

India

Australia–India engagement fell in 2010 by 13.8%. In large part this reflected a downturn in education and migration engagement, as well as a smaller downturn in trade engagement. While the strength of the Australian dollar may have discouraged some Indian students, migrants and tourists from coming to Australia, this downturn is also likely to reflect earlier concerns about the quality of some courses offered, migration rules and the safety of Indian students. These concerns were addressed by an Australian government (COAG) review resulting in an International Student Strategy and the passing of a number of related bills through parliament in the first half of 2010.²⁶ Measures taken related to ensuring student safety, accreditation requirements for certain education providers, and decoupling student visas from migration outcomes. It is hoped these measures will prove, in the coming years, to have allayed the above-mentioned concerns.

Having said this, the Australian–Indian relationship has grown steadily across a range of areas in the past decade, with both governments recognising significant potential for further expansion and cooperation as India’s nascent economic development continues. Australia’s strength in exporting primary products, particularly minerals and fuels, makes us well positioned to supply growing industrial and consumer demand in India. This fact was most recently highlighted by the announcement by Indian energy company Adani Enterprises of a A\$10 billion investment to ensure control of every aspect, from mine to port, of its booming coal export business in Queensland. The scheme is one of the most ambitious, vertically-integrated resource developments ever proposed in Australia and will make Adani India’s largest single investor in this country. The mine is proposed to start exporting to India in 2015.

In addition to energy and resources, services trade between Australia and India has been expanding in the past decade, in particular education and tourism exports. Migration engagement has also risen sharply. India was Australia’s fourth largest export market for goods and services in 2010, after China, Japan and South Korea.

Consistent with these developments, in May 2011 the Australian and Indian trade ministers met in Canberra to formally launch free trade agreement negotiations, concluding a Comprehensive Economic Cooperation Agreement which will include coverage of investment and trade in goods and services. This was followed by the first round of the Comprehensive Economic Cooperation Agreement negotiations in India in July, which focused on the broad architecture of the agreement.

²⁶ http://www.dfat.gov.au/geo/india/india_brief.html

Figure 17: India Index

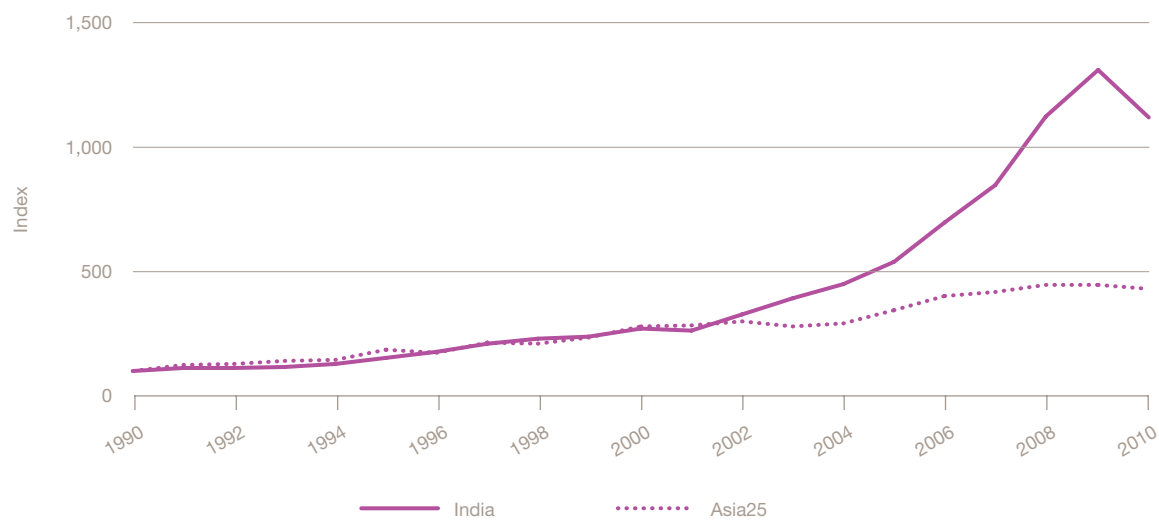


Table 13: Index trends for India

	1990	1995	2000	2005	2009	2010	% change 2009–10
India	100.0	151.3	291.3	617.8	1402.1	1208.4	-13.8
Asia25	100.0	188.7	289.1	355.7	453.5	442.1	-2.5

Components of the India Index

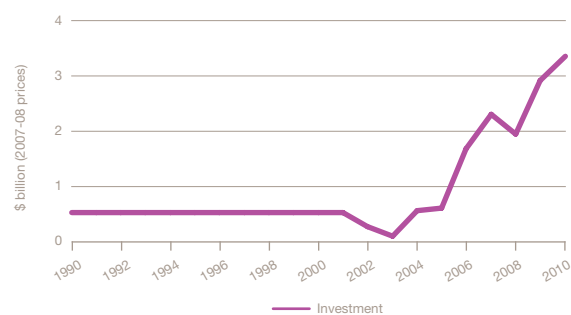
Trade

Australia's trade with India declined by 3% in 2010, reflecting a 3% rise in imports and a 4% fall in exports to India. Although 85% of total exports are goods (particularly gold, coal, copper and crude petroleum), service exports are becoming more important, thanks to the education sector. Education now represents around 15% of total exports. The 29% fall in education exports in 2010 is largely responsible for depressing overall trade engagement in 2010.



