



## **Looking Ahead: Australia-India Comprehensive Economic Cooperation Agreement (CECA)**

CUTS 40<sup>th</sup> Anniversary Event  
Sydney, February 2, 2024

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### **BACKGROUND & CONTEXT**

February 2024 marks one year since negotiations commenced to transform the Australia-India Economic Cooperation and Trade Agreement (AI-ECTA) into a Comprehensive Economic Cooperation Agreement (CECA). The two sides are channelling energies to secure broader and deeper commitments under five tracks – goods, services, digital trade, government procurement and product specific rules of origin. Discussions are also covering other areas of regulation/cooperation including Micro, Small and Medium-sized Enterprises (MSMEs) and competition policy, as well as emerging trade-related aspects of gender, labour, innovation and sports.

Seven rounds of negotiations have been held so far. Australian Government's Department of Foreign Affairs and Trade (DFAT) has invited submissions for issues ranging from goods market access (tariffs and quotas), rule of origin (including associated procedures), non-tariff barriers to trade in goods (including technical barriers and customs issues), cross-border trade in services, financial services, investment, including investor-state dispute settlement, government procurement, intellectual property, including geographical indications, barriers to trade in emerging and innovative industries e.g., biotechnology, artificial intelligence, IT incubators, movement of natural persons, competition policy and sustainable development.

However, achieving more ambitious outcomes in this second phase of talks towards a CECA are expected to be much more challenging. The two sides have already secured commitments on aspects they were most comfortable with, in the AI-ECTA. Arriving at landing zones in the remaining areas, particularly those that are sensitive for India (and of significant export interest to Australia), such as agricultural products, will require deft handling. For such issues, we will need to draft win-win solutions with a built-in agenda which will allow long-term transformations.

Both India and Australia have realised that the quest for a perfect agreement cannot be allowed to derail progress towards a positive and ratcheting agreement. It is this spirit which led to the conclusion of the AI-ECTA, and which will now guide officials of both sides as they look to ramp up negotiations in 2024 and conclude the CECA. CECA also fall within the ambit of strategic necessity for both countries, which are looking to diversify their export interests. This session discussed the road ahead for the India-Australia CECA.

## **DELEGATES:**

1. Dr. S Janakiraman, Consul General of India, Sydney
2. Mr. Pradeep Mehta, Secretary General, CUTS International
3. Amb. Amit Dasgupta AM, Former Diplomat, Strategic Advisor India Engagement, UNSW Sydney, Distinguished Fellow, CUTS & AII
4. Mr. Tim Thomas, Chief Executive Officer, Centre for Australia India Relations
5. Mr. Dipen Rughani, Chief Executive Officer, Newland Global Group
6. Mr. Maurice Newman AC, Former Chair, Australian Stock Exchange
7. Mr. David Harding, Executive Director, Business NSW
8. Ms. Dianne Tipping, Chair, Export Council of Australia
9. Prof. Veena Sahajwala, Director, Sustainable Materials Research & Technology Centre (SMART@UNSW) UNSW Australia, NSW State Recipient Australian of the Year 2022
10. Ms. Charishma Kaliyanda MP, NSW Parliament
11. Mr. Grame Barty, Former Executive Director, International Operations, Austrade
12. Ms. Megan Watson, Deputy Director, DFAT NSW
13. Ms. Natasha Jha Bhaskar, Executive Director, Newland Global Group
14. Prof. Tony Travaglione, Pro Vice-Chancellor, Global Strategy, University of Wollongong
15. A/Prof. Shailendra Sawleshwarkar, Director, Academic Education & Postgraduate Coursework, Sydney Medical School, Faculty of Medicine & Health, University of Sydney
16. Mr. Sri Annaswamy, Founder-Director, Swamy & Associates, Prominent Advanced-analytics, AI and BPM research, thought-leadership & advisory firm

