

International trade and domestic reforms: the Australian experience

A Workshop on '*International trade and domestic reforms: the Australian experience*' was organised held on February 3, 2014 at the Australia South Asia Research Centre, Arndt-Corden Department of Economics at Crawford School of Public Policy, The Australian National University to mark 20 years of the Australia South Asia Research Centre (ASARC) at ANU and 30 years of Consumer Unity and Trust Society (CUTS), a leading NGO on trade policy and related policy, from Jaipur, India.

The aim of this workshop was to put forward a perspective on Australia's view on the key policy issue as well as a panel discussion on challenges and prospects for key economies in the Asia-Pacific region in this new era. The panel discussion on trade policy and domestic reforms was chaired by Professor Margaret Harding, Deputy Vice-Chancellor (Research), ANU. Dr. Peter Varghese AO Secretary, Department of Foreign Affairs and Trade; Dr Shiro Armstrong Research Fellow, International Development Economics, Crawford School of Public Policy, ANU; Professor Raghendra Jha Executive Director, Australia South Asia Research Centre, Arndt-Corden Department of Economics, Crawford School of Public Policy, ANU and Mr Pradeep Mehta Secretary General, Consumer Unity and Trust Society were the principal speakers. The event was attended by a large number of participants.

The discussion was initiated by Mr Pradeep Mehta. He emphasised that trade policy and domestic reforms should be viewed in a dynamic sense. Trade policy must be transmitted to all the layers of the economy including improvements in the labour skills, productive capacity, the allocation of resources and structures of institutions. He was optimistic about Australia-India comprehensive cooperation agreement and termed it one of the important steps in helping India and Australia to come closer. He also showed a documentary on the history, work and contributions of CUTS international in eradicating poverty and protecting consumers at the receiving end. The film also summarized the international activities of CUTS and its future plans.

After the opening remarks by Pradeep Mehta, Secretary Varghese delivered the keynote speech on '*International trade and domestic reforms: the Australian experience*'. He elaborated on the factors crucial to the prosperity of both India and Australia and mentioned that economic reforms, improved competitiveness, stronger innovation and better productivity are some of these key factors. He demonstrated that international trade policies in both Australia and India have gone through an evolution over time. According to him among events in the history of Australia's international trade retreat to protectionism during 1920s to 1960s, return to global economy in 1970s and strong political leadership throughout the history were the important drivers of the evolution of Australia's trade policy. Then he explained the link between trade and domestic experience from the Australian experience, forward agenda for the Australian economy and lessons for India. His principal conclusions were: 1. Domestic industry policy and trade liberalisation are two sides of the reform coin. 2. Domestic trade liberalisation and industrial policy play a significant role in determining a country's ability to achieve economic success and remain an open economy. If these policies are pursued successfully then regional economic integration and liberalising reform will shape a more successful, open region in the same way.

Thus domestic reforms and regional liberalization agenda will have a considerable impact on the kind of regional and global society that we live in. 3. Reform is a continuous process and a permanent challenge. The philosophical moorings of reforms remain the same: one needs to adapt and adapt policies that are based on strong empirical evidence and we must have a political leadership that can make the case for change and follow through on such change.

After the keynote speech, a panel discussion was held on various issues of international trade and domestic reforms. The panel include Dr Shiro Armstrong and Professor Raghbendra Jha from ANU.

Speaking on international trade and domestic reforms: the case of food subsidies in India in the context of the Ninth Ministerial Conference of WTO held in Bali in December 2013, Prof. Jha emphasised on the fact that India needs food subsidies on two grounds: one related to welfare while the other is strategic. Based on his recent research work, he talked about various aspects of the food subsidy including subsidy burden and inefficiency of operation and policy options. In his view India must show significant impact of food subsidy on the welfare (such as on nutritional intake) by 2017, otherwise continued food subsidy may be difficult to defend after 2017. In this regard he advanced some policy options the government needs to consider. Key recommendations are: 1. Not going for universal public distribution system as it would make poor more disadvantaged, 2. Not going for the Right to Food as it would have significant effect on India's fiscal deficit and the grain market would be disrupted, 3. Increase in the margins for FPS sellers, 4. Improving efficiency of those states which has poor performance on delivery of foodgrains using the experience of best practices within the country.

Dr Shiro Armstrong spoke about trade and domestic reforms based on the Japanese experience. In view of increasing dependency ratio and poor economic performance of Japan, he emphasised that Japan's trade policy is not closely connected with its domestic reforms and therefore, there is a need to open up the market for new trade partners and control for privileged access. He argued that the tense political relationship between China and Japan does not necessarily have significant effect on the economics of the Japan and therefore, Japanese external economic strategy needs to include China as well.

Finally, there was an extended question and answer sessions for participants where participants had opportunity to ask questions related to the topics covered. The workshop concluded with a vote of thanks and refreshments.