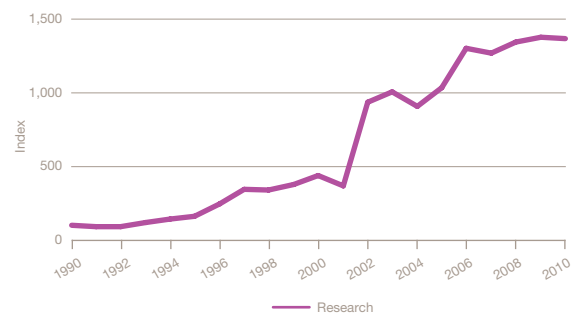
Investment

Australia's two-way investment with India accounted for just 8% of total two-way investment with Asia in 2010. Having said this investment engagement has been increasing and grew by 14% in 2010. Net inward and net outward investment were broadly similar in dollar terms in 2010. Australia's investment in India has been into a range of sectors. Indian investment in Australia has been in resource development amongst other things; the top Indian software firms have a growing presence in Australia.



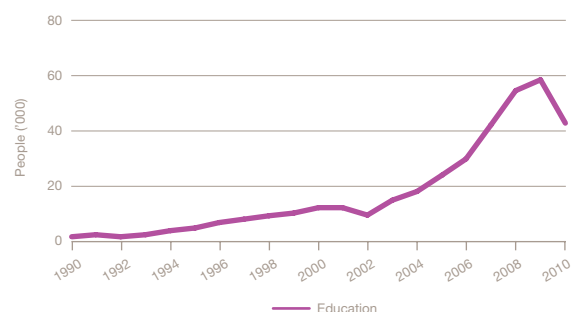
Research and business development

The India R&BD Component fell slightly by just under 1% in 2010, reflecting largely a 6% fall in the number of business visits to Australia from India. This compares with a rise of just under 5% in the number of Australians visiting India for business purposes. There were increases of less than 1% in the patent application and research publication measures.



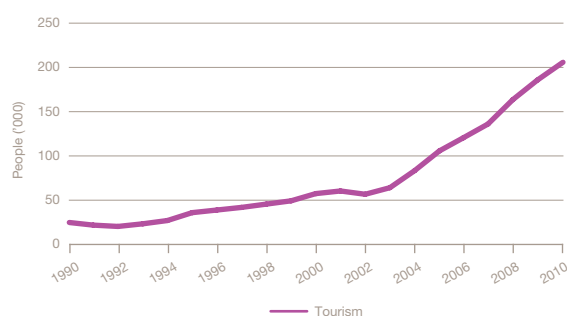
Education

Education engagement between Australia and India fell sharply by 27% in 2010 reflecting a 29% fall in the number of incoming Indian students, but a rise in the number of outgoing Australian students of 14%. The reasons for these developments have been addressed in the main discussion of Indian engagement. Monthly data from Australia Education International suggest that commencements of Indian students are down again in 2011.



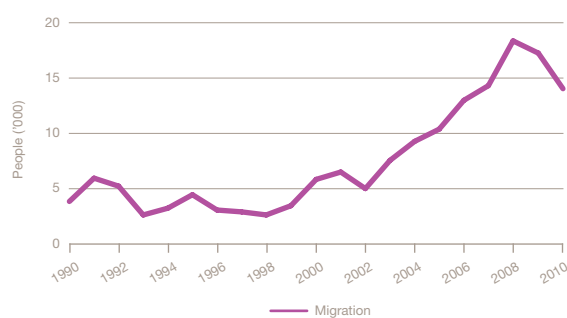
Tourism

Tourism engagement with India rose by 11% in 2010 reflecting roughly equal increases in both incoming tourists and outgoing tourists. Tourism services represent Australia's second largest import from India: last year 132,000 Australians travelled to India, with more than 60% of these trips made to visit family and friends. The Commonwealth Games were also a factor encouraging tourist visits to India in 2010.



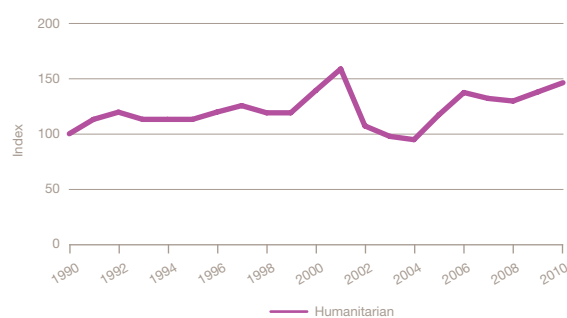
Migration

The component measuring migration flows to and from India fell by 19% in 2010, due largely to a fall of 21% in inward migration, in keeping with the fall in incoming students from India. There was a 13% increase in Indian migrants leaving Australia permanently in 2010. At 340,604, Indian-born residents are the fourth biggest group of overseas-born Australian residents in 2010 (after the United Kingdom, New Zealand and China).²⁷



Humanitarian assistance

The India Humanitarian assistance component rose in 2010, reflecting a large increase in the number of Australian volunteers with groups such as the Red Cross active in India, but a sharp fall in the number of student scholarships awarded to Indian students by AusAID and Defence. Official development assistance funding to India by AusAID was broadly unchanged. Assistance in the wake of the Gujarat earthquake in January 2001 (when more than 20,000 people died) contributed to the spike at that time.



²⁷ ABS Cat. 3412.0 Migration Table 4.7.