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Rudd Regime **Ready To Face Challenges**

Founder Chairman
Late Shri R.K. Prasad

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Dear Reader,

Greetings. Australia's new Prime Minister Kevin Michael Rudd is a workaholic and man in a hurry. Soon after taking over the reigns in December 2007 after a landslide victory in elections, Rudd ordered Parliament to sit for five days a week instead of four. He quickly identified his government's priorities. He has admitted as having inherited a robust economy, posting an impressive growth rate for the 16th year in a row. But Rudd believes that the rate of inflation, which has been on the rise for the last two years, can upset the pace of economic growth if left unchecked. He has reviewed the situation and announced a five-point strategy to tackle inflation. Looking at the global perspective, Rudd has identified the slowdown in economic growth in the US, Japan and Europe and the rise of economic clout of China, India, Russia and Brazil as factors throwing up challenges for countries such as Australia. Rudd has expressed all his thoughts in an address he delivered recently in Perth, which forms the cover story of the current issue of Indo-Australian Business. One man who shares Rudd's passion for expediting work is his cabinet colleague and Minister for Trade Simon Crean. He was the first Minister of the new Australian Government to visit India to express his regime's commitment to step up bilateral trade with this country. During his India stay, Crean addressed a partnership summit meeting of the Confederation of Indian Industry (CII) at Gurgaon near New Delhi and the Bombay Chambers of Commerce and Industry in Mumbai, where he touched the issues as wide ranging as the global trade, the Doha Round of talks and two-way Indo-Australian investment. We carry Crean's India visit as our Focus report. For South Australia Premier Mike Rann, India means business. Ahead of his visit to India in March 2008, Rann addressed an Indian business delegation in Adelaide recently touching various aspects of Indo-Australian relations. We carry a report. Export-Import Bank of India has made an exhaustive study on the importance of regional trade agreements (RTAs) and their role in promoting global trade. We highlight the study because of its significance from India's stand point. The issue also carries an interview with Dr. William Dar, Director General, ICRISAT, on the role that the Institute's flagship initiative, Agri-Science Park, has been playing in helping the poor farmers gain access to affordable technologies and suitable markets. Then we have a report on the fun-filled annual Fringe festival of Adelaide beginning on 22 February, 2008. Besides all these, we have news and other regular features.

Wish you happy reading,



Satya Swaroop
Managing Editor
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Economic Slowdown in US, Japan & Europe; High Growth in China, India, Russia & Brazil

New Govt's Strategy to Face Challenges



Australia's new Prime Minister Kevin Michael Rudd in an address to Lord Mayor's Business Breakfast in Perth on January 21, 2008 talked about his government's strategy to face economic challenges triggered by inflation, down slide in global economy and the rise of China and India as new global economic powers. He referred to the new regime as a Government that anticipates the challenges of the future and a government that has a plan to tackle these challenges head on. Excerpts.

Over the last six months, the global economy has entered into uncertain times. On the domestic front, we face the underlying challenge of how long we can expect Australia to enjoy the best terms of trade this country has had since the early 1950s.

Nonetheless, despite more than five years of unprecedented global economic growth, and a record terms of trade, we have experienced three years of net exports detracting or making no contribution to our growth. We have also faced declining productivity which of itself impairs our international competitiveness.

And for the last couple of years, slowly but steadily inflation has once again let loose in the Australian economy resulting in inflation numbers for Australia that are significantly above most OECD economies.

And overarching all these challenges are the mega changes represented by the rise of China, the rise of India and the unfolding economic and environmental reality of climate change.

Therefore the national government faces a very full economic policy agenda indeed. Reinforcing the need for responsible economic management combined with a clear cut strategy for investing in Australia's long term economic future:

- Where the macroeconomic fundamentals are strong;

- Where we build world class education, innovation and infrastructure to drive long term productivity growth;
- Where we intelligently invest in the industries of the future.

And driving all of these concerns are the underlying needs of Australian working families, both now and into the future.

Today, I would like to talk about the global economic environment, the nature and causes of the inflation challenge that we face, and to outline the Government's five point plan to fight inflation. It goes without saying that Australia's economic performance is directly shaped by the state of the global economy.

In economic policy there are factors within our control. Just as there are factors beyond our control factors to which we must remain alert and vigilant in terms of our own economic policy settings. We are experiencing uncertain times in the global economy.

The US economy is weakening as a result of a severe downturn in its housing market and associated troubles in financial markets. There's no doubt that developments in the US housing market pose risks to the global economy, as well as our own. Already higher financing costs in global financial markets are having real impacts on Australian families through increased mortgage rates imposed by Australia's commercial banks.

Consensus forecasts have stated that, in part due to developments in the US economy, economic growth is expected to slow in Japan and Europe. These developments pose significant challenges for the global growth outlook and for the Australian economy. But they come at a time where strong economic growth in the Asia-Pacific region is continuing to drive global demand for our mineral and energy resources.

In 2007, emerging economies including China, India, Russia and Brazil, drove two-thirds of the growth in the global economy. The G3 economies of the US, Japan and the Euro area contributed less than a quarter of global growth.

The World Bank in its Global Economic Prospects publications noted that: "Resilience in developing economies is cushioning the current slowdown in the United States".

China is expected to continue to grow at double-digit rates over the next two years. And China's growth momentum is being increasingly sustained by domestic forces. Over coming years, developments in China will increasingly shape both global and Australian economic conditions.

The Indian economy has become one of our fastest growing export markets and is expected to continue to post impressive rates of economic growth. Combined, China and India accounted for around 40 per cent of Australia's export value growth in 2006-07. Emerging economies such as Russia and Brazil are also expected to continue to contribute to global growth.

The economic expansion within our region has only heightened the need for careful management of our domestic economy. And the most pressing economic challenge domestically is inflation. Australia therefore faces conflicting economic currents:

- A global economy (led by the United States) which appears to be slowing.
- An ongoing terms of trade boom driven by Asia Pacific economies.
- And significant domestic inflationary pressures at home.

The inflation problem we currently face has not emerged overnight. The truth is it



has been building for some time. It cannot be solved overnight. But we can start immediately. And we have.

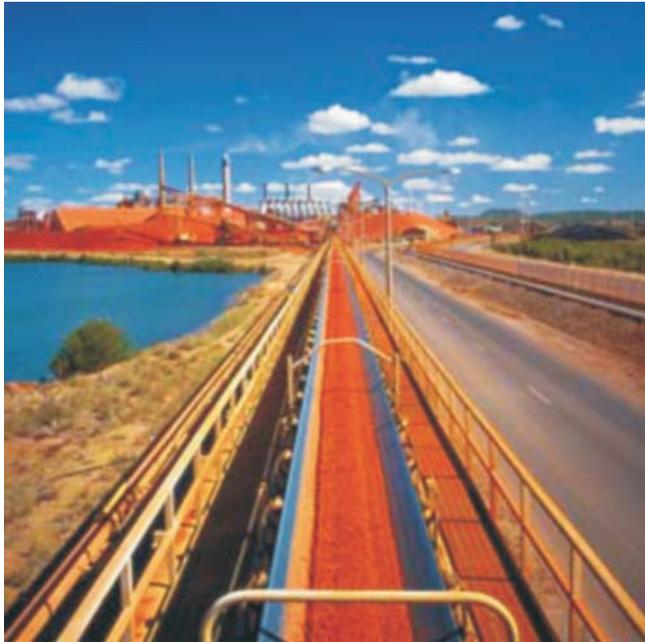
The inflation challenge we face today is a direct consequence of policy neglect in the past, compounded by the terms of trade boom. Strong global demand for our commodity exports has seen our terms of trade rise to 50 year highs. This has provided a significant stimulus to our economy boosting employment, company profits and incomes.

We have the right institutional framework to deal with pressures on monetary policy an independent central bank with an inflation target. Shortly after taking office, the Governor and the Government announced a number of measures to enhance the independence and transparency of the Reserve Bank, through a new Joint Statement on the Conduct of Monetary Policy.

The new Statement re-affirmed the Government's commitment to the Reserve Bank's 2 to 3 percent inflation target. It strengthened the Reserve Bank by enhancing the statutory independence of the Governor and Deputy Governor.

It also incorporated new transparency measures in the Board appointments process, the publication of Board minutes, and a statement following each monthly meeting, irrespective of whether the cash rate was changed.

A range of specific factors have also been pushing inflation higher. Oil prices are being



pushed to record highs by ongoing geopolitical tensions, strong demand and supply concerns. And here at home, the ongoing effects of our devastating drought are leading to higher food prices. These, of course, are factors over which we have little control.

But with China and India likely to continue to grow strongly, demand side pressures are likely to continue to influence the Australian economy, despite a weakening in the US economy.

This emphasises the need to direct all arms of economic policy towards the things we can influence to take the pressure off demand, reduce costs in the economy through regulatory reform, and further boost the supply side capacity of the Australian economy to alleviate inflationary pressures. That's why our Government in its earliest days has declared war on inflation. This will be a tough fight, but unless we engage this fight, the consequences for businesses, employees and families will be very negative indeed.

Our economy has also been held back as bulk commodity ships queue off our ports, urban congestion clogs up our major cities and both rural and urban areas experience chronic water shortages.

CEDA estimates that Australia's infrastructure backlog is costing us around 0.8 per cent of GDP a year in lost production that is the equivalent of \$8 billion a year.

There are few other states that have felt the impact of these deficits more than Western Australia. Unemployment in Western Australia is the lowest of any

state at 3.1 per cent. The growth in job vacancies in Western Australia is far higher than in any other State, with vacancies growing by 36.3 per cent over the last year, reflecting the difficulties that employers have in filling jobs. Iron ore miners in Western Australia report that rail and port infrastructure facilities are stretched to their limits.

The consequence of this failure to address the skills crisis, to lift workforce participation and plan for the demands on critical infrastructure, has created a set of deep underlying drivers of Australia's current inflation problem.

Yet these pressures were aggravated even further by an increasingly disciplined approach to fiscal policy on the part of our predecessors.

A Five-Point Plan to Fight Inflation

The government is not in the business attributing all of Australia's inflationary pressures to the policy failures of our predecessors. As I have already noted, a number of these pressures have been created by external factors. But equally, responsibility must be accepted for domestic policy complacency and failure where it has occurred.

Policy failure on skills, workforce participation, infrastructure and fiscal policy are clear cut cases of neglect. There is however absolutely no point in decrying our predecessors culpability on this unless we at the same are pointing the way forward.

That's why today, I would like to chart the way forward, and set out a broad five point plan to fight the fight against inflation. A plan that addresses both demand side and supply side pressures on inflation.

A plan that uses all the tools available to us both macroeconomic and microeconomic levers.

- First, we will ensure the Government takes the pressure off demand by running a strong budget surplus. This will help make the task of the Reserve Bank easier.
- Second, in the period ahead we will examine all options to provide real incentive to encourage private savings.
- Third, we will be unfolding our plan for tackling chronic skills shortages in the economy.
- Fourth, we will provide national leadership to tackle infrastructure bottlenecks.
- And fifth, we will provide practical ways of helping people re-enter the workforce and remove disincentives to working hard, to lift workforce participation. ■

Australia Committed to Boost Ties with India to New High

Australian Minister for Trade Simon Crean, the first Minister in the recently elected Australian Government to visit India, has made it clear that the new regime is committed to taking the bilateral relationship between the two countries to a higher and more comprehensive level. The early visit to India (January 15th - 19th 2008) by Minister Crean was the first step in pursuing this objective.