## **OBSERVERS:**

17. Mr. Peter Truswell, Director, India Branch, DFAT
18. Mr. Sudhir Basavaraju, India and Middle East, Global Markets, Investment NSW
19. Mr. Hemang Shah, Partner, Jones Day
20. Mr. Nirav Sutaria, Deputy Consul General of India, Sydney
21. Dr Jocelyne Basseal, Associate Director (Strategy, Operations & Partnerships), Sydney Infectious Diseases Institute, Faculty of Medicine and Health, University of Sydney
22. Mr. Sudip Bhattacharya, Trade & Investment, CGI Sydney
23. Ms. Ramanpreet Wadhwa, Business NSW
24. Mr. James, Trade & Investment, CGI Sydney

## **Objectives:**

1. Strengthen collaboration and invite sectoral insights to inform the negotiations going forward
2. Amplify interactions and build relationships with stakeholders in this bilateral relationship who are key facilitators and enablers
3. Open new commercial partnerships and outcomes
4. Suggestions/Recommendations to capitalise on existing opportunities and ways to navigate operational challenges

With the AI-ECTA coming into force on 29 December 2022, Australia aims for India to emerge as its second largest trade partner after China, and India aspires its bilateral trade with Australia to double within five years of the implementation of the AI-ECTA. These aspirations are driven by reinvigorated bilateral engagements in the past few years. In 2022, India was Australia's sixth largest trading partner with two-way goods and services trade, which increased from US\$25.6 billion to nearly US\$46 billion, led by a compounded annual growth rate of over 12.5 percent (DFAT).

AI-ECTA provides a good platform for taking Australia-India trade to the next level. Since 29 December 2022, 85 percent of Australian goods exports to India by value is tariff free, rising to 90 percent in six years, while 96 percent of imports from India is tariff free, rising to 100 percent in four years. India has committed enhanced imports of several products that are commercially important for Australian businesses, including sheep meat, wool, fresh rock lobsters, coal, alumina, titanium dioxide and certain critical minerals. India has also provided a duty-free quota for facilitating cotton imports, and has slashed tariffs on lentils, almonds, oranges, mandarins, and pears.

There is a dormant opportunity for India to diversify its import basket with Australia, as coal accounted for 82 percent of total imports in 2022. Also, Australia is currently India's 13th largest import source, and this position has a great potential to improve with the executed AI-ECTA.

### **Key takeaways from the bilateral fact-finding roundtable:**

#### **TRADE & INVESTMENT**

- Agricultural exports to India grew by 50 percent, with notable increases in sheep meat, seafood, broad beans, citrus and almonds. Industrial exports to India rose by 30 percent, especially in pharmaceuticals, wood and paper and cochlear implants. The increase in value of exports may be due to an expansion by existing Australian exporters, there is limited data on new Australian exporters who have shown interest in the India market
- While Australian exports to India have gone up, Indian exports to Australia still have a way to go to catch up if at all
- Australian exporters share that the key challenges for them with India are cultural, including the challenging industry or market structures, issues that cannot be resolved in a trade agreement, it asks for coherent strategy towards building business literacy
- Indian exporters / Australian importers have noted difficulty in securing proper Certificates of Origin
- Under the AI-ECTA agreement, goods that are wholly produced using materials that have been obtained or produced in Australia or India, shall be treated as originating in that country. If not wholly produced in one country, there is complexity in the calculation of the QVC (or quality value content). There is a set or agreed formula. If the FOB (free on board) value of the material coming from other countries does not exceed 10 percent of the FOB value or weight of the goods being exported, the goods will be treated as originating in the exporting country. A clearer knowledge and understanding of this equation is important from the Indian exporter's perspective

