly countries.

This will also connect with more than seven lakhs of Australia's Indian diaspora, second highest taxpaying diaspora, which makes a significant contribution to Australia's society and economy.

ECTA provides for an institutional mechanism to encourage and improve trade between the two countries. For the first time, decisions completely based on extensive stakeholder consultations with every industry, Ministries, trade associations etc unlike the previous FTAs was undertaken.



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It is expected that with this agreement, the total bilateral trade will cross US\$ 45-50 bn in 5 years from existing US\$ 31 bn. India's Merchandise Exports is likely to increase by 10 billion by 2026-27. Moreover, since the labour-intensive sectors will be benefitted, it is expected to create an additional employment of at least 10 lakhs jobs in India, create ample opportunities for investment, promotion of start-ups. Similarly, it would provide enhanced job opportunities for Indians in Australia and increased remittance flows to India.

Around 96% of Australia's exports are raw materials and intermediate products which will allow many Indian industries to get cheaper raw materials and make them competitive. Labour-intensive sectors in India like textiles, pharmaceuticals, etc., will create new jobs and Indian students and software professionals will benefit from the liberalised visa regime. In addition, the agreement will assist Indian finished product exports in petroleum, cosmetics, linen clothing, jewellery and furniture.

Investments will help increasing presence of higher value products of advanced technology, thereby promoting vertical Movement in the value chain (Engineering, Electronics, Pharmaceuticals & Medical devices). Another major gain is in Pharmaceuticals sector, where Drugs approved in other developed jurisdiction will get fast track approval for patented, generic and biosimilar medicines.

As regards trade in services, Australia has offered wide ranging commitments in around 135 sub sectors. which cover key areas of India's interest like IT, ITES, Business services, Health, Education, and Audio visual.

Some of the key offers from Australia in the services space include: Quota for chefs and yoga teachers; Post study work visa of 2-4 years for Indian students on reciprocal basis; mutual recognition of Professional Services and Other licensed/regulated Occupations; and Work & Holiday visa arrangement for young professionals.

Moreover, the long pending issue under Double taxation related to IT/ITES has been resolved under this Agreement which will provide a financial savings of more than US\$ 200 million per year as per the estimates received from the Industry Associations.

As part of the commitments under ECTA, for the Comprehensive Ind-Aus ECTA, Chief Negotiators from both the sides will have a meeting shortly to finalise the Scoping document.



In a nutshell, the India-Australia ECTA will further cement the already deep, close and strategic relations between the two countries and will significantly enhance bilateral trade in goods and services, create new employment opportunities, raise living standards, and improve the general welfare of the peoples of the two countries.

India–Australia Summit

The Second India–Australia Summit, held on 21 March 2022, took stock of various new initiatives and mechanisms agreed under the Comprehensive Strategic Partnership (CSP), inked in June 2020.

India–Australia relations have indeed transitioned from a difficult past to a promising future. Till the year 2000, there was considerable cynicism between the two countries and lack of cooperation in most sectors, primarily owing to contrasting views on the commonwealth, India’s independent foreign policy and Cold War dynamics.

When India conducted nuclear tests in 1998, Australia imposed tough economic sanctions, resulting in further deterioration of relations. Economic and trade cooperation as well as people-to-people links were also limited.

However, since 2000, the two countries began to forge an increasingly cooperative partnership, essentially driven by the changing regional landscape in Asia and China’s aggressive behaviour, as also improving India–US relations, as signified by the nuclear deal. Bilateral relations were further bolstered by Prime Minister Narendra Modi’s visit to Australia in 2014 and recent partnerships forged as part of the Quad meetings and other mini-later

At the Virtual Summit on 21 March 2022, all areas of cooperation were discussed between the two leaders, and the key strategic and economic outcomes were highlighted in the joint statement.

Regarding Indo-Pacific region, the two leaders expressed their shared commitment to free, open and rules-based order, supported by a robust regional architecture, and ASEAN centrality.

On the Ukraine crisis, they expressed concern over the conflict and the resultant humanitarian crisis, as also emphasized on the importance of dialogue and diplomacy based on the UN charter, international law, respect for sovereignty and territorial integrity of states, to resolve the crisis.



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The leaders called for immediate cessation of violence against the civilian population in Myanmar, release of detained leaders there and unhindered humanitarian access. The two leaders committed to humanitarian assistance, adherence to counter-terrorism commitments and human rights in Afghanistan.

Concerning South China Sea, both sides underlined the importance of freedom of navigation and over flight, consistent with international laws, particularly UN Convention on the Laws of the Sea (UNCLOS). It was announced that India will participate in the Indo-Pacific Endeavour Exercise 2022, which aims to promote security and stability in Australia's near region through bilateral and multilateral engagement, training and capacity building.

On the economic front, Australia-India Infrastructure Forum was launched to enable Australian firms to explore India's vast infrastructure opportunities. A new Consulate-General in Bengaluru was announced to help plug Australian businesses into India's digital economy and innovation ecosystem.

The Progress on Comprehensive Economic Cooperation Agreement (CECA) was reviewed, with both sides committed to a full CECA by the end of the year. The two countries shared their commitment to cooperate on such aspects as critical minerals, and emphasized the need for resilient and sustainable supply chains for their transportation.

An MoU was signed between Australia's Critical Minerals Facilitation Office and Khanij Bidesh Ltd for joint cooperation on critical minerals. Further, Australia and India pledged to cooperate on research, production and commercialisation of clean technologies, critical minerals and energy.

