

# A ROAD MAP FOR ROBUST TRADE TIES

Relevant for: International Relations | Topic: India - Australia

Environmental activists from Extinction Rebellion take part in a protest outside the GHD engineering office building in Sydney on August 13, 2019 against the Adani coal mine project. The problems faced by the Adani Group to begin work on a coal mining project in Queensland did not go down too well with investors from India. | Photo Credit: [AFP](#)

Soft power rather than hard economics has traditionally been the driving force behind India-Australia relations. Cricket is a dominant theme that connects the two countries. The Indian diaspora in Australia is a vibrant community that plays a robust role in connecting their country of adoption with their country of origin.

The challenge before the two nations is transforming these people-to-people contacts into a trade relationship. The trade between the two countries has been at a modest \$31 billion, largely composed of resources like coal and other minerals. Negotiations on a Free Trade Agreement, which began in 2011, have not moved forward significantly. The problems faced by the Adani Group to begin work on a coal mining project in Queensland did not go down too well with investors from India.

Yet, there have been conscious efforts from both sides for a deeper and broader engagement on trade. One of the most widely commended initiatives has been the Australian government's release of an India Economic Strategy 2035 Report prepared by Peter Varghese, a diplomat and former Australian High Commissioner to India. It observes that no single market over the next 20 years will offer more growth opportunities for Australia than India. It lays down a comprehensive road map for strengthening Australia's trade engagement with India.

Meanwhile India-Australia trade has been steadily evolving into a new architecture underpinned by developments in digital technology, the rise of a younger generation of entrepreneurs, and a noticeable shift in the trade basket from resources to services. Technology and young entrepreneurship make a formidable combination and should set the agenda for the future of bilateral trade relations. About 80% of the Australian small and medium-sized enterprises are managed by young professionals.

This is not just a demographic shift. There is a qualitative change in the way young people look at things. Young Australians, like young Indians, carry the compelling vision of 21st century globalisation, multiculturalism and quality education. What adds strengths to this process is a great deal of social engineering, people-to-people contacts, and knowledge partnerships. From this heady mix, the young can see issues like immigration and outsourcing with far more equanimity than the older generation. Young Australians are thus emerging as great champions of India-Australia trade relations.

There is also recognition that Australia is a laboratory of ideas, innovation, technology-led growth and university-industry partnerships. India is a large and demographically young market with a love for innovation and an appetite for new products and services. These synergies should add momentum to a growing engagement in trade relations.

The weakest link in India's exports to Australia is in merchandise. India needs to look at three broad areas. First, despite globalisation, markets are country-specific and culturally sensitive. Indian companies will need to invest a little more in market research on Australian consumer expectations and lifestyles before their products can successfully penetrate the Australian

market. Second, Australia is a brand-conscious market while India has not created a single consumer brand of international acceptance. Only when India's textiles, leather products, cars and two-wheelers, kitchen equipment and other products are visible across the world's shopping malls and supermarkets displaying their own brands that India will be recognised as a major player in the global markets. Third, innovation is emerging as the single-most important factor for sustained success in every sphere. Cricket, for instance, has incorporated the 20/20 format. Such innovations have kept the game alive and popular. Global trade cannot be different.

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