- Non-Tariff barriers such as phytosanitary / labelling etc. still attract many border delay issues and will need continued granular focus by the two Governments, to ensure timely imports into India from Australia
- A question that needs to be addressed. Can increased imports from India help address the challenge of Australia's rising cost of living?
- Indian MSMEs need to explore more collaboration in the Australian ecosystem, particularly in the defence equipment sector
- Australian and Indian exporters have a limited understanding of the business and cultural ecosystem in these respective countries (lack of biosecurity knowledge, lack of documentation etc.)
- Australian investors have shied from investing in the Indian market, because India is not an OECD member
- New exporters must start focussing on the high value sectors where both economies could complement each other, and where the outcome could lead to long term benefit to both countries
- Enhancing India's exports is also vitally important for deepening trade ties. This could be realised through larger export volumes of pharmaceuticals, textiles and garments — sectors in which India has a global competitive edge
- Pharmaceutical exports should benefit from the decision made by India and Australia to ensure that their drug regulators will work in close coordination to 'facilitate trade in human prescription medicines and medical devices'. India's electronics industry could also play an important role in increasing the country's footprint in Australia, given its robust export performance over the past few years
- The promotion efforts of governments, export organisations and business chambers needs to be beefed-up
- Develop clearer understanding of the role of trade agreements in facilitating integration into global value chains and investments is important
- Utilise FTAs to undertake domestic policy reforms and improve trade competitiveness, to be viewed as an attractive alternative location by multinational corporations in their 'China Plus One' strategy and to enhance its participation and share in global trade is crucial.

### **BUILDING BUSINESS LITERACY, GROWTH SECTORS & ROLE OF BUSINESS CHAMBERS**

- Australian perceptions of India and, Indian perceptions of Australia urgently need to be updated, this is a legacy issue which needs to be addressed urgently
- Building business literacy and awareness is essential to building economic ties
- New stakeholders with no knowledge of India, need to be involved in activities
- Deliver partnerships in high value areas - next generation services and technology - e.g. health, space, AI, quantum computing, workforce skilling and engagement
- New parts of Australian industry must start participating in India Australia engagement
- Business NSW is launching its India Series 2024 to inform and educate its members on 'Why India and Why Now'
- Business NSW will also partner with the NSW Government to lead a business mission to India in the second half of 2024

- Provide trends, context, and informed analysis, in an objective way to help businesses understand the opportunities and make informed decisions about exporting, investing in or growing in India
- Amplify 'Brand Australia' with all its offerings and its value propositions
- Role of government and private sector needs to be strengthened to build capabilities and innovation
- Focus on deeper entrepreneurial collaborations and harnessing the diaspora
- In the education sector, success in India will not be around programmes, it will be around research and development
- Need an ecosystem approach that addresses issues and includes five-fold engagement across government – academia – industry – regulator – philanthropy
- Australia needs an institutionalised response to address the barriers that exist
- There is a need for mainstreaming India conversations in the Australian media
- Both countries may consider drawing on the analogies and current engagement between US and India, to draw similarities between Australia and India. For example, higher education in US has helped attract Indian talent to the US economy in a big way
- There is enormous excitement from top-tier Indian advanced-analytics firms to look at growing their Australian foot print
- Advanced analytics and AI-driven research and co-operation between Australian universities is growing.

## **HEALTHCARE**

Healthcare is one of the most critical but complex systems which is under constant challenge from changes in medical and digital technology as well as the population demographics. The Global Strategy on Human Resources for Health: Workforce 2030 (GSHRH) sets out the global policy agenda to ensure a health workforce that is fit for purpose to attain the targets of Universal Health Coverage and the Sustainable Development Goals. In 2020, 65.1 million health workers were part of health workforce and the projected health workforce size by 2030 is 84 million health workers. This represents an average growth of about 30 percent from 2020 to 2030 which is around three times the population growth rate during the same period. It is projected that there will be a global shortage of 10-18 million health workers by 2030, even with current efforts to scale up. Significant and sustained underinvestment in the healthcare workforce, poor working conditions, other more attractive opportunities have contributed to long-standing shortages. A recent study by OECD (OECD 2019) indicated that Indian doctors and nurses constituted up to 12-13 percent of all foreign trained physicians and up to approximately 6-7 percent of all foreign trained nurses in OECD countries. The share of foreign-born doctors in countries like Australia was more than 50 percent and foreign-born nurses were over 30 percent.