Simon Crean

Total trade between Australia and India has been growing by more than 30 percent on a yearly basis. India is now Australia's 9th largest one key aspect of Minister Crean's visit was to convey to Indian Ministers and the Indian business community the high priority that Australia places on bringing the WTO Doha round of trade negotiations to a successful conclusion.

Minister Crean also emphasised to the Indian Government that the benefits of trade liberalisation at the border will only be fully achieved if it is complemented by domestic economic reform behind the border - that is, the twin pillars approach to sustainable economic development.

In his meeting with India's Minister for Trade and Commerce Kamal Nath, Crean highlighted areas where Australia and India could work together in bringing the Doha Round to a successful conclusion, including in agriculture, manufacturing and services.

Given the increasingly important strategic and economic role India is now playing in the region, Minister Crean advised the Indian Government that Australia would actively work to have India invited to become a member of APEC.

Both Ministers also looked forward to work commencing on a Free Trade Agreement study between Australia and India, and to the next Australia-India Joint Ministerial Commission meeting to be hosted by Australia.

Crean registered

Australia's concerns at India's freight subsidies for sugar exports; urged the implementation of the mining reforms recommended by the Hoda Committee; and the continuation of India's financial sector reform program.

At every opportunity, Crean also highlighted the importance of concerted action by the international community to address the challenges posed by climate change.

During his visit, Crean also gave a keynote address on the Benefits of Freer Trade at the Partnership summit hosted by the Confederation of Indian Industry.

He addressed the Mumbai and New Delhi Australian and New Zealand Business Associations in India (ANZBAI); the heads of numerous Indian regional business chambers; the Bombay Chamber of Commerce and Industry; and the Federation of Indian Chambers of Commerce and Industry (FICCI).

Crean also opened the new Australian High Commission Chancery in New Delhi. In doing, so he noted the increase in the number of Australian Government officials in New Delhi reflected the broadening and greater diversity of Australia's relationship with India.



The Benefits of Freer Global Trade

Domestic Economic Reform Must for Productivity Growth

Australian Minister for Trade Simon Crean in an address to the Confederation of Indian Industry (CII) Partnership Summit said India's continued economic growth and development will help shape the world and "our region" in the 21st Century. Following is the text of the speech. He stressed the need for continuing domestic reforms in order to step up productivity and global competitiveness.

India's rapid pace of economic growth and development reflects its greater economic openness and integration with the global community. India is becoming an economic and strategic powerhouse. Its continued economic growth and development will help shape the world and our region in the 21st Century. So for some time now, the Labor Party has been saying that Australia needed to do more to engage India across a range of levels to strengthen the country-to-country relationship.

It is only six weeks ago that I was appointed as Trade Minister in the new Australian Government. During the election campaign, I spoke to the Australia-India Business Council on the occasion of India's 60th anniversary of independence. In that speech, I highlighted the priority a new Labor Government would place on raising the Australia-India relationship to a new and more strategically focused level. My visit here so early in the first term of the new Australian Government now gives me the opportunity to start that process.

I have been asked to speak today about the benefits of

freer global trade. I will do so in the context of the twin pillars for sustainable economic growth. That is, the benefits of trade liberalisation will only be fully achieved if they are complemented by domestic economic reform.

Trade liberalisation at the border supported by liberalisation behind the border will maximise economic and social dividends. As the IMF reported recently, merchandise trade continues to be a driving force of the world economy. Both in volume and in dollar value terms, world merchandise trade has grown twice as fast as world output over the past four years.

While growth in world trade lost some of its strength last year it continues to grow more strongly than product growth. It is the world market that offers greater opportunities and to capture these opportunities economies must continue the process of economic reform.

Australia and India

In terms of the Australia-India relationship those benefits are apparent in the growing level of trade between our two countries in recent years.

Total trade between Australia and India has been growing by more than 30 percent on a yearly basis. India is now Australia's 9th largest trading partner and Australia is India's 10th largest trading partner. India is Australia's fastest growing major export market making it our fourth



largest export market.

A lot of growth has come from exports of commodities like coal, gold and copper ores and, via Antwerp, diamonds. Those products are valuable inputs that are assisting India's strong domestic economic growth. They can also be inputs for Indian export industries creating benefits for both our trading sectors.

Australia imports a very wide range of goods from India. These imports are growing steadily, and they have the potential to grow further in Australia's open market.

Everyone is familiar with the remarkable growth of India's services sector. The development of this dynamic sector reflects the benefits arising from the intersection of international trade, globalisation, and the rapid developments of new technologies. It also reflects the strategic decisions India has made to develop its skills base so that it can take advantage of globalisation.

- Indian IT companies are global leaders in their fields.
- Australia and India's trade in services is a thriving two-way street.
- What the multilateral trade system has delivered
- The rapidly growing level of trade between our two countries reflects two major factors:
 - The opportunities a more liberalised international trading system developed under the GATT and WTO framework has provided to our respective countries; and
 - Domestic economic reforms undertaken in recent times in both of our countries Australia's reform program beginning in 1983 and India's reform program beginning in 1991.
- It has been those two factors that have enabled our

commercial sectors to maximise the gains from international trade.

Looking back 60 years, there was no certainty that the world would learn from the mistakes of the 1930s when high tariffs and competing trade blocs deepened the depression. The beggar-thy-neighbour approach of those times significantly constrained global economic development causing great damage and hardship.

There was no certainty that the world would choose the free-trading system we now have. The world was undergoing a period of unprecedented political and economic change. Europe was still in ruins after World War II. There was civil war in China. India had only just gained its independence. The world was on the verge of the Cold War.

It was in this environment that the world's major trading nations, including Australia, began the process of establishing a rules-based international trading system.

As countries transformed themselves from a war-time footing to peace-time economies, we owe a great deal to those leaders who had the vision - and importantly the political leadership and courage - to commit to a more liberal global trading system.

The rules-based framework they began to establish has, over the decades, provided greater levels of transparency and certainty in the conduct of international trade. The system has continually been tested at times when the global economy has experienced inevitable fluctuations and when there has been concerted political action and opposition to free trade the backlash to globalisation. Fortuitously, despite the opposition, despite the challenges many of us face in building and maintaining the required constituency of support for trade liberalisation both in developed and developing countries we continue to enjoy the benefits of freer global trade.

In our own region, here in Asia the benefits of this hard work and it is hard intellectually, politically and from a policy point of view to press on with the task the gains have been enormous.

In recent decades our region has experienced unprecedented economic growth and development. Never before in history have so many people been lifted up out of poverty and given the opportunity to make a new, more prosperous life for themselves and their families. Access to clean food and water, better education and health facilities, proper housing and infrastructure, massive increases in employment levels can all be attributed in part to freer global trade.



Those countries that have engaged with globalisation rather than shied away - have fared the best over time.

So by any measure, the world trade bodies created after the war the General Agreement on Tariffs and Trade (GATT) and its successor the World Trade Organization (WTO) have been a great success. They have also managed trade disputes between nations and prevented disputes from spiralling into the tit-for-tat retaliation that had been so damaging prior to their establishment.

And that is why it is so important to press on with the task of international trade liberalisation. That is why a successful conclusion to the WTO Doha round of trade negotiations is essential.

Doha Development Round

Doha is known as the Development Round. That is because for the first time agriculture, which plays such an important economic and social role in many developing economies, is on the negotiating table. For the first time we have the chance to abolish trade distorting agricultural export subsidies and make significant cuts to market access barriers and farm subsidies.

As Australia's Trade Minister and Chair of the Cairns Group I will be doing as much as I can to ensure we get genuine agriculture reform including in key developed markets like the United States, Europe and Japan.

As a member of the G20 group, India too can play a key role in bringing the agriculture negotiations to a successful end which is essential for the overall conclusion of the Doha Round.

Australia and India are working closely together in pursuing the end of harmful trade distorting subsidies that are driving down the prices received by our more efficient farming sectors.

Further reforms to global agriculture would assist significantly with poverty alleviation efforts given that 75 per cent of the world's poor live in rural areas. The World Bank estimates that freeing all merchandise trade and eliminating subsidies could boost global income levels by up to \$US287 billion by 2015 and almost 45 per cent of these gains would flow to developing economies.

Australia and India also have mutual interests in getting comprehensive and truly liberalising outcomes in manufactured products and services trade.

It is essential that we get a successful conclusion to Doha. I believe it is doable. It requires strong political will and courage and that is what we are elected as Governments to do.

Without a successful conclusion to the Round, global



economic potential will be undermined and the opportunity to raise even more people out of poverty will be lost for some time to come. We cannot afford to miss this chance.

In addition to meeting with Minister Kamal Nath in Delhi for discussions on this matter tomorrow, I will be meeting with trade ministers from other key trading nations in Davos, Geneva and Brussels following this visit to India. I will be doing my utmost to get them to assist in finalising the Round.

Multilateral trade liberalisation is Australia's highest trade negotiating priority. That is where the biggest gains from liberalisation can be made. However, the benefits of multilateral liberalisation can be reinforced at the regional and bilateral level.

The Australian Government is therefore committed to doing what it can to facilitate India's membership of APEC. India's inclusion in APEC would ensure that the forum contains all of the region's major economic and political powers.

In terms of the bilateral framework, our two governments are about to begin a joint study on a Free Trade Agreement (FTA). Bilateral FTAs can enhance the trading relationship if they are truly liberalising across all sectors and consistent with our multilateral trading objectives. Experience has shown us that the more ambitious an FTA the greater the rewards for its members - ambition is the key.

Economic reform is essential

There is more to trade policy than international, regional and bilateral trade negotiations - as critical and time

consuming as they are for opening up new trade opportunities for business.

Yesterday, I had the opportunity to address the Bombay Chamber of Commerce and Industry and the Chamber asked that I convey to you here and in New Delhi some of the comments in my speech. In that address, I outlined that a key goal of the Australian Government is to ensure that trade policy is an integral part of our broader economic policy.

All arms of economic policy must be working together to drive productivity growth. Productivity growth is central to international competitiveness and international competitiveness is key to a strong and prosperous trade performance. Despite the international commodities boom Australia's export performance - especially growth in export volumes - has in recent years slowed considerably. To turn around that slow-down, Australia needs to lift its level of productivity growth.

Without productivity growth your economy loses international competitiveness and your export sector suffers. The key to productivity growth is continuous domestic economic reform. Economic reform is essential to freeing up resources and also essential to ensuring that you are able to lock in the benefits of trade reform. Reform measures taken behind the border maximise trade liberalisation measures taken at the border.

I was fortunate to be able to participate in Australia's last major economic period of reform in the 1980s and 1990s from two perspectives:

As President of the Australian Council of Trade Unions from 1985 to 1990, I understood that job growth and new higher paying employment opportunities required Australia to open up its economy while at the same time equipping our workforce with the skills required to compete in the global economy.

Following my election to Parliament in 1990, I then served as Minister in a number of portfolios and continued to participate in the comprehensive reform program undertaken at that time.

The strong productivity growth of the 1980s and early 1990s occurred because the Government of the day was prepared to take the tough economic reform decisions. This included floating of the Australian dollar, slashing tariffs, deregulating the financial sector, wage restraint through an Accord with the trade union movement to lock in low inflation, retirement income reform, national competition policy, significant cuts to company and personal income tax and greater independence for the Reserve Bank.

