TRADE POLICY SETTINGS

CHAPTER SIXTEEN

SUMMARY

- Since the 1991 economic crisis, India has been incrementally integrating into the global economy and liberalising its trade settings. For example, trade in goods and services as a percentage of GDP has risen from 15.7 per cent in 1990 to 39.8 per cent in 2016 – around the same level as Australia – and India's simple average most favoured nation applied tariff in 2016 was one-tenth of what it was in 1990–91.
- While this progress is positive, India's approach to trade policy remains challenging.
- The Indian Government is focused on driving economic growth through greater foreign investment and to a lesser extent trade. But it also retains deeply protectionist instincts, wanting to keep the government's capacity to intervene in the economy and shield domestic firms and rural communities from competition.
- A high quality Comprehensive Economic Cooperation Agreement (CECA) with India would provide legal certainty for Australian exporters and investors in a market where unpredictable policy changes make doing business difficult.
- However, our negotiating positions on CECA are too far apart for the conclusion of a CECA to be a realistic objective in the near term.
- Australia should focus instead on securing some of the objectives of a CECA through the Regional Comprehensive Economic Partnership (RCEP) and return to CECA negotiations only once RCEP is concluded.
- India's openness to foreign trade is likely to increase out to 2035, albeit incrementally. Domestic pressure for change, from Indian consumers as well as business and state governments, is likely to build. Despite India's desire to be self-sufficient and its traditional reliance on import substitution, the gap between what India consumes and what it can produce will continue to widen, even if Indian productivity improves.
- These forces could create entry points to work with Indian partners to improve trade policy settings.
- Success in India will require greater engagement and more creativity from Australian Governments and business than we have needed elsewhere in Asia.

INDIA'S TRADE POLICY SETTINGS – A HISTORY OF INCREMENTAL REFORM

Many senior Indian policy makers retain a historical distrust of the market economy and an understandable concern about the effect on the poor of unmanaged economic growth.

This is particularly apparent in India's rhetoric in the World Trade Organization (WTO), which tends towards a managed trade and industrial policy agenda rather than a trade liberalisation agenda.

Weak economic conditions in the 1970s and 1980s, followed by an economic crisis in 1991, prompted India to begin gradually opening its economy to foreign goods and services. The 1991–93 Tax Reform Committee, led by Raja Chelliah, identified the reforms necessary for a well-functioning trade policy. For example, Chelliah's Committee noted the extreme complexity of India's tariff schedule as a brake on growth and recommended drastic reform of India's tariff system.

Since then, nearly three decades of cautious economic reform have resulted in the Indian Government steadily reducing tariffs and becoming more integrated into the global economy:

- India's average applied tariff in 2016 was about one tenth of what it was in 1990–91 (125 per cent in 1990–91; 13.4 per cent in 2016)[49]
- India's total goods and services trade as a percentage of GDP[120] has risen from 15.7 per cent in 1990 to 39.8 per cent in 2016 (Australia's ratio was nearly identical at 40 per cent in 2016; China at 37.1 per cent; United States at 26.6 per cent). Importantly India's trade growth has been driven as much by imports as exports
- prior to this period of liberalisation, India's goods and services exports as a share of gross domestic product was the same in 1990–91 (6.9 per cent) to what it had been in 1950–51 (6.8 per cent).

India has made concerted efforts to facilitate trade through improving customs procedures. The 2005 introduction of a Risk Based Management System removed the routine (and inefficient) requirement to examine all imported goods. The 2011 introduction of self-assessment processes further improved the efficiency of India's customs procedures.

However this positive trend is tempered by deep-set protectionist sentiments.

An important part of India's trade policy narrative is that reform has been managed without major disruptive consequences. India views the policy settings that we see as 'protectionist' as important tools for managing its economy, particularly minimising social disruption. It considers these tools give it the political space to slowly, and successfully, introduce international competition to parts of the domestic economy.