**Nursing professionals:** Nursing is the largest occupational group in the health sector, accounting for approximately 59 percent of the health professions. One nurse out of every eight, practises in a country other than the one where they were born or trained, and the international mobility of the nursing workforce is increasing. 450,000 nurses registered in Australia. In 2022 – 34,000 new registered nurses and about 1/3 are international. In 2019, there were 26,493 undergraduate nursing student commencements in a course leading to registration with an increase of 48 percent since 2012. Health Workforce Australia (HWA) is

estimating that there will be a shortage of over 100,000 nurses by 2025 and more than 123,000 nurses by 2030. There was a total of 2.3 million nurses practicing in the country (Indian Nursing Council, 2022). According to the 2020–2021 annual report of the Indian Nursing Council, 282,219 students completed nursing courses from various nursing schools and colleges across India.

**Medical professionals:** India, which has the highest number of medical colleges in the world, is one of the largest exporters of healthcare workers to the developed world — countries in Europe, Gulf region, the US, the UK, Canada, Australia, New Zealand, and Israel. Across the OECD, the number of medical graduates increased from 93,000 in 2000 to 160,000 in 2021. In last decade, Australia has increased number of medical graduates only by about 4100 per year, whereas during the same time period, India has increased the number of medical graduates to around 90,000 every year.

- **Massive acceleration of health professional education:** If India were to invest in building the capacity of its health workforce, it can meet its own needs and that of the world. Australia can be partner in this endeavour to ensure quality of nursing professionals by developing partnerships in training and curricular reforms. This will require investments in faculty development and infrastructure strengthening. This could be jointly achieved to address to meet domestic demand in India and Australia as well as contribute to global needs
- **Strengthen nurse leadership – both current and future leaders:** We need to ensure that nurses have an influential role in health policy formulation and decision-making and contribute to the effectiveness of healthcare and aged care systems
- **Role for Advocacy at Government, Business and Regulatory level:** Prioritise investments in health professional education and position workforce shortage at the top of the agenda
- **Building ecosystem of government, regulators, academia, industry and philanthropy:** We need Increased, smarter and sustained long-term and intersectoral financing and regulatory reforms such as single window clearance for health professional mobility, joint India Australia centres for curriculum and quality improvement on similar lines of Global Capability Centres set up by IT industry. All key stakeholders must work together as co-investors in developing health workforce that are required by both India and Australia and beyond.

India and Australia collaboration is the key to build quality health professionals through educational partnership, and it is critical to develop platforms for intersectoral dialogue led by ministries of health, regulators and stakeholders from the public and private health sectors.

## **ROLE OF DIASPORA**

At 3 percent of the Australian population, Indians are the fastest growing diaspora. Indian-born Australians are expected to outnumber Chinese-born Australians by 2030, reaching 1.4 million (This could potentially happen quicker as immigration is an important factor for Australia's economy, post pandemic recovery). Indians are the second highest taxpaying diaspora in Australia, behind the British. Australia's Indian diaspora population is most heavily concentrated in the larger states of Victoria, New South Wales and Queensland. The energy

and entrepreneurship of the 1 million-strong Indian-origin population in Australia has made significant contributions to Australia's society and economy, stimulating and influencing trade, investment, technological innovation and knowledge flows between Australia and India, a potent economic force for Australia and a potential enabler in India's growth story. However, compared to the professional Indian diaspora in the United States, United Kingdom, Canada, and Singapore, the Indian diaspora in Australia is yet to achieve a similar level of influence in higher levels of state and federal politics, business, and academia.