As Australia was undertaking these reform measures India too was beginning a new stage of economic reform reforms which began the process of opening India up to international trade and the opportunities it generates.

It is the international trade opportunities arising from such reform that drive domestic economic growth and open the business sector up to a much larger market.

As the IMF reported recently, merchandise trade continues to be a driving force of the world economy. Both in volume and in dollar value terms, world merchandise trade has grown twice as fast as world output over the past four years. While growth in world trade lost some of its strength last year it continues to grow more strongly than product growth. It is the world market that offers these opportunities and to capture these opportunities both of our economies must continue the process of economic reform. In that regard the new Australian Government is committed to beginning a new area of economic reform.

And in discussions I had yesterday with the Deputy Governor of the Reserve Bank of India, Dr Rakesh Mohan, it is encouraging to learn that India too is pressing with its domestic economic reform program.

Global Warming

I wanted to finish by touching on another important issue of global significance that will challenge our capacity as policy makers.

Global warming is a challenge that confronts us all. Developed and developing countries. Governments around the world, political leaders, officials and importantly the business and commercial sector must not shy away from this challenge for it does have implications for the international trading system. It does have implications for the future growth and sustainability of our economies.



In my first week as the Trade Minister, I attended the meeting of trade ministers in Bali in the lead up to the UN Climate Change meeting. This was an excellent initiative by Minister Mari Pangestu and the Indonesian Government reflecting the importance of ensuring that trade ministers are engaged in the climate change debate. As I said in Bali, apart from the environmental imperative that drives the importance of addressing climate change and one of the very first acts of the new Australian Government was to ratify the Kyoto Protocol it is my long held view that there are significant economic, trade and employment opportunities arising from the global response to climate change.

Any measures to address climate change must be consistent with open trade policies. Trade policy has a key role to play in addressing and providing solutions to climate change, although it is only one of the policy tools available. The UN Framework Convention on Climate Change, the Kyoto Protocol and the WTO Agreements each recognise that trade and environment policies need to be mutually supportive in order to achieve our goal of

sustainable development.

The need to constrain carbon is driving innovation in energy technology that presents important opportunities for economic growth and employment, as well as addressing the environmental imperatives of climate change. Setting a carbon price will drive investments in low emissions products and technology such as renewables and clean coal.

It is important that we develop an efficient market based trading regime that rewards energy efficiency and climate friendly technology. It is very clear that open trade policies are critical to the diffusion of new technology, in particular to developing countries.

Australia and India are working together in the Asia Pacific Partnership on Clean Development and Climate (APP). There will be enormous opportunities for our business sectors to engage on this matter, particularly in the area of emissions reduction technology and renewable energy means.



Two-way Investment Vital for Indo-Australian Trade

Australia's Minister for Trade Simon Crean called for boosting two-way investment in order to step up bilateral trade between India and his country. He made this suggestion while addressing members of the Bombay Chamber of Commerce and Industry in Mumbai on 16 January 2008. Australian High Commissioner John McCarthy and Australian Consul-General Peter Forby were also present at the meeting.

on the occasion of India's 60th anniversary of independence. I said in that speech that a key priority for a Labor Government in Australia was to build a stronger trading relationship with India as a matter of priority. Having been successful at the election, it is wonderful to be the first Minister in the new Australian Government to visit India to pursue our commitment to strengthening the bilateral relationship.

A dynamic relationship

The trade relationship between India and Australia has shown remarkable growth in recent years. Australia's goods exports to India have been increasing at around 30 per cent a year making India our fastest growing major export market.

India is emerging as an economic and strategic powerhouse. That emergence will help to shape the world in the 21st Century. India is seizing the opportunities presented by globalisation and has become a hub of global trade and commerce. And that is why I am here.

During the election campaign in Australia last year, I was invited to speak to the Australia-India Business Council

India is now Australia's fourth largest export market.

A lot of growth has come from exports of commodities like coal, gold and copper ores and, via Antwerp, diamonds.



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Australia and India's trade in services is a thriving two-way street. The great majority of our services exports come from education and personal travel. In 2007 there were nearly 60,000 students from India enrolled in Australian educational institutions an increase of 63 per cent over the previous year. India is now the second-largest country of origin for overseas students in Australia.

The skills Indian students learn in Australia are taken back to India contributing to its economic growth and just as importantly strengthening the people-to-people links between our two countries developing a greater understanding and appreciation of our respective cultures.

It is these people-to-people links that are so important in helping to take the relationship to a new level in business

but also across a broad range of areas like education, health, IT, the arts, entertainment and more.

Opportunities to work together on the development of India's vocational education are significant. The new Australian Government has a strong commitment to vocational education in Australia. I served as the Minister for Employment, Education and Training in the last Australian Labor Government and I know the importance of vocational education and its contribution to increasing domestic productivity. Our respective vocational education providers can work closely together in assisting India to raise its productivity growth.

Investment is also vital in driving the relationship. Australian companies are confident about the future direction of the Indian economy doubling their level of investment in India in 2006 to over \$2 billion. Indian investment in Australia is also growing quickly.

Building the trade and economic framework

So it is time for the bilateral trade and investment relationship to move to a higher level. As Trade Minister I want to do as much as I can to facilitate business between our two countries. I am committed to building the framework which will enable business to pursue the opportunities.

I consider that comprehensive multilateral trade agreements offer the best framework for the international trading system and that is where my key focus will be. The multilateral framework should then be supported at the

regional level by APEC and other regional forums to build on the achievements of multilateral outcomes. As part of the process of building a stronger relationship, I will be meeting with Minister Kamal Nath in New Dehli to discuss where we can work together in achieving an outcome to the WTO Doha round of multilateral negotiations.

A successful conclusion to the Doha Round will bring great benefits to India. I appreciate there are domestic sensitivities, particularly in agriculture and services, and we will discuss these, along with the opportunities for India in greater export market access, including in manufactured products.

The Australian Government is also committed to doing what it can to facilitate India's membership of APEC. India's inclusion in APEC would ensure that the forum contains all of the region's major economic and political powers.

In terms of the bilateral framework, our two governments are about to begin a joint study on a Free Trade Agreement (FTA). Bilateral FTAs can enhance the trading relationship if they are truly liberalising across all sectors and consistent with our multilateral trading objectives. Experience has shown us that the more ambitious an FTA the greater the rewards for its members ambition is the key.

Economic reform is fundamental

There is more to trade policy than international, regional and bilateral trade negotiations as critical and time consuming as they are for opening up new trade opportunities for business. A key goal of the Australian Government is to ensure that trade policy is an integral part of our broader economic policy.

All arms of economic policy must be working together to drive productivity growth. Productivity growth is central to international competitiveness and international competitiveness is key to a strong and prosperous trade performance.

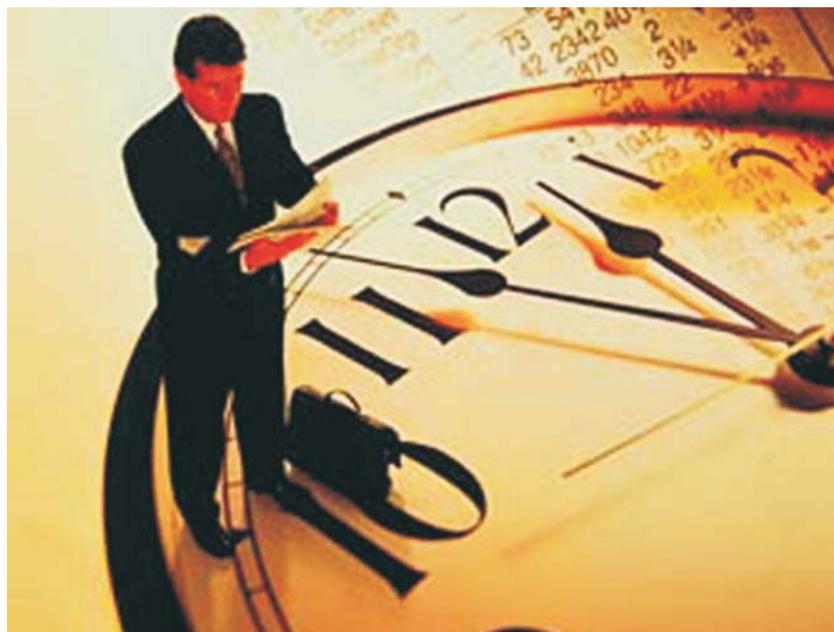
Despite the international commodities boom Australia's export

performance - especially growth in export volumes - has in recent years slowed considerably. As a result of that slowdown, net exports have actually detracted from Australia's domestic economic growth for 9 of the last eleven and a half years- and that is despite the resources boom.

Under the previous Labor Government, our productivity enhancing reform measures ensured that net exports made a positive contribution to domestic economic growth in 11 out of 13 years. The previous Labor Government achieved that outcome because we understood the importance of increasing productivity. Without productivity growth your economy loses international competitiveness and your export sector suffers.

The key to productivity growth is continuous domestic economic reform. Economic reform is essential to freeing up resources and also essential to ensuring that you are able to lock in the benefits of trade reform. Reform measures taken behind the border maximise trade liberalisation measures taken at the border.

I was fortunate to be able to participate in Australia's last major economic period of reform in the 1980s and 1990s from two perspectives. As President of the Australian Council of Trade Unions from 1985 to 1990 I understood that job growth and new higher paying employment opportunities required Australia to open up its economy while at the same time equipping our workforce with the skills required to compete in the global economy. Let me assure you that was not an easy period for the trade union movement. A lot of union members were against the policies that the Government of that time was pursuing - there was a lot of opposition - but the union movement as whole understood the need for reform and responsibly participated in the process.





Following my election to Parliament in 1990, I then served as Minister in a number of portfolios and continued to participate in the comprehensive reform program undertaken at that time. The strong productivity growth of the 1980s and early 1990s occurred because the Government of the day was prepared to take the tough economic reform decisions. This included floating of the Australian dollar, slashing tariffs, deregulating the financial sector, wage restraint through an Accord with the trade union movement to lock in low inflation, retirement income reform, national competition policy, significant cuts to company and personal income tax and greater independence for the Reserve Bank.

As Australia was undertaking these reform measures India too was beginning a new stage of economic reform reforms which began the process of opening India up to international trade and the opportunities it generates. It is the international trade opportunities arising from such reform that drive domestic economic growth and open the business sector up to a much larger market.

As the IMF reported recently, merchandise trade continues to be a driving force of the world economy. Both in volume and in dollar value terms, world merchandise trade has grown twice as fast as world output over the past four years.

While growth in world trade lost some of its strength last year it continues to grow more strongly than product growth. It is the world market that offers these opportunities and to capture these opportunities both of our economies must continue the process of economic reform.

In that regard the new Australian Government is committed to:

- An assessment of Australia's infrastructure needs to address infrastructure bottlenecks;
- Boosting investment in education and skills training;
- Building a world class national broadband network;
- Cutting red tape and regulation.

I am also soon to announce details on a review of Australia's trade policy that will assess how we can best integrate our trade policy into the broader domestic economic policy settings.

Climate Change

A final area I want to touch on is the challenge we are all now confronting as a global community that is - taking concerted international action to reduce green house gas emissions. This is an issue in which the global community

both developed and developing countries must work together if we are to succeed in reducing emissions.

In my first week as the Trade Minister I attended a meeting of trade ministers in Bali in the lead up to the UN Climate Change meeting. This was an excellent initiative by the Indonesian Government reflecting the importance of ensuring that trade ministers are engaged in the climate change debate.