India's approach is unlikely to change until the people affected by trade liberalisation have educational, job and income prospects strong enough to withstand any perceived disadvantage. India's high levels of tariff protection, and especially the unpredictable nature in which it is often applied in sensitive sectors like agriculture, will remain a persistent obstacle to our trade interests.

The competing forces in India's trade policy mean its liberalisation efforts will lag behind other major economies and will fluctuate with the political environment. It is important to acknowledge that India is at a different point in its economic journey than North Asia and even ASEAN members and is more constrained by the demands of its democracy.

But the size of the Indian economy, its demographic profile and Australia's competitive advantage in key sectors of Indian demand (for example agriculture, resources, education, health) means we cannot afford to neglect our trading relationship with India even though it will be hard work.

Intensifying the India trade relationship also presents opportunities beyond the Indian market itself. It is good risk management and an important hedge against overreliance on markets in North Asia. Working collaboratively with India on technology and innovation could also result in new products and better services for the Australian economy.

DRIVERS OF INDIA'S TRADE POLICY SETTINGS

India's trading model is shaped by the central role of government in deciding what India does and does not need. Policymakers resist the notion that access to competitive imports will strengthen India's export capacity and productivity – even though the Indian states that are the most open have higher productivity, growth rates and income levels.

India's desire to protect and generate employment drives its trade policy. India remains concerned that its domestic agricultural and industrial sectors would be uncompetitive with more open trade settings. This is particularly evident in India's sensitivity about its bilateral trade deficit with China.

India's concern about employment also explains India's focus in trade negotiations on access to foreign labour markets for its growing labour force. After all, India receives more remittances than any other country, with USD65 billion in 2017.[121]

So it restricts the flow of goods and expertise into India and discourages competition from outside firms. And, by default, it deters Indian companies from using the best possible inputs (goods and expertise) into India's own manufactured exports – about one-quarter of India's exports are contingent on imports.

India's trade policy settings are also driven by revenue considerations. Unlike India's large domestic cash economy, legal border transactions are easily observable and taxable. The introduction of the GST should, over time, enable the government to reduce its reliance on tariffs. In the interim, tariffs provide a steady income stream for the government in a low taxation economy

- India's tax to GDP ratio is around 11 per cent according to the World Bank[122], far lower than the OECD average of 34 per cent[123]
- customs and other import duties comprise around 15 per cent of India's tax revenue[124] (for Australia it was around 2.5–3 per cent in five years to 2017).

The size and potential of the Indian domestic market is compelling but policy settings will continue to be important to shape India's future economic growth. India's attitude to trade is influenced by its judgement that growing domestic consumption will drive growth, that it won't adopt the export led model of East Asia. The level of interest in servicing its large and growing domestic market means India's shortcomings on liberalisation will be endured by foreign firms. India also believes it can entice foreign markets to accept Indian exports without commensurate domestic compromises.

The international investors India seeks are frustrated with the ways India's trade policy settings restrict business success. India will not maximise its economic potential without improving the productivity of its land, labour and capital – this cannot be done by relying solely on the domestic market.

GOODS, TARIFFS AND NON-TARIFF MEASURES

India's tariff system is complex and rates are high. India's simple average tariff[xxxiii] (what is applied at the border) is 13.4 per cent compared to China at 9.9 per cent and Australia at 2.5 per cent.[49] India also applies a number of additional charges to the basic duty that can push average tariffs up to around 28 per cent (though some deductions are available if the goods are inputs to manufacturing or services).[125]

India retains a significant gap between the tariff levels they have bound in the WTO and other trade agreements, and the rates they apply at the border. This maximises India's policy flexibility in managing its economy, and enables the frequent and unpredictable changes it makes to tariffs. Compounding this challenge, exporters are given no advance notice of tariff changes, with no transition periods or grandfathering arrangements

[xxxiii] Using the Trade Weighted Average measure reveals a similar result: India's tariffs are considerably higher than Australia's.

for exports already under contract or even in transit.