Among other new declarations are the India-Australia Centre of Excellence for Critical and Emerging Technology Policy, to be set up in Bengaluru, and establishment of Gen Rawat India-Australia Young Defence Officers' Exchange Programme.

Australia committed the largest single investment in the bilateral relationship with India of about US\$ 280 million across skills, diplomacy, clean technology, critical minerals and space exploration. Indian diaspora in Australia is more than 6 lakh people and about 1 lakh students, totalling about 3 per cent of the Australian population.



CONVERGENCES

1. With CSP signed in June 2020, an array of institutional mechanisms have been initiated to promote bilateral cooperation, including Joint Declaration on Maritime Cooperation, Arrangement on Mutual Logistics Support, Framework arrangement for Cyber & Cyber Enabled Critical Tech Cooperation and MoU on Mining and Processing of Critical and Strategic Minerals.
2. The inaugural 2+2 Ministerial Dialogue was held in September 2021 and the two Foreign Ministers have been meeting regularly. The two nations have a robust defence partnership. Besides dialogues, training and exchanges, they conduct regular joint military exercises, as also anti-piracy coordination and white shipping information sharing. Bilateral military exercises that have been conducted include AUSINDEX 2021, PITCH BLACK 2018 and AUSTRAHIND 2018.
3. Australia has consistently supported India's NSG membership, and permanent seat in the UN Security Council. India and Australia signed the civil nuclear agreement in 2014 and Australia made the first uranium shipment to India in 2017. However, trade in uranium since then has been lacklustre owing to issues regarding safeguards, and Australian domestic politics.
4. On multilateral issues, both countries are members of the Quad, along with Japan and the United States, and cooperate on various positive agendas relating to the Indo-Pacific. India and Australia have similar concerns vis-à-vis China's coercive behaviour. Australia has pushed back on China's aggressive trade barriers, and has called for independent investigation of COVID-19 origins. India, on its part, has given a strong response to China's unilateral attempts to alter status quo on the Ladakh border.
5. India and Australia cooperate closely at ASEAN forums viz. East Asia Summit, ASEAN Regional Forum and ASEAN Defence Ministers Meeting, as also at G20, which India is going to host next year.
6. The two countries have a robust issue-based trilateral mechanisms with Japan (since 2015), Indonesia (2017) and France (2020). Some multilateral initiatives where India has taken lead and the two countries cooperate are Supply Chain Resilience Initiative (SCRI), Coalition of Disaster Resilient Infrastructure (CDRI), and Infrastructure for Resilient Island States (IRIS) and International Solar Alliance (ISA).



7. In the Indian Ocean, both countries engage with partners in forums at Indian Ocean Rim Association (IORA), Indian Ocean Naval Symposium (IONS); as also at many multilateral exercises, such as Malabar and now Talisman Sabre and Indo-Pacific Endeavour.

8. India and Australia have a shared vision on the Indo-Pacific. India's approach to the region was articulated by PM Modi in 2018 through the vision of SAGAR (Security and Growth for All). To implement the vision of SAGAR, the Indo-Pacific Oceans Initiative (IPOI) was launched in 2019.

9. India has also strengthened its outreach with Pacific island countries, through FIPIC (Forum for India–Pacific Island Cooperation). Australia's strategic view on Indo-Pacific is spelt out in 2020 Defence Strategic Update. Australia's strategic objectives as defined in this document include –the shaping of strategic environment in the region, deterring actions that are against Australian interests and responding with credible military force, if required.

10. South Pacific region is Australia's primary area of influence and its deep engagement in the region is defined by the Pacific Step-up initiative, which was first announced at the Pacific Island Forum Leaders' Meeting in September 2016 as a 'step-change' in its engagement with the region.

DIVERGENCES

While India and Australia cooperate on most areas, analysts observe that there are many issues of divergences also. Australia has looked at strategic and security issues through the lens of its US alliance, which has now got further strengthened with AUKUS deal, whereas India follows an independent foreign policy in international relations and tries to balance its strategic calculations.

The two nations have differing views on Myanmar, for instance. For India, developments in Myanmar are a matter of strategic concern, due to its proximity to the country's northeast region and militants operating from across the border.

Australia, on its part, has strongly condemned the military coup and detainment of senior leaders. Australia's response to the Ukraine crisis is aligned with its allies in West, while Indian response is based on its national interests and historic ties with Russia.



CONCLUSION

Being two major powers with shared interests, India and Australia can play a significant role in creating a strong and prosperous Indo-Pacific region. The Quad partnership must be leveraged and widened in its relevance and influence, by enhancing security and economic cooperation among the member nations.

India needs to engage more proactively with ASEAN nations and give required assistance, including in the defence field, like in the case of the supply of BrahMos supersonic cruise missiles to Philippines.

India and Australia need to take a leadership role in maritime security affairs in the two oceans, and have deeper engagements with the Pacific and Indian Ocean island countries. Joint defence manufacturing has a tremendous potential to be explored, leveraging Aatmanirbhar Bharat initiative.

Broader long-term reciprocal access arrangements, similar to foundational agreements with US, can be looked at to emphasise real-time maritime domain awareness and information sharing, besides interoperability and operational coordination. Close cooperation in critical emerging technologies will be a win-win for both countries, for example in fields of Artificial Intelligence, semiconductors, drones, 6G, blockchain, etc. While the ECTA has been inked, CECA should be concluded at the earliest.

Some other focus areas can be enhanced trade in uranium under the rubric of civil nuclear cooperation and joint infrastructure connectivity projects.