As I said in Bali, apart from the environmental imperative that drives the importance of addressing climate change and one of the very first acts of the new Australian Government was to ratify the Kyoto Protocol it is my long held view that there are significant economic, trade and employment opportunities arising from the global response to climate change.

Any measures to address climate change must be consistent with open trade policies. Trade policy has an important role to play in addressing and providing solutions to climate change, although it is only one of the policy tools available. The UN Framework Convention on Climate Change, the Kyoto Protocol and the WTO Agreements each recognise that trade and environment policies need to be mutually supportive in order to achieve our goal of sustainable development.

The need to constrain carbon is driving innovation in energy technology that presents important opportunities for economic growth and employment, as well as addressing the environmental imperatives of climate

change. Setting a carbon price will drive investments in low emissions products and technology such as renewables and clean coal.

It is important that we develop an efficient market based trading regime involving all parties that rewards energy efficiency and climate friendly technology. It is very clear that open trade policies are critical to the diffusion of new technology, in particular to developing countries.

Australia and India are working together in the Asia Pacific Partnership on Clean Development and Climate (APP) and I know there will be enormous opportunities for our business sectors to engage on this matter, particularly in the area of emissions reduction technology and renewable energy means.

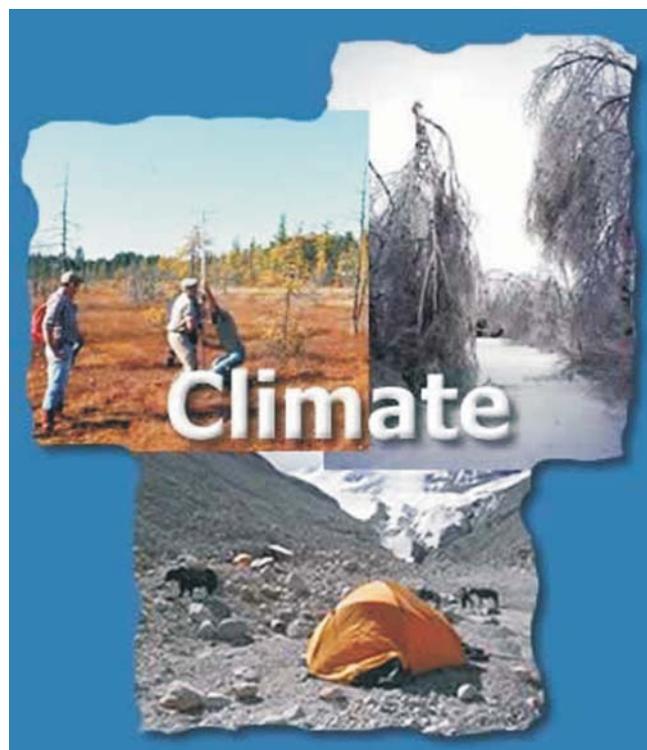
Conclusion

I have come to India early in the life of the new Australian Government because of the priority we place on strengthening the bilateral relationship. From a commercial point of view I am encouraged by the strong links that are already developing. Companies like Leighton Contractors, Orica, Macquarie Equities, numerous parts of the Tata Group, Linfox, KPMG are working with their Indian and Australian partners across many sectors of business.

Austrade will also be using its Utsav Australia (or "Celebrate Australia") campaign to raise the profile of Australian business in India and showcase Australian expertise, including in India's major regional centres. And Austrade's Business Club Australia will continue to provide business networking and matchmaking opportunities for companies against the backdrop of major sporting events, like the 2010 Commonwealth Games in New Delhi. For my part, I am keen to do what I can to help Australian businesses increase their exports in general and to India in particular.

I also want to say that the Australian Government wants to see more Indian businesses coming to and trading with Australia. And we warmly welcome Indian investment in Australia. The business sector is already off to a strong start and new opportunities will emerge, including in resources and energy trade such as LNG.

I want to help build on that start give substance to the new Australian Government's commitment to the relationship with India through Government to Government, political and institutional channels to provide the framework for the relationship to prosper. ■



Enduring Ties between Endearing Peoples

South Australia Premier Mike Rann addressed members of a visiting Indian business delegation at a dinner meeting organized by Australia India Business Council (AIBC) in Adelaide on 24 January 2008. The state dinner was hosted by Premier Rann, who stressed the need for further forging trade relations between India and South Australia. He talked about various subjects, from cricket to Bollywood and from Australia's National Day to India's Republic Day. Following are excerpts from the speech of the Premier, who will be visiting India from 12 to 21 March 2008.



It's great to be with you, and I would especially like to welcome our guests from India who are here for the climax to this enthralling Test series. This really is an exciting time of year to be in Adelaide.

We've got the Tour Down Under, which is drawing huge crowds to watch the world's best cycling teams in action.

Coming up soon is the Clipsal 500 motor race through the streets of Adelaide, the world-renowned Adelaide Festival and the equally popular Festival Fringe, WOMADelaide, and then the thrills of the International Rugby Sevens.

But tonight, as is so often the case in Indo-Australian relations, we come together to celebrate the game of cricket. Any Test match between these two cricket-loving nations is special, but it is elevated even higher when played on the breathtakingly beautiful Adelaide Oval regarded among the wider cricket community as the game's "secular cathedral".

We are delighted that the Adelaide Test has been restored to its traditional place on the cricket calendar and is being played on the Australia Day holiday weekend.

And it's appropriate that the Indian team is part of this



great occasion given that India's Republic Day, the day when India formally became a sovereign democratic republic in 1950, also falls on January 26, our national day.

What is less well known is that the very first time that Test cricket was played at Adelaide Oval on that auspicious date was in 1948 when India made its first appearance in a Test match at this most historic of venues.

That match was played in the midst of a typically scorching late January hot spell and was memorable for many reasons.

Dashing young batsman Neil Harvey, who later that year in England achieved immortality as one of cricket's "Invincibles", made his Test debut for Australia aged just 19. The great all-rounder Vijay Hazare became the first Indian batsman to score a century in both innings of a Test. And Don Bradman, later to become Sir Donald - and whose family members we are delighted to have with us this evening - scored his final Test century on Australian soil. What an innings that was!

Seven months shy of his 40th birthday and hobbled by leg cramps that forced him to swing uncharacteristically hard and often against the Indian spinners, the Don scored a remarkable 201.

Given that he plundered the last 100 runs of that innings in just 79 minutes it was little wonder he received a huge ovation as he limped off towards the famous members' stand. That was his final Test innings at the ground, and in this city he called his home.

Such was the esteem in which Don Bradman was held, and which he continues to occupy among the people of India, even the heat-exhausted Indian bowlers did not begrudge him his century that day.



Indeed, India's legendary team manager at the time Pankaj Gupta famously noted that: "India regards Bradman as a cricketing colossus and they would prefer to lose every match and see Bradman bat than win every match and not see him". There was something ordinary as well as extraordinary about Don Bradman.

That was part of his appeal to all cricket fans regardless of their circumstances or background. He was the tall poppy that was never felled. He was there to remind us of the greatness that gleams in us all, of the courage, the stoic tenacity, however humble the house that we were born in, and however obscure the path we take to the batting crease. The Don also maintained a fascinating collection of cricket memorabilia. That material can be viewed at the hugely popular Bradman Collection that is housed in a heritage-listed building at the State Library on North Terrace. The exhibition offers a revealing insight into his life and career, and is located just a well-struck straight drive away from where we are tonight.

As we approach the 100th anniversary of his birth later this year, Don Bradman remains an enduring presence in Australia's sense of national identity and pride. But it is not only through cricket, and its extraordinary ability to bring nations together, that Australia and India - two great and enduring democracies in the Commonwealth of Nations - have forged a deep friendship and mutual respect.

Of course, Indians and Australians served together in British Imperial and Commonwealth forces in both World Wars, a friendship forged amid mud and blood and suffering.

The defining and most famous conflict in Australian history occurred at Gallipoli in 1915, a battle that has given us countless stories of heroism, and spawned the Anzac legend. But few Australians today realize that Indian troops had a very strong presence at Gallipoli.

In the trenches, including as members of the famous Indian mule corps, those Indian soldiers - the forgotten Anzacs - fought bravely alongside our "diggers". During World War Two at a time when India was involved in its own struggle for independence, 1.7 million Indian soldiers volunteered to defend the Empire and serve the Allied cause. Australian soldiers fought alongside the legendary 4th Indian Division at El Alamein.

At Monte Casino, the Indian Army was famous for its heroism and extraordinary sacrifice, losing thousands in the siege, and the storming of places with names like Snake's Head Ridge and Hangman's Hill.

India is beginning to fulfill her tryst with destiny, as prophesied by its great founding Prime Minister Pandit Nehru. Sixty years ago, at the time of independence, the average life expectancy in India was 32 years of age. This year it is more than 68. In 1947, only 16 per cent of Indians could read or write. Today, more than 61 per cent are literate.

India is set to become one of the world's largest economies, soon to overtake Japan in purchasing power. And, by the middle of this century, it will have a bigger economy than even the United States. India, once known for its tea and cotton, is now renowned for its science, for its leadership in high technology and for its motion picture industry.

The relationship between India and South Australia is an important one. In recent years I have made three official and one private visit to India, and will return there with a delegation in six weeks time.

This visit will again focus on investment, trade, education and migration opportunities, showcasing our world-class food and wine and potential partnerships in film, engineering, mining and IT.

A South Australian chapter of the Australia-India Business Council has been established. We have also opened an office in Chennai, and we have appointed one of our cricket greats, Darren Lehmann, as our Special Envoy to India.

Like India, South Australia's economy is gaining pace and enjoying growth across a number of sectors. KPMG International recently lifted Adelaide's ranking for business competitiveness from tenth to third in a survey of nearly 100 cities worldwide. In particular, we are experiencing a boom in the areas of mining and defence. Spending on mining exploration has now shattered all previous records. It has undergone a 10-fold rise over the past five years, surpassing every other Australian state, except Western Australia.

To put that into a global perspective, out of 65 international mining jurisdictions South Australia has risen from 36th to fourth place on the world-renowned Fraser Institute's "mining potential" index in just four years.

One of our mines, the giant copper, uranium and gold resource at Olympic Dam, is now the world's first trillion-dollar ore body and is set to become the world's greatest mine. And there are 30 more mines in a queue.

In defence, we have won \$12 billion worth of contracts over the past two and a half years, including for the construction of Air Warfare Destroyers, and then we'll build the next generation of submarines. In total, we have almost \$45 billion worth of major projects either underway or on the horizon.

We have a record-ever commitment to infrastructure projects including a new \$1.7 billion central hospital, a \$1.3 billion desalination plant for Adelaide and a second desalination plant near Whyalla to serve the giant mining expansion. Private investment levels are at an all-time high, and so are jobs.

In addition, our world-class education and health systems, and highly-skilled and flexible workforce mean South Australia offers a myriad of opportunities for business



investors, migrants, students and tourists. Certainly, India continues to play a crucial role in our State's overall economic development. Last year, India provided around 28 per cent of our skilled migrants.

And enrolments of Indian students coming to South Australia have grown ten-fold over the past five years. We are committed to developing Adelaide as a "University City". In addition to three outstanding local universities, we are now also home to Australia's first foreign University, the world-renowned Carnegie Mellon University that provides US-accredited masters degrees.