Non-tariff measures also contribute significantly to market access challenges. Customs duties along with import licenses, standards and certification requirements add further cost and complexity to trading. Many of the permits and approvals required to do business in India are in the hands of state or local authorities, where delays and setbacks remain common [*sectoral chapters outline non-tariff measures constraints in further detail*].

Access to India's agricultural market for Australian exporters is particularly contentious. The sector is politically sensitive with close to half of India's workforce employed in agriculture. India regularly raises and lowers its tariffs on agriculture – within its international commitments – depending on domestic demand and production. It does this with the conflicting aims of seeking to protect farmers' incomes on the one hand while avoiding inflationary pressures for consumers on the other. The end result is high average tariffs on agriculture: India = 32.7 per cent; China = 15.5 per cent; Australia = 1.2 per cent.[49]

These challenges extend across the economy. Foreign investors who use India as a link in their global supply chains (for example car manufacturers) need the prices of their globally sourced inputs to remain stable. But short term political demands (for example changes to tariffs without notice) regularly outweigh the need to provide certainty to foreign investors. This also manifests in arbitrary, and often backdated, imposition of tax liabilities.

The key aim for Australian policy should therefore be to make India's tariff regime more predictable for Australian exporters. Our experience in North Asia is illustrative – Australian exporters succeed despite facing high tariff rates because they are applied with consistency.

SERVICES, RULES AND PEOPLE

India has an export focused approach to services, many of which are able to compete on price and quality in world markets. Services contribute more than 35 per cent of Indian exports and more than half of its GDP, while in Australia the services sector accounts for around 22 per cent of total export value.[126] India energetically pursues access to foreign labour markets through its trade agreements, including with Australia.

To date India has not shown much flexibility on allowing foreign access to its services markets. Burdensome domestic regulations deter services imports, just as high tariffs deter the importation of goods. And foreign participation is significantly restricted by vested interests that control professional standards and qualifications.

India's restrictive policies on services imports means it misses out on accessing Australian expertise and experience in areas that are a priority for India's economic development. India has been unwilling to recognise some Australian education qualifications, including for online and distance courses [*see Chapter 3: Education Sector*], and access to the Indian market for foreign professionals in some sectors is prohibited entirely, such as the legal sector, although commercial arbitration proceedings are open to Australian practitioners on a 'fly in/fly out' basis, provided it is undertaken on a casual and not regular basis. Weak IP protection laws, approval and license bottlenecks and price controls are disincentives in the health sector [*see Chapter 8: Health Sector*]. Extensive regulatory requirements for the formation of new companies in the banking, financial services and insurance sector have long posed a barrier to entry for prospective companies [*see Chapter 10: Financial Services Sector*].

However, there is the potential for change, and over time the services sectors could be an area where our trade agendas better align.

Technological advances in digital connectivity and automation will change how services are provided and traded. This will lead to more digitally-enabled services trade, new markets for exporters and potentially cheaper inputs to Australian companies [*see Chapter 1: The Macro Story*].

The diverse nature of services trade, in contrast to trade in goods, requires the setting of common rules to promote transparency of laws and regulations, including issues around IP protection. Increased Indian engagement in rule setting to be consistent with international standards will provide greater certainty to business in both countries looking to expand into the other's market. This will become increasingly important to support e-commerce and digital trade.

WHERE DO CECA AND RCEP FIT IN?

Australia and India have been negotiating a bilateral free trade agreement (FTA) – the Comprehensive Economic Cooperation Agreement – since 2011. The purpose of a CECA is to boost the two way trading and investment relationship by reducing barriers, increasing transparency and enhancing investment protections.

In a report with a 20 year time horizon, I have not sought to go into the details of what is holding up the conclusion of a CECA. Suffice to note that our negotiating positions are too far apart to make the conclusion of a CECA a realistic objective in the near term.

Australia is also negotiating with India in the Regional Comprehensive Economic Partnership. RCEP brings together the collective economic weight of India, China, ASEAN, Japan, Korea, Australia and New Zealand. The broader bargain involved in RCEP may prompt greater and earlier concessions from India, and is a higher priority for India than concluding CECA.