- Australia needs to recognise that the Indian diaspora is our strategic asset that has been under-utilised
- The diaspora is a living-bridge between our nations, with a natural advantage of the language skills, cultural understanding and transnational networks
- It is important to acknowledge that the Indian diaspora, anywhere in the world is not one cohesive whole, it is not a monolith. Much like India's complex society, it is made up of diverse sub-groups, state and community associations. It may not naturally self-organise in a way that maximises its political or economic leverage, complicating engagement. Hence, strong institutional mechanisms are increasingly important to be a glue that can guide and unite/unify them. Involving expatriates in development planning can be a diaspora-cohering strategy
- Remittances are not the only instrument of diaspora contribution. Diaspora can be a major source of foreign direct investment (FDI), market development (outsourcing), technology transfer, philanthropy, tourism, and more tangible flows of knowledge, new attitudes and cultural influence. There is a strong trend now for social remittances connoting diaspora contributions in wider fields of health, education, environment, energy and others
- Diaspora Advisory Committees for crucial ministries in the central and state governments can be a possible step forward for greater involvement of the Indian diaspora in different economic sectors and in different parts of India, Advisory Committees in crucial Central Ministries such as Foreign Affairs, Education, Health, Water Development, Law, Science and Technology, can be appointed in consultation with the Indian High Commission and Consulates in Australia
- Indian Consulates can constitute Diaspora Councils abroad in countries with greater diaspora presence, to facilitate sustained and tangible progress in India's relationships with host countries that will lead to mutual benefits. Through it, the diaspora can play a dual role of advisory and advocacy
- An institutional mechanism can be created for a greater diaspora involvement to address India's pressing problems, the high-level knowledge, technical expertise and practical experience of many members of Indian diaspora can be useful to India in some priority sectors/problem areas such as energy, urban infrastructure (mega projects), water development and poverty alleviation programmes
- Explore the role of diaspora as knowledge partners, build on the knowledge capital, and create a brain chain.

## **OVERALL RECOMMENDATIONS AND CONCLUSIONS**

1. Concerted focus and a coherent strategy required towards building actionable business literacy and awareness among Big Corporates and MSMES of both countries on the bilateral potential and existing opportunities. There is also a need to work on

upgrading the perceptions of each other's strengths that have developed over the past few decades. This can be progressed through creating a dedicated academia-industry leadership group responsible for amplifying the message, through targeted sectoral roundtables and interactions

2. Dedicated economic modelling is required to understand the benefits of AI-ECTA's execution, and assess data on existing and new exporters capitalising on the benefits of the AI-ECTA
3. Based on one year of ECTA experience it is important to build sectoral insights that provides information on regulatory bodies, technicalities and processes involved, approvals required across varied sectors for exporters to ensure ease of doing business as well as addressing disputes emerging out of the business
4. There's a need to focus on ways to mainstream India conversations in the Australian media and Australian opportunity conversations in the Indian media. This could be done through involving Australian national sector-based councils and groups (e.g. National Minerals Council of Australia, Wool Council of Australia, Meat and Livestock Australia), similarly the Indian counterparts (including sectoral exports councils) to address their issues and concerns
5. Position workforce shortage and mobility at the top of the agenda. If India were to invest in building the capacity of its health workforce (including other sectors where skills shortage is a global issue), it can meet its own needs and that of the world. For instance, Australia can collaborate in this effort to enhance the caliber of nursing professionals by developing partnerships in training and curriculum reforms, as well as facilitating skill transfers to tackle workforce shortages
6. Considering the significant populations, with over a million individuals of Indian heritage in Australia, there is an imperative to reinvigorate the role of Diaspora and its function as knowledge partners. Diaspora Advisory Committees (DAC's) for crucial ministries in the federal government, especially for specific growth sectors to harness right talents could be an option. This can be an encouraging step forward for greater involvement of the Indian diaspora in different economic sectors and crucial federal ministries such as Foreign Affairs, Education, Health, Water Development, Law, Science and Technology, etc.

Resilience, Reimagination and Reform will drive our journey ahead. The Australia India Roundtables are organised to bring together some of the best minds to share their views across diverse sectors that impact bilateral economic ties. The aim is to foster learning, engagement and building tangible outcomes. Our objective is to create a framework for evidence-based learning to inform policy development and implementation. Insights and analysis on bilateral economic ties are an integral component of building business literacy and acumen. We look forward to bringing more outcome-focused business roundtables in 2024.

For further information, please contact -

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