We are aiming to increase the number of tourists who come from India, the world's fastest-growing travel market, to experience the "brilliant blend" of attractions and experiences that South Australia offers.

And it's not just cricket that fuses our cultures closer together. Recently, South Australia's diverse landscapes and acclaimed film-making expertise featured in Bollywood's first commercial, all-dancing science-fiction movie, *Love Story 2050* which features former Miss World, Priyanka Chopra.

We gather tonight for a dual celebration. Not only do we honour our shared love of cricket and a Test match that is regarded by players and patrons alike as one of the highlights of the international cricket circuit. We also celebrate the increasingly strong cultural and commercial ties that bind India and South Australia.

On Saturday, as we celebrate both our national days, the Australian flag and the saffron, white and green flag of India - with the "wheel of progress" at its centre - will be raised side by side. This simple ceremony will symbolise the growing partnership between us as we move forward together in a new century. ■



RTAs: Gateways to Global Trade

Export Import Bank of India (Exim Bank) has made an exhaustive study of various regional trade agreements (RTAs) in the context of their importance in nurturing global trade. The Exim Bank study also touches India's engagement with RTAs. Following is the gist of the study.



There is a growing realization among countries that regional and multilateral agreements could be complementary and mutually reinforcing approaches to trade reforms. Such regional integration agreements could lead to enhanced regional trade, which in turn could provide a boost to multilateral trade. Moreover, the Doha Declaration drawn up by the WTO ministers in late 2001 also recognizes that Regional Trade Agreements (RTAs) can play an important role in promoting the liberalization and expansion of trade and also in increasing investment and productivity gains and fostering development especially in developing economies.

RTAs are increasingly being viewed as a link between developing and developed countries towards the common goal of economic development and as a gateway to global trade. The need for such agreements has arisen from a number of socio-economic, political and security considerations. Countries have embraced regional trade agreements primarily due to the following reasons:

- To derive benefits of increased preferential access to highly competitive larger markets;
- The slow progress in trade liberalization under the WTO and bottlenecks in multilateralism based trade talks;
- A sharp increase in FTAs around the world, which has prompted other countries not involved in regional trade agreements to also consider engagement in such agreements and remain competitive in international trade;
- To promote liberalisation and bring about policy reforms;
- To attract more foreign direct investment into the country; and
- Political and security considerations.

Proliferation of RTAs

There has been a significant increase in the number of regional trade agreements in recent years, with presently more than one third of the world's trade taking place within the framework of such agreements. Of the 205 RTAs notified to WTO and which are in force, as on July 18, 2007, 124 are FTAs, accounting for 60% of the total, 46 are Economic Integration Agreements (EIA), 12 are Customs Unions (CU), 12 are Partial Scope (PS) Agreements, while 11 are Accession Agreements. The predominance of FTAs is probably due to the fact that they are faster to conclude and require a lower degree of policy coordination among the contracting parties as compared to plurilateral or multilateral negotiations.

The growing interest in regional trade agreements among countries has been particularly noticed since the dawn of the new millennium; 124 agreements (constituting 60% of the total) having entered into force post 2000. As earlier observed, FTAs continue to be the most preferred form of agreements as around 65% of the agreements entered into force post 2000 comprise FTAs. An investigation of the trend reveals that the maximum number of agreements entered into force during 2004 and 2006. This could be attributed to the failure of the Fifth WTO Cancun Ministerial Conference in 2003 and the Sixth WTO Hong Kong Ministerial Conference held in 2005. Further, between 2004 and 2007, as many as 40 FTAs and 23 EIAs have entered into force. While the dominance of FTAs implies a growing tendency among member countries to establish bilateral preferential agreements, growing number of EIAs indicate the increasing preference among countries to deepen bilateral economic integration beyond trade in goods.

Nature of Regional Trade Agreements

In comparison to majority of agreements among developing countries in the initial years of regional trade agreements, there has been an increasing tendency

among developed countries as well to enter into trade accords between themselves as also with developing countries, as depicted by the increasing share of such agreements during 2000-2007 as compared to 1995-1999. As a consequence, the share of south-south agreements, which comprised 67% of the total agreements during 1995-99, decreased to 39% between 2000-2007. Compared to only 10 agreements between developing and developed countries during 1995-1999, the number has surged significantly to 51 during the last seven years, constituting 46% of the total number of agreements during the period.

Developing countries have evinced keen interest in engagement in RTAs with more developed nations to gain access to the larger and potential markets and benefit from the immense trade opportunities inherent in these markets. This subtle and gradual shift in the interest among developing countries to engage in agreements with developed countries and vice versa has been particularly noticed since 2004. This could be attributed to the interest among developed countries to engage in bilateral agreements with developing countries subsequent to erosion of their confidence in multilateralism. It may be cited that for United States, all trade agreements except those with Israel and Jordan, have entered into force post 2004.

Emergence of Trade Blocs & RTAs

There has also been a fast rise in the number of regional trade blocs around the globe as a result of the willingness on part of countries to enhance and foster trade relationship with neighbouring nations. Countries are also transcending physical geographical borders to rapidly enter into trade relations with distant countries as well. Southern Cone Common Market (MERCOSUR) and North American Free Trade Area (NAFTA) have emerged as major blocs in America. With the emergence of significant trade blocs like Association of South East Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC), Asia too is rapidly embracing regionalism.

Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC) in Africa; Greater Arab Free Trade Agreement (GAFTA) and Gulf Cooperation Council (GCC) in West Asia; European Union (EU) and European Free Trade Agreement (EFTA) in Europe and the Commonwealth of Independent States (CIS) trade bloc could be identified as crucial developments in regional economic integration, which have also significantly enhanced intra-bloc trade.

The intra-bloc merchandise exports as a percentage share of bloc's total exports for European Union has been as high as 66% in 2005; in case of NAFTA it has been 56% and around 50% for East Asia Economic Caucus (EAEC), indicating the high degree of integration among these blocs. Despite having a bloc, there are instances of trade agreements between countries within a bloc. This distinctive feature is particularly noticed in the CIS trade bloc, where all CIS countries, with the exception of Moldova, have entered into agreements with only other CIS countries. Another interesting feature could be observed in Japan's initiative towards a trade agreement with ASEAN, in spite of it having established bilateral agreements with Singapore and Malaysia, which are members of ASEAN. Like CIS countries, India and Sri Lanka have also established an FTA, despite being members of the South Asian Free Trade Agreement (SAFTA). Similarly, as in case of Japan, India has trade agreements not only with ASEAN but also with some member countries viz. Thailand and Singapore.

It may be observed that countries are engaging in agreements with trading blocs as a whole to access the larger and more potent markets of the region. A typical example in this regard could be the advantage of entering into an agreement with blocs such as EU, which provides access to all member countries of the Union. Recognizing this, countries such as Norway, Croatia, Albania, Mexico, Jordan, Algeria, Tunisia, Chile, Egypt etc. have entered into bilateral trade agreements with the European Union. However, for a member country, a customs union or common market could restrict the choice and freedom to enter into bilateral agreements with non-member countries, as the common external tariffs have to be adhered to. This is particularly true for larger and relatively more advanced member countries in the bloc.

It may be also observed that countries in almost all regions of the world are showing an increasing interest in expanding their trade opportunities with countries bilaterally outside the region or a bloc. In Asia, Singapore has been the most aggressive in its pursuits of regional trade agreements with number of countries like New Zealand, Australia, United States, Jordan and Panama. Singapore is one of the leading RTA signatories with 18 such agreements in place. Other countries that are involved in the most number of RTAs are Mexico with engagements in 19 agreements, Chile with 17 agreements, United States with 15 agreements and Turkey with 10 agreements. An investigation of the trade pattern of these countries over the past decade clearly attests to the positive impact of RTAs on the trade

performance of a country. The value of trade of all these countries with individual RTA partner countries over the past five years has also increased sharply. Moreover, trade with RTA partner countries constitutes a major portion of the total trade of these countries, which reinstates the importance of RTAs in global economic integration of these countries. For example, in case of Mexico and Singapore, trade with RTA partner countries constitutes around 85% and 63% of their global trade respectively. Similarly, for Chile, trade with RTA partners constitutes as high as 80% of its global trade.

There are some key factors that have promoted regional trade agreements in these specific countries. In case of Mexico, the shift from an inward looking trade policy to a more liberal, and outward oriented trade policy, the presence of Maquiladoras, offshore assembly units along the US-Mexico border and a number of export incentives provided by Mexico have played an important role in fostering its trade relations with other countries both intra regionally and extra regionally. With regard to Singapore, its pro-exports, liberal trade policies and elimination of most restrictions on imports boosted its trade engagements. Similarly, prioritization of ensuring access to larger markets in its multidimensional trade policy, imposition of low and uniform applied tariffs and a stable economy were instrumental in the proliferation of Chile's engagement in RTAs. United States' Trade Capacity Building (TCB) efforts have also played an important role in strengthening its trade relations with especially developing countries.

Recognizing the potential for greater regional cooperation for development, major Asian economies too have rapidly embraced regionalism in the course of the past decade, which has led to the proliferation of several regional trade agreements involving most of the Asian economies. ASEAN has been the major trade bloc in Asia, with intra-ASEAN exports accounting for 23% of global exports of ASEAN in 2005.

ASEAN is also expanding with the 'ASEAN plus three' initiative, with free trade agreements with Japan, China and Korea. ASEAN entered into an agreement with China in 2003 to form the ASEAN-China FTA (ACFTA). Also, bilateral efforts are taking place to establish the ASEAN-Japan Closer Economic Partnership (CEP) Agreement, ASEAN-Korea FTA (AKFTA), and ASEAN-India FTA (AIFTA). The 'ASEAN plus three' could be identified as a crucial development in regional integration, which has the potential to significantly boost trade and development in Asia. Value of total trade of 'ASEAN plus three' countries reached US\$ 4.3 trillion in 2005, which was 20% of global exports. It is therefore, important for India

to further strengthen its engagement with ASEAN and thereby, be an integral part of a Pan Asia Free Trade Area.

India's Engagement in Regional Trade Agreements

India's endeavour to foster its international trade has been well complemented by its efforts to promote regional trade. Target countries in India's regional trade initiatives cover various regions of the world. In Asia, India made a foray in RTAs with an FTA with Sri Lanka in 1998. This was followed by a Comprehensive Economic Cooperation Agreement (CECA) with Singapore, an FTA with South Asian Association for Regional Cooperation (SAARC) members (SAFTA) and with the members of Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a framework agreement for FTA with Thailand and a framework agreement for CECA with ASEAN.

With the establishment of Joint Study Groups (JSGs), India has also initiated negotiations with a number of countries like Korea, China, Japan, Russia, Malaysia and Indonesia. These initiatives form an integral part of India's 'Look-East Policy', which has gained substantial momentum in recent years and has started yielding desirable results on the economic, political and strategic fronts. India is also seriously pursuing negotiations to establish RTAs with other developing countries located elsewhere.

India has in place a preferential trade agreement (PTA) with MERCOSUR and with Chile; a framework agreement for FTA with the Gulf Cooperation Council (GCC); and a PTA with South African Customs Union (SACU). India has also established JSGs with Mauritius and Israel to explore the possibility of an FTA.

Engagement in regional trade agreements has had a significant effect over the past decade on India's trade performance with its partner countries. India's exports to and imports from its RTA partner countries have significantly increased from 2001-02 to 2006-07. India's trade with its RTA partner countries as a percentage of its total trade has shown a notable rise from 20% to 30% from 2001-02 to 2006-07.