India's ability to make sufficiently credible market access commitments in RCEP is constrained by its sensitivities in goods, particularly agriculture, but also by its desire to lower its trade deficit with China. A low-ambition agreement, that does not deliver commercially meaningful outcomes, would be a missed opportunity for the region.

Despite these challenges, the RCEP negotiations potentially offer an earlier prospect of achieving market access and investment facilitation and protection than the CECA negotiations currently offer. Australia should prioritise trade negotiations with India in RCEP and return to bilateral trade negotiations once an RCEP deal is concluded.

A CECA with India remains a worthwhile objective. Should India recalibrate its approach to trade liberalisation, Australia should resume CECA negotiations as a priority.

Australia would make a natural test case as a partner for India to conclude a high quality FTA, given our economic complementarities and our limited scale to affect Indian producers, particularly in the agriculture sector, unlike major economies such as the European Union or United States. Many Australian agriculture exports are aimed at the premium end of the Indian market and would not displace the production of India's smallholder farmers.

WHAT FORCES WILL LEAD INDIA TO ADOPT A MORE OPEN APPROACH TO FOREIGN TRADE?

Internal political drivers are more important to India than international ones. Protecting jobs and revenue streams, and vested local interests, will continue to constrain reforms.

In the longer term, India's economic philosophy will need to change for it to adopt a more open approach to foreign trade. Most importantly Indian policymakers would need to view trade liberalisation as a source of economic growth that creates national and personal wealth. There are emerging forces that could drive such a shift.

Consumer demands

The gap between what India consumes and what it can produce domestically will continue to widen out to 2035, necessitating an ever-growing need for imports.

Although India prefers import substitution to imports, domestic production gaps in goods and services, now and in the future, will oblige it to import goods and services. For example, by 2030 over 90 per cent of India's metallurgical coal demand will be met by imports[12], and the structural gap between the amount of food India can produce and its demand for agricultural commodities will grow, even if Indian productivity improves.

Indian consumers will become increasingly aspirational and sophisticated, demanding more and better products than its domestic market can provide.

As incomes rise, consumer demand will be a key driver for change as Indians seek a broader range of goods and services, of higher quality, at competitive prices. Consumers will want the option of purchasing premium domestic products or foreign sourced goods in the same way as their global peers. This includes through online channels where India's IT sector has the capacity to facilitate this growth in e-commerce.

Agricultural productivity

If farm incomes rise and the proportion of employment in agriculture falls over time, the agriculture sector could become relatively less politically sensitive, paving the way for more constructive trade policies.

India's agriculture sector employs 43 per cent of the total workforce but contributes only 17 per cent of GDP. This labour share will need to change dramatically in order for India to improve agricultural productivity. This political sensitivity hinders progress in trade negotiations.

The sector is inefficient but receives enormous political attention. India is taking steps to improve agriculture productivity through enhanced irrigation, faster seed replacement, precision agriculture and by seeking to facilitate better links between sellers and buyers.

Budget pressures

In the meantime, budget pressures might force reform in India's approach to protecting its agriculture sector.

India's competing regulatory regimes of suppressing domestic food prices while also supporting producers already account for 20 per cent of India's budgetary expenditure. Despite the quantum of spending, India's agricultural incomes remain under stress. This distorts prices, making it harder for exporters to enter the market.

But Indian governments may be unwilling to allocate such a large proportion of their budgets out to 2035 to sustain this level of support to farmers, especially given the levels of underinvestment in critical sectors such as education.

A globally connected economy

The contribution to India's economy of its highly productive and globally competitive services industry may lead India to seek greater access for its services exports into foreign countries. This could create space in trade negotiations for more ambitious outcomes if India's offensive interests in services expand beyond their current narrow focus on the movement of natural people.

State-led pressure for change

As competitive federalism takes hold and more power, including over budgets, is devolved from the Centre to the states, India's more economically advanced states might play an increasingly important and positive role in India's trade reform debate.

As states increasingly recognise the link between openness, productivity and growth, they could demand more open and consistent trade policy settings from the central government. Four of India's wealthiest states (Maharashtra, Gujarat, Tamil Nadu and Karnataka) are also the four highest exporting states, collectively accounting for nearly 64 per cent of India's total exports.[127]

Increased formalisation of the economy, starting with the GST

India's GST is bringing more businesses into the formal sector. From 1 April 2018, all goods transported interstate above Rs50,000 (approximately AUD1,000) must have an e-way bill that tracks the movement of goods. The GST system is generating paperwork that will allow goods to be captured and tracked in the tax system. Better tax revenue may give India the fiscal space to consider a more predictable and eventually more liberal tariff regime in the future.

WHAT CAN BE DONE TO EXPAND THE TRADING RELATIONSHIP ALONGSIDE TRADE NEGOTIATIONS?

With creativity, patience and perseverance, Australia can make progress with India on greater market access and two-way trade. We must recognise that India is far more open to foreign capital than it is to foreign goods and services and be realistic about the pace and scale of change.

Austrade and Australia's export credit agency, the Export Finance and Insurance Corporation (Efic) will continue to play important roles. Austrade provides a range of support, from business introductions to market information. Efic assists Australian businesses to secure finance for export and to invest overseas.

The 10 sectoral chapters of this report have provided recommendations on how government and businesses can grow the trading relationship. The rationale and structures for enhanced government and business engagement in the Indian economy are also discussed in detail in *Chapter 17: Bilateral Architecture*.

Beyond these sector specific measures, Australia should

- sustain high levels of government engagement and business advocacy
- seek to promote greater levels of standards harmonisation and qualifications recognition
- demonstrate to India that we can offer what it needs, and to Australians how India can contribute to domestic prosperity.

Government engagement and business advocacy

We need to be clear-eyed about India's views on open markets and trade liberalisation but should persevere with our advocacy and efforts to draw India into being a constructive player in international trading regimes.

The role of government in the India relationship, at both federal and state level, will need to be greater than what Australian Governments have been used to with many of its other major economic partners because India's economy will remain relatively controlled by government.

This supports the need for a greater policy dialogue with India, to better understand India's instincts for government intervention and its cautious approach to free markets [*see Chapter 17: Bilateral Architecture*]. Government involvement will be necessary to help address tariff and non-tariff measures while building understanding, confidence, commercial linkages, relationships and business conditions along the way.

Capacity building – including an exchange of officials from Australian Treasury and Finance with their counterpart Indian Government agencies – could facilitate collaborative work in areas such as

- modelling the revenue and growth effects of removing minimum price supports for certain commodities in exchange for a single welfare payment and removing tariffs
- modelling how future tax take from loss of customs revenue is likely to be offset by tax take in other parts of the supply chain (for example GST, income taxes, corporate tax)
- options to fund the revenue foregone from tariffs if there is a shortfall.

Customs procedures and trade facilitation are also areas where we should continue to work together to ease trade barriers for business.

But Australian business will also have to play a stronger role than it is used to in other countries in working with its Indian partners to advocate for policy settings. As other countries' businesses already do, Australian companies could work with Indian partners to lay out for government the kind of reforms they seek. Articulating these in the context of how such reforms will help the Indian Government achieve its own policy objectives will increase the chances of success [*see Chapter 17: Bilateral Architecture*].

Sharing best practice on standards harmonisation and trade facilitation

We can work closely with India on trade facilitation and standards harmonisation, both bilaterally and regionally.

The Australian Government should invest in policy and technical support that helps India achieve its objectives and creates greater transparency and predictability for Australian business. It is important for Australia to focus policy and technical efforts in India in areas where we have expertise and where structural forces could push India to liberalise.

Enhanced standards cooperation, coordination and information sharing can boost trade by addressing behind the border issues. A strategic investment to enable the development and implementation of a specific Australia-India Standards Trade Enabling Program would support these efforts. A first step would be commissioning Standards Australia to produce a Standards Market Potential Report to outline the opportunities, technical gaps and challenges for further collaboration on a sector by sector basis. Such a sector specific standards harmonisation, technical alignment and regulatory convergence program would provide the basis for an annual rolling work plan. Competitors, including the United States and Europe, are already funding such programs.