The Way Forward For India

It is imperative for India to assess the long-term implications arising out of any engagement in RTA and adopt an integrated approach consistent with the long-term interest and potential of the economy. Engagement in regional trade agreements should be one and not the only avenue for enhancing its international economic



collaboration. India needs to explore bilateral and plurilateral trade initiatives and effective regionalism beyond free trade agreements, however, in continuance of its pursuits towards eventual multilateralism.

While India needs to maintain consistency in its negative lists with regard to agreements with different countries to effectively protect the domestic industries, it is also crucial to address the issue of non-tariff trade barriers, especially when engaging in regional trade agreements with developed countries like the US or the European Union.

With the recognition of the positive impact of RTAs on a country's trade performance, India could explore trade accords with all major trading blocs in different regions of the world viz. MERCOSUR, NAFTA, EU, ASEAN, GCC/GAFTA, SADC/SACU and CIS, which could substantially enhance India's market access and choice of competitive imports. Moreover, India could also consider engaging in agreements with at least one of the major members of a trade bloc in case of its inability to strike an accord with a bloc as a whole, which could act as a potential gateway to other markets of the bloc.

India could draw insights from the global trend and pattern of gradual shift from south-south trade agreements to preferential agreements between developing and developed countries, and explore opportunities to engage in trade agreements with more

developed countries like US, Japan, EU. India has initiated negotiations for a Comprehensive Economic Partnership Agreement with Japan and a broad-based trade and investment agreement with EU, which needs to be carried forward. An RTA with USA, with significant market potential and evident complementarities could also prove to be beneficial for India. Such agreements could also facilitate and enhance investment flows into India.

India could also look beyond FTAs exclusively in goods to expand the scope of agreements to incorporate services, investment, monetary cooperation and trade logistics.

On the strength of its services sector, India could set up exclusive free trade agreements in services, which could be later expanded to trade in goods. India could widen the scope of Bilateral Investment Promotion Agreements (BIPAs) to include specific investment incentives in growing sectors such as infrastructure. With regard to monetary cooperation, the model of the Mercosur Structural Convergence Fund (FOCEM), which facilitates transfer of funds from more developed countries to less developed countries in the bloc, could be a model of emulation for the SAARC region, that could effectively lead to economic development and integration of the region. ■

Agri-Science Park's Valuable Contribution to Rural Economy

Providing Poor Farmers Access to Affordable Tech & Markets

Dr. William D. Dar, Director General of ICRISAT (International Crops Research Institute for Semi-Arid Tropics), talks about the institute's flagship initiative, the Agri-Science Park in an interview to Indo-Australian Business. In this, Dr. Dar highlights the role of the Agri-Science Park in providing the poor farmers the much-needed technology at affordable cost to help them step up productivity as well as market their produce. Excerpts.



Dr. Dar, please tell us about the Agri-Science Park, your flagship initiative, to improve the lot of the poor farmers through the power of technology.

The Agri-Science Park (ASP) is ICRISAT's initiative to partner with the private sector to develop technologies that will help link the poor and marginal farmers of the drylands to the markets. For the poor farmers to improve their incomes and livelihoods, it is important to increase agricultural productivity. However, this is not enough by itself. For them to do value addition to their agricultural produce they need access to technology and further to the markets. The ASP has been designed to develop technologies that will provide value-addition and market access to the farmers.

The integrated initiatives under the ASP are: the Agri-Business Incubator (ABI), the Ag-Biotech Innovation Center (AIC), the Hybrids Parents Research Consortium (HPRC), the Bioproducts Research Consortium (BRC) and the SAT Eco-Venture.

How appropriate, accessible and affordable are these technologies, considering the small and unviable size of an average Indian farm holding?

These technologies being developed are designed to be appropriate, accessible and affordable to the average farmer. Let me give you a couple of examples. The ABI has incubated the ethanol from sweet sorghum technology. If a dryland farmer grows sweet sorghum variety or hybrid instead of ordinary sorghum then he can sell the stalks (after harvesting the grain) to the distillery. Now we are working with our partners Rusni Distilleries and Aakruthi Agricultural Associates of India to help the farmers further by establishing decentralized crushing centers at the level of village clusters.



The other example is of our low-cost aflatoxin testing kits, which have brought down the cost of testing a sample from Rs 1,000 to Rs 50. This has made the technology affordable for the farmers, who can check for aflatoxin contamination in their groundnut, corn and chillies.

How important is agribusiness and allied industries in India, where nearly 70 percent of the population depends on agriculture for livelihood? What is your institution's role in promoting rural agro-based industries?

Agri-business and allied industries are of great importance for India, since such a large percentage of the population draws its livelihood from the agricultural sector. Only through agri-business and allied industries can the agriculture sector add value to its produce. In fact there should be a greater investment of technology and funds into agri-business.

Please brief us on the work being carried out at the Ag-biotech Innovation Center, and how agri companies are benefiting from it?

The Ag-biotech Innovation Center (AIC) is a platform that provides the infrastructure for R&D such as dry / wet lab spaces, access to common laboratories, precision farms, collaborative research with ICRISAT's scientific strength and state of art support infrastructure for the established agribusiness companies to kick-start their R&D activities. Coming into AIC, a company saves the gestation period of establishing an R&D Center and collaborating with ICRISAT on specific research projects of the company's need complements the R&D needs.

Reputed companies such as ITC, Pioneer-Dupont are members of AIC and the Government of Andhra Pradesh has supported to build additional wet lab space looking into the demand from this sector.

The Agri-Business Incubator (ABI) at ICRISAT has been in existence for the last five years. What have been its notable achievements?

Through its initiatives, ABI-ICRISAT has benefited around 30,000 farmers and supported 15 entrepreneurs in the four years since it was established. It also incubated 10 ventures and generated direct employment of around 320 people and mobilized \$8 million worth of business for the incubates.

ABI-ICRISAT has got the National award for the Best Incubator 2005 in its third year of operation, which is a landmark achievement in the business incubation industry.

ABI clients have also been acknowledged with awards for their contributions to the farming and the agri-business community. The Prime Minister of India felicitated ABI Client, Dr. Palaniswamy of Rusni Distilleries, with Best Social Entrepreneur of the Country Award. Another ABI client Aakruthi Agricultural Associates of India received FAPCI Award for Rural development by the Chief Minister of Andhra Pradesh.

ABI has also pioneered globally the successful incubation and commercialization of sweet sorghum based ethanol projects. It was also successful in commercializing ICRISAT's varieties namely ICGV91114 (groundnut) and JG 11 (chickpea) varieties in Andhra Pradesh by Aakruthi Agricultural Associates.

Please tell us about how you wish to further develop Agri-Science Park@ICRISAT and its initiatives?

There is a new initiative in the pipeline for the establishment of a Bio-Food Knowledge Center (BFKC). BFKC will technically backstop the food processing industry and the food parks that are coming up in the country. Through this platform ICRISAT will also look at R&D to add value to our mandate crops.

Similarly we are also forming strategic alliances with other institutions at national and global levels and are planning to establish ASP in our African centers.

Please elaborate on ICRISAT's Global Theme - Harnessing Biotechnology for the Poor and how has it helped nations since its launch in 2001 ?

ICRISAT's research focuses on increasing the agricultural productivity and incomes for the poor farmers in the drylands of the semi-arid tropics of 48 countries in Asia and sub-Saharan Africa. Since our inception in 1972 we have been working on crop improvement through conventional methods. While we continue the conventional methods, we also want to embrace modern agri-biotechnology to increase the speed of crop breeding, enhance precision and also overcome limitations inherent to conventional methods through the transgenic technology.

An example of our use of agri-biotechnology is our successful development of pearl millet hybrid HHB 67 Improved through the molecular-marker assisted selection route in 2005. We could breed this hybrid quicker than through conventional breeding, and introduce resistance for downy mildew disease, which was devastating the earlier pearl millet hybrid grown in Haryana and Rajasthan. ■

BioPortEurope: A Life Sciences Business Gateway for India & Australia



Dr Maarten B.M. van Dongen

'Life Sciences' is a generic title capturing a wide range of industry sub sectors such as biotechnology, therapeutics, medical diagnostics and devices, drug delivery, gene therapy, bioinformatics, clinical trials, agricultural biotech and industrial biotech. It involves companies that devote the majority of their efforts into the various stages of research, development, technology transfer and commercialisation.

Globalisation of Life Sciences industry has become the modern vision of future which can presently be felt both in terms of customers and competition. Technology transfer and licensing in an international context is the key to effective innovation and successful commercialisation. The development of a local presence in key markets like India, Australia and Europe is just one of the ways to expand and get connected to international industrial, scientific and expert networks. Taking advantage of this ongoing revolution, Life Sciences firms in India, Australia and Europe should take the opportunity to synergize their business using external avenues to market and advance their technologies and products.

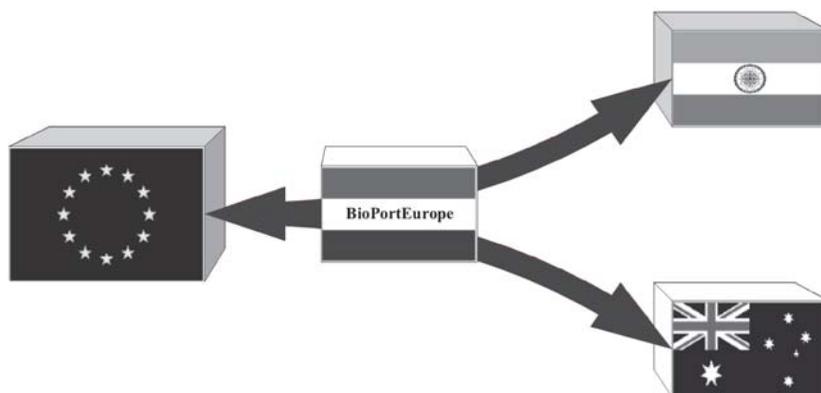
The European Life Sciences landscape

Europe is one of the most interesting regions in Life Sciences business; it

harbours ca. 2200 Life Sciences companies with approximately 100,000 employees with total revenues exceeding € 22 billion. The Netherlands has over 150 life sciences companies with some 3,000 employees and is considered as a significant player in the European arena. Companies are involved in research & development, testing, manufacturing and commercialisation of life sciences products, processes and technologies. They have a wide range of activities in human and animal health care, diagnostics, bio-informatics, fine chemicals, crop protection, novel foods, services etc.

The European markets are extremely attractive for Indian and Australian companies. To illustrate this: In pharmaceuticals and vaccines, Europe represents roughly one third of the global sales markets. Moreover, European Life Sciences companies increasingly outsource their research, development and manufacturing activities to countries like India. And last but not least: Europe is a never ending and inspiring source for new (un)patented technologies, products and processes, for serious partners for joint (open) innovation projects and for interesting acquisition candidates.

Opportunities for Indian & European Life Sciences Companies



The magic word for the development of Life Sciences business between India, Australia and Europe is 'Cross-fertilisation'. Indian and Australian Life Sciences companies can enter the European markets, get access to commercially interesting technologies, enter into strategic alliances or even acquire interesting European Life Sciences companies in order to get their own R&D and marketing base. Vice versa, European life sciences companies are increasingly interested in outsourcing their research, development and manufacturing activities to Indian companies through which they can also get access to the rapidly growing market of Indian consumers.

BioPortEurope: An Innovation of InnoTact Consulting.

BioPortEurope has been set up by InnoTact Consulting to make Indian and Australian Life Sciences companies aware of their (market) potential in Europe and to facilitate them to successfully enter these regulated markets. The mission of BioPortEurope is to develop into an eminent commercially driven Asia-European Expertise Centre and Transfer Point for high quality Life Sciences products, processes, technologies, innovations and services. BioPortEurope has its headquarters in The Netherlands and uses satellite offices in the major European countries. BioPortEurope employs highly professional, dedicated Life Sciences consultants and has built up networks of closely associated experts in the larger European countries. These networks will be further extended and enlarged. The access to industrial, scientific and expert networks, the proven commercial expertise, and the available knowledge of the complex and regulated Life Sciences markets along with its own sophisticated databases make BioPortEurope the natural partner when it comes to bio-business in Europe.

Dr. Maarten van Dongen brought his industry experience of over two decades to set up InnoTact Consulting (1998) as a dedicated European



Head office InnoTact Consulting BV

Life Sciences consulting firm located in Leusden, The Netherlands, at ca 50 km east of Amsterdam. InnoTact is a member of the Netherlands Indian Chamber of Commerce and Trade. Dr van Dongen is a member of the Advisory Board of InVivo Bio Solutions Pvt. Ltd. (IBS) of New Delhi.

BioPortEurope: An Opportunity to Indian Life Sciences Companies

With a strong experts network support at major strategic places all over Europe, BioPortEurope gives Indian and Australian Life Sciences companies an opportunity to expand their business to high potential European markets with an ease. The ideology behind the concept is to:

- Provide expertise, commercial development and induction to the European business environment.
- Develop the local presence of Indian and Australian companies in Europe and connect them to European industrial, scientific and other expert networks.
- Catalyse business activities of Indian and Australian companies by organising intensive learning sessions for executives in European marketing and sales etc.

InnoTact Consulting and InVivo Bio Solutions: Strategic Alliance

InnoTact Consulting has marked a presence of BioPortEurope in India with a recent strategic alliance with InVivo Bio Solutions Pvt. Ltd (IBS), a specialised service providing company in the domain of Life Sciences. Such upcoming synergetic alliances between Asian and European Life Sciences' companies are going to become the first generation 'Cross-fertilisation' products for future.

For more information, visit:
www.bioporteurope.nl / www.innotact.nl
www.invivobiosolutions.com ■

French firm bioMérieux to launch clinical studies in Australia

The French "In Vitro Diagnostics" company, bioMérieux, has begun undertaking clinical studies in Australia to support the collection of infectious diseases from around the world.

Australia's respected scientific research skills and counter-seasonality with the Northern Hemisphere are delivering advantages for bioMérieux. The company has exclusive manufacturing agreements with Australian medical equipment companies and will soon begin critical clinical studies here, the first time it has done so in its 20-year history in the country.

The diagnostics firm is also expanding its manufacturing operations in Brisbane, where it produces around seven million pre-poured culture media (Petri dishes) annually. The company is doubling its production capacity in 2007.

Lyon-based bioMérieux specialises in the field of in vitro diagnostics. It designs, develops, produces and markets diagnostics systems for medical or industrial applications. The company is present in more than 150 countries, with 35 subsidiaries and an extensive network of distributors. More than 83 percent of its sales are generated outside France.

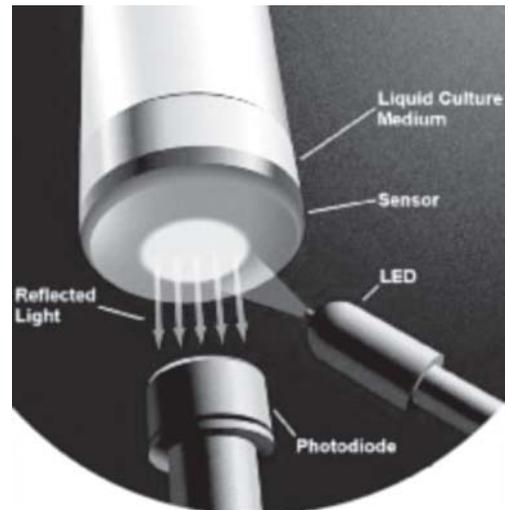
The Australian subsidiary was established in 1987 and has grown steadily since then. It generates around A\$30 million in annual revenue and is rated one of the top ten diagnostics companies in the local market. Customers include infectious disease laboratories, large commercial diagnostic pathology laboratories, public hospitals, food, pharmaceutical and biotechnology companies, and research and academic institutions.

bioMérieux Australia employs around 70 staff in Brisbane, Melbourne, Perth and Sydney. It also oversees a sales office in Auckland, New Zealand, and has relationships with distributors that service the Pacific Islands. Its expertise is recognised throughout the region, in which the Australian subsidiary is sharing knowledge and collaborating with ASEAN offices.

"We are considered a reliable source of profit by our parent company," says Paul Wilson, Managing Director of bioMérieux Australia.

While bioMérieux Australia does not undertake pure research in the country, it has significant partnerships with local biomedical development and manufacturing companies. One of these is Invetech Pty Ltd, a developer of automated system solutions and in vitro diagnostic instruments.

bioMérieux's global head office conducted a worldwide search for a firm that could develop and manufacture a new molecular



diagnostic solution a few years ago. "It came down to Invetech and a European company, and Invetech got the job because our French head office was impressed with the company's very high performance, project management skills, ability to industrialise the product and rapid time to market," says Wilson.

"Australia has a very good reputation for medical and scientific research. The stringent regulations mean we can conduct clinical trials here at a level that can be presented for approval by the United States Food and Drug Administration and the equivalent agency in the European Union for CE marking."

"Australia is also cost effective," Wilson adds. "The partnerships are a win-win situation: we get the data we need for international accreditation and the Australian labs receive revenue and experience in the infectious disease diagnostics field."

Invetech, through its sister company Leica Biosystems, is now the global production site for the NucliSENS® easyMAG® system, which extracts nucleic acid in molecular diagnostics assays. The

company is also contributing to further development of the instrument. In 2006, consulting company Frost & Sullivan awarded the Technology Innovation Award of the Year for In Vitro Diagnostics to bioMérieux for the NucliSENS® easyMAG® system.

bioMérieux has also signed an exclusive, worldwide licensing agreement with Adelaide-based LabTech Systems and secured a 10 per cent share of the company. LabTech Systems is one of the commercialisation arms of the Institute of Medical and Veterinary Science, and has developed a technology called MicroStreak which automates the processes associated with the preparation, inoculation and streaking of agar plates.

More recently, bioMérieux acquired BTF, strengthening its leadership position in industrial microbiology. Sydney-based BTF provides precise quantitative reference standards for microbiological testing.

When working with colleagues overseas the time difference between Australia and France has proven advantageous for all parties.

“The prototyping and fine tuning phase is extremely intense, and there's pressure to make progress every day,” explains Wilson. “It is a huge benefit for our French researchers to come in every morning and see what the Australian team has completed overnight, and vice versa.”

Australia is a highly regarded location for pre-clinical studies and in 2007, bioMérieux Australia signed a contract with a laboratory in Queensland to conduct its first local studies on a molecular nucleic test under development. It has signed a similar contract with a Wellington, New Zealand laboratory. These complementary studies provide additional information on bioMérieux's products and are part of the pre-clinical studies necessary for regulatory registration (CE marking and/or US Food and Drug Administration submission).

Australia is ranked as the number-one location for clinical trials by the Economist Intelligence Unit, when benchmarked against Germany, the United Kingdom, the United States, Germany, Japan and India. The country also provides a robust testing environment that meets international regulatory requirements.

“If the current pre-clinical study is successful, there is a chance we will be able to do more clinical testing here,” Wilson says.

Being in a stable Asia-Pacific base, the Australian subsidiary is seen as a strategic part of its Asia-Pacific regional operations. “Because we are relatively big and established, we are in a good position to help other countries,” says Wilson. “We're establishing exchanges of expertise and we will be helping some other countries develop their technical support call centres and knowledge base.” ■

Portable, Nanotech, Freedom Wheelchair Developed

Recently a prototype of the Freedom Wheelchair was launched at the University of Western Sydney. The launch follows three years of hard work which drew together wheelchair users, biomedical engineers, tube benders, spinal injury experts, designers, manufacturers, toolmakers and Sandvik Materials Technology.

The Freedom Wheelchair was designed by Lu Papi & Associates Pty Ltd and manufactured in Australia. The chair incorporates Nanoflex®, a stronger, lighter stainless steel developed by Sandvik. The axle-less design of the Freedom Wheelchair allows for quick and easy conversion to a commode for use over a toilet or in the shower. The Freedom chair is several kilograms lighter than other chairs currently on the market classified as ultralight. The chair also folds down on

itself, becoming small enough to fit into an overhead locker in an aeroplane.

Nanotechnology was introduced into the chair's design after Lu Papi was introduced to Nanoflex® by Jim Walsh of R.J. Walsh & Son Pty Ltd at a University of Western Sydney Nanotechnology Network event.

Lu Papi & Associates Pty Ltd and R.J. Walsh & Son Pty Ltd developed the technology and capabilities to bend Sandvik's Nanoflex®. Nanoflex® is an ultra high strength material with a combined corrosion resistance. Lu Papi & Associates incorporated their bending technology into the design and manufacture of the Freedom Wheelchair.

Lu Papi & Associates designed and built special bending tools and annealed the Nanoflex® before bending and reheating to restore the material's full properties. ■

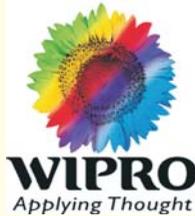
Wipro's Software Development, Testing Services Centre in Sydney

Leading Indian IT firm, Wipro Ltd, has recently announced the opening of an IT services centre in Sydney. The centre, to be based in Western Sydney, will provide consulting, software development and testing services to domestic and global companies in Australia.

NYSE-listed Wipro Limited provides IT and consulting services to organisations globally. The company has revenues of US\$3.47 billion (06-07), and more than 80,000 professionals.

Rajat Mathur, Chief Executive Business Solutions and Head of Wipro's Middle East and Asia Pacific region, said 'Innovation will underpin the growth of the centre as Wipro develops and delivers solutions adapted for the Australian market'.

The announcement was made during the recent visit of NSW Premier Morris Lemma, to India. According to the



Premier, the company's expansion plans in Western Sydney are expected to provide an impetus to the local IT industry.

Suresh Vaswani, President Wipro Infotech and President Global IT Service lines, said, 'Wipro has a sharp focus on the Australian region and increasing our presence is one of the key strategies for growth in the future.'

Wipro started operations in Australia 2002 and today has a strong customer base across the region with operations in NSW and Victoria.

'We are also committed to nurturing local talent, recruiting and training local employees, including graduates,' said Mathur. 'This will provide a great launchpad for IT graduates wanting to build a global IT career.' The centre is expected to create 50 jobs and will integrate Wipro's Sydney operation with its Global Delivery Model. ■

GeneStream licenses gene reporter system to Eli Lilly

Western Australian biotech company, GeneStream, has licensed its gene reporter system, RapidReporter®, to global pharmaceutical company Eli Lilly and Company.

RapidReporter® is an improved gene reporter assay that dramatically enhances the ability to detect and quantify cellular responses to drugs, compounds and other factors. RapidReporter® is the only reporter system that utilizes both mRNA- and protein-destabilizing elements



to substantially improve the speed and magnitude of cellular responses. The result is faster assays with an improved ability to discriminate between strong, weak and inactive treatments.

GeneStream's latest products provide additional benefits by combining the RapidReporter® technology with the most sensitive reporter protein known, a modified luciferase enzyme isolated from the marine organism *Gaussia princeps*. When expressed in cultured cells and exposed to its chemical substrate, this enzyme generates blue light, which is used as a measurable indicator of gene activity or cellular signalling events.

GeneStream's Managing Director, Dr John Daly, said, "We are very excited to announce this licensing agreement with such a prominent pharmaceutical company. We believe the advantages of the RapidReporter® system will see it broadly adopted by the pharmaceutical industry."

The recent dealings with Lilly have topped off an exciting year for GeneStream. Previously the Perth based company signed a world-wide distribution deal with US company, Active Motif, and was granted its first US patent covering the RapidReporter® technology. ■

Culture & Identity Conference on re-imagining India & Australia



Darren Gribble

A three-day conference, hosted by the Indian Association for the Study of Australia (IASA) and supported by the Australia-India Council (AIC), was held from 22 to 24 January to deliberate the theme - Culture and Identity, re-imagining India and Australia. Over 200 Indian and Australian scholars attended the conference.

“Strengthening academic linkages between Australia and India is a priority for the Australia-India Council, and we are very pleased to support the IASA conference in its fourth successive year”, said Darren Gribble, Chairman of the AIC based in Canberra, Australia.

“The growing number of conference participants is a clear indication of the interest in bilateral engagement, and reflects the growing inter-disciplinary nature of the Australia-India academic linkages”, he added.

Speaking at the inaugural session of the conference, David Holly, Australian Deputy High Commissioner said “IASA conferences play a key role in deepening the pool of Indian expertise in Australian studies by facilitating effective interaction and joint research”.

Having played a key role in shaping the AIC Australian studies program, Professor Bruce Bennett AO (AIC

Board member and academic), expressed pleasure at the strengthening academic linkages. He announced that, Alexis Wright, one of

Australia's finest indigenous writers, will feature at the Kolkata Book Fair on 1 February.

The IASA conference coincided with the announcement of the 2008-09 round of the AIC Australian Studies Fellowships for the study of Australia - part of the AIC Australian Studies program. Academics from Kolkata have so far bagged six out of a total of 27 fellowships awarded since the introduction of the fellowships in 2003.

The Indian Association for the Study of Australia (IASA) was established in 2000 to promote and encourage the study of Australia in India, with an interdisciplinary focus.

The Australia-India Council (AIC) was established in 1992 to promote linkages between Australia and India in a range of areas of mutual interest. ■

Financial Services 2nd Largest Contributor to NSW Economy

The New South Wales (NSW) finance and insurance sector, one of the key drivers of the state's economic growth over the past decade, has now overtaken manufacturing as the second largest contributor to the state economy. The sector directly employs around 172,000 people and generates thousands of additional jobs through critical support services and related industries. Finance firms have strong supply linkages with sectors such as property, business services, information technology, telecommunications and professional services (i.e. accounting, taxation and

legal services). NSW's highly sophisticated and well established financial services sector plays a key and strategic role in developing Australia as a global financial services centre in the Asian time zone.

NSW, Australia's most populous state, has seen a shift from goods to service industries since the early nineties, in line with the wider Australian long-term trend. The finance and insurance sector generated 11.2 per cent of NSW real gross value added (GVA) in 2006-07 behind property and business services (15.7 per cent). In the year to June 2007, the finance and insurance

sector contributed around A\$33 billion to the state's total real GVA (A\$293 billion). This was up almost A\$12 billion from A\$21 billion in 1996-97 (9.8 per cent of real GVA).

Since 1996-97, the financial services industry has been the fourth highest performing industry in NSW, achieving a compound annual growth rate (CAGR) in real output of 4.5 per cent per annum. This is well above the CAGR of all sectors combined (3.1 per cent).

The NSW finance and insurance sector has been a major contributor to the total output of Australia's financial services industry (A\$73 billion), accounting for around 45 per cent of total real GVA of this sector in 2006-07.

The financial services industry has been a significant employer in NSW, with around 172,000 people employed as at August 2007 or 5.2 per cent of all people employed in the state. At the same time, Australia-wide around 393,000 people were employed in the financial services industry. This represents 3.8 per cent of Australia's total employed persons (10.4 million).

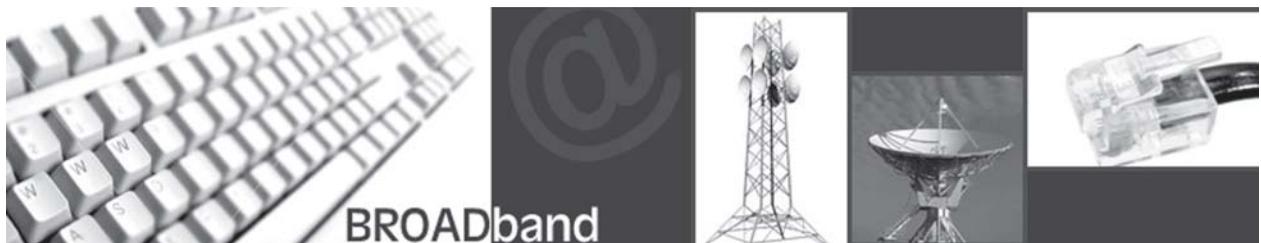
Approximately 84 per cent of the NSW financial services industry workforce is located in Sydney. The number of people employed in the Sydney financial services industry is now more than 40 per cent of the number employed in global financial markets New York or London. ■

Australian ICT in Hot Demand from MNCs for Innovation Sourcing

Building on the strong level of interest in the ICT sector in Australia shown at CommunicAsia in June 2007, Invest Australia and Austrade recently hosted a seminar and panel discussion "Singapore and Australia Partnering for ICT Opportunities" for around 40 local industry players from large multinationals through to niche high tech small and medium start ups.

With International Data Corporation predicting the IT spend in Asia Pacific, excluding Japan (APEJ), to reach US\$132 billion in 2007, and a growth rate approaching 10% (higher than the global average), significant new opportunities abound in SE Asia, China and India.

With support from International Enterprise Singapore, the Australian Chamber of Commerce and the



Singapore and Australia are natural ICT business partners. With market revenues in excess of AUD100 billion, a skilled population which is quick to embrace new technology, and a highly developed research infrastructure, Australia is attracting growing interest in global innovation sourcing from Asian companies.

Similarly, Singapore's capabilities are often a good match for Australian companies interested in forming long term partnerships to tap the Asia Pacific region.

Singapore IT Federation, the event attracted companies keen to discover Australia's innovative skills and high end capabilities in digital media, gaming and entertainment, e-health, business services and e-commerce, wireless telecommunications, 3G content and systems integration.

As a result, Invest Australia and Austrade are actively pursuing a number of new investment and export leads. ■

Australian Child Health Expert Delivers Ramalingaswamy Lecture



Fiona Stanley

Australia's leading maternal and child health expert, Professor Fiona Stanley AC, recently delivered the Ramalingaswami Memorial Lecture at the National Institute of Immunology on 'The Epidemiology of the Cerebral Palsies'.

Trained in maternal and child health epidemiology and public health, Prof. Stanley has spent her career researching the causes of major childhood illnesses such as birth defects. Her research includes the gathering and analysis of population data for epidemiological and public health research; the causes and prevention of birth defects and major neurological disorders, particularly the cerebral palsies; patterns of maternal and child health in Aboriginal and Caucasian populations; various ways of determining the developmental origins of health and disease; collaborations to link research, policy and practice; and strategies to enhance health and well-being in populations.

Her major contribution has been to establish the Telethon Institute for Child Health Research, a unique multi-disciplinary independent research institute focussing on the causes and prevention of major

problems affecting children and youth. She sits on the Prime Minister's Science, Engineering and Innovation Council as well as the Australian Statistics

Advisory Council. For her research on behalf of Australia's children, she was named Australian of the Year in 2003 and in 2006 she was made a UNICEF Australia Ambassador for Early Childhood Development.

"It is a great honour for Australia to have one of our distinguished medical scientists, Professor Fiona Stanley, present the Ramalingaswami lecture," said Prof John Webb, Counsellor, Education, Science and Training, Australian High Commission, New Delhi.

"Professor Ramalingaswami played a leading role in the development of modern India's medical system and his ideals continue to inspire us all. Professor Stanley's work has provided new insights in our understanding of child health. In her presentation of the Ramalingaswami lecture, Professor Stanley presented these studies for which she was selected at the Australian of the Year in 2003," added Prof Webb. ■

Inaugural AIC Special Awards for Nine Prominent Indians

Nine prominent Indians were awarded the Australia-India Council Special Awards on Monday, an honour recognising their exceptional contribution toward strengthening Australia-India relations.

Awards were presented to Tarun Das (business), Dr Jasleen Dhamija (art), Dr Jamshed Irani (bilateral relations), O P Jain (culture), Suresh Kalmadi (sports), S K Misra (conservation), Dr Rajendra K Pachauri (environment), Professor Santosh Sareen (education) and Soli Sorabjee (law).

An initiative of the Australia-India Council (AIC), the awards were presented at a ceremony at Australian

High Commissioner John McCarthy's residence in Delhi, with several members of the Council present. The awards were presented by the High Commissioner and Darren Gribble, Chairman of the AIC and a former Australian High Commissioner to India.

"The Australia-India Council was established to forge people-to-people linkages between our countries 15 years ago", said McCarthy. "After over a decade of building upon the initiative, the Council wanted to express its appreciation to the extraordinary people who exemplify its goals", McCarthy added.

"I congratulate each award recipient for their valuable

role in fostering people-to-people relations between Australia and India," said Mr Gribble.

AIC Special Awards will also be presented to four prominent Indians in Chennai later this week. These include luminaries in business, sports, education, bilateral relations and community service.

Four Chennai residents too receive awards

Four outstanding personalities from Chennai have been awarded an Australia-India Council Special Award, an honour recognising their exceptional contribution toward strengthening Australia-India relations.

Awards were presented to Professor CT Indra (education), K M Mammen (business and sports), K V Mathew (bilateral relations) and to Sister Mary

Theodore (community service).

An initiative of the Australia-India Council (AIC), the awards were presented at a ceremony in Chennai with several members of the Council present. The awards were presented by Darren Gribble, Chairman of the AIC and a former Australian High Commissioner to India, and Aminur Rahman, Australian Consul General to Chennai.

"The Australia-India Council was established to forge people-to-people linkages between our countries", said Gribble. "The council wanted to express its appreciation to the extraordinary people who exemplify its goals. On behalf of the Council, I congratulate each award recipient on their recognition and for the significant role they have played in fostering people-to-people relations between Australia and India." ■

Australian author Wright at writers' meet in Jaipur

Celebrated Australian author Alexis Wright participated in an Indian literary festival held in Jaipur in January 2008. Ms Wright's presence at the Jaipur Literature Festival confirms continuation of Australian participation for the second year in a row.

Ms. Wright, one of Australia's best-known Indigenous authors was also featured in a discussion on Pen as a Sword along with Indian author, Indra Sinha, in conversation with Shoma Choudhary.

Touring India with sponsorship from the Australia-India