India is not currently a member of a regional organisation in which it can work on practical trade facilitation and standards harmonisation measures. The South Asian Association for Regional Cooperation does not function effectively due to the geopolitical rivalry between India and Pakistan, while India's size relative to other members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation means it can dominate that grouping.

When APEC was established India's economic integration with the APEC region was more limited than it is now. Today, India's exclusion from APEC is an anomaly. Australia has already signalled its support for Indian membership of APEC and the government should work with other APEC members to bring this to fruition. APEC membership offers an opportunity for India to engage on best practice trade facilitation and customs procedures without needing to commit to binding targets. APEC membership would also complement efforts to work with India and other likeminded countries through the G20.

Aligning policy objectives to contribute to mutual prosperity

Australia should also demonstrate to India that it can benefit from our goods, services, capital and regulatory know-how.

The sectoral chapters of this report outline opportunities for Australia to pursue collaborative partnerships with India and provide the basis for better market access. Australia has expertise to offer India, in addition to the promise of future substantive investments, should the partnership yield commercial opportunities. These partnerships can work to mutual advantage, while addressing India's many sensitivities.

Australian investment into India will need to play a much bigger role, and at an earlier stage in the economic relationship, than it did into North Asia. This will require a change in how Australian businesses and governments approach economic engagement with India. Australia's model in Asia of an export-led relationship – primarily in commodities – won't be sufficient to take the economic relationship with India into the top tier.

Specific demonstration projects (partnerships, either public or private sector-led) can pave the way for greater market access by demonstrating how Australian goods and expertise can contribute to achieving India's policy goals. Choosing projects requires consensus with India as well as a focus on tangible (sometimes narrow) commercial issues.

Examples of the kinds of projects with this impact are set out in the sectoral chapters, such as

- ACIAR trialling water-efficient farming technologies and practices in two Indian states
- the Australia-India Mining Partnership at the Indian School of Mines at IIT Dhanbad provides a platform for training, research and development engagement and includes a Centre of Excellence in Mining Technology and Training.

Partnerships will require time, patience, and sustained funding commitments but the long-run gains of greater market access into India for our exporters outweigh the short-run resource commitments. This will require commercial buy-in and political support. Australian Governments and companies will need to carefully weigh the relationship of providing intellectual property and technical assistance versus when this should only be done in the expectation of specific commercial benefit.

We should avoid rehashing larger trade sensitivities and government policy settings that need to be resolved within trade negotiations.

Visa settings

Indian students, tourists and skilled workers make an important and growing contribution to Australian jobs and growth and our visa settings need to ensure Australia remains an appealing destination for Indians.

While visa processing times are a point of frustration for Indian tourists, affecting Australia's attractiveness in a market where word of mouth counts, significant reforms in Australia's visa systems are underway and will help address this [*see Chapter 6: Tourism Sector*].

Work rights for students influence where they choose to study, and work rights in Australia compare favourably with those in other major host countries [*see Chapter 3: Education Sector*]. Highly skilled Indians, particularly in the fields of science, technology, engineering, mathematics and medicine, can make a significant contribution to technology development which creates jobs in Australia.

Finding the right balance between facilitation and control in our visa settings will also help.

Recent changes to the 457 visa announced by the Australian Government include a short term visa (available for an initial period of two years with no pathway to permanent residency) and a medium term visa, which allows for an initial stay of four years and provides a pathway to permanent residency. These changes are designed to allow businesses to access foreign labour in a manner that differentiates between short term and persistent skill shortages.

In addition, the forthcoming (July 2018) trial of the Global Talent Scheme, as a partial replacement for 457 visas, is to be commended.

If the Scheme becomes permanent, foreign workers will be allowed to apply for Australian residency after three years. This would present a strong incentive to attract global talent and could increase the attractiveness of Australia as a destination of choice for skilled Indian migrants, especially given increasing uncertainty around visa settings in the United States and United Kingdom. The Scheme allows Australian companies to identify workers they need to fill gaps in areas of high demand, such as for programmers and data scientists. Bringing these skills from India into the Australian economy lets us tap into highly sought after expertise, enables knowledge and skills to be shared with Australian workers and contributes to improvements in Australian productivity.

It will remain important to communicate to India in advance of changes to our visa settings.

Although Australia has a global visa system, in which visa frameworks are not developed for a specific country, changes to our visa settings are closely followed in India. Misunderstandings on the intent or impact of changes can disproportionately undermine the economic partnership. Our international reputation as a place to do business can be damaged if other countries are surprised at visa changes which affect their interests.

Simplifying visa processes, speeding up visa processing times and reducing visa costs will also help. Australia has made good progress in recent years in adopting technology to streamline visa processes, including the introduction of online lodgement for Indian applicants.

Despite these investments, companies operating in Australia report the length of time to process visas has risen from 6–8 weeks to 4–7 months. Visa costs, already high by international standards, have also gone up.

Reforms to our visa processes currently under consideration would have a beneficial effect on the speed and simplicity of visa processing. Any changes in the opposite direction have the potential to affect the broader bilateral relationship.

RECOMMENDATIONS

Openness to investment and trade varies across the Indian economy and engagement is best targeted to the particular circumstances. With this in mind, Australia should:

78. Work with India on ways to harmonise approaches to trade enabling policies, procedures and processes

78.1 Establish an Australia-India Standards Trade Enabling Program to facilitate and promote standards harmonisation, technical alignment and regulatory coherence.

- This should be a multi-year initiative to promote common standardisation and would build on Standards Australia's existing relationship with the Bureau of Indian Standards.
- In the first instance, the Australian Government should commission Standards Australia to produce a Standards Market Potential Report to inform the development of this program. This would identify the opportunities, technical gaps and challenges for further Australia-India collaboration on a sector by sector basis, including digital trade.

78.2 Australia should take the lead in working with other countries to bring India into APEC

- India is interested in joining APEC but only if there is a consensus to admit it. Taking the lead on this would serve the bilateral relationship well and would be consistent with Australia's Indo-Pacific Strategy
- it would bring India into the circle of APEC's important trade facilitation work
- it would also ensure that if APEC were eventually to negotiate an APEC wide FTA, India would be a party to it.

78.3 Work with India to shape an enabling environment for digital trade

- including sharing best practices with India and advocating for practical steps that support digital trade through international fora such as the WTO, G20 and international standard setting bodies.

79. Seek improvements to visa processing

79.1 Prioritise work already underway to use technology to ensure the provision of more easily accessible longer duration visas for Indian business and tourist travellers consistent with Australia's global visa policy and effective risk management.

79.2 In the short term, strengthen efforts to improve the timeliness and simplicity of issuing visas

- Australia has a global visa system and developing specialised visa frameworks specifically for India is not in prospect
- Australia's visa reform agenda is underway and over time the simplification and streamlining of processes will benefit visitors to Australia, including Indian applicants
- in the short term, the Department of Home Affairs should ensure sufficient resources are available to process high Indian lodgement rates of tourism and other visa applications in a timeframe that improves the attractiveness of our market.

80. Work with India to support domestic drivers to policy change and improve the predictability of its tariff regime

80.1 The Treasury should collaborate with NITI Aayog and India's Ministry of Finance to develop options to strengthen India's social safety nets, including payments to farmers.

80.2 Work with India, including through the G20, to support accessible and affordable remittance flows.

81. A Comprehensive Economic Cooperation Agreement and a Regional Comprehensive Economic Partnership

81.1 The negotiating positions in CECA are currently too far apart for agreement to be reached in the near term. Australia should instead prioritise negotiations with India in the RCEP agreement and return to bilateral trade negotiations once an RCEP deal is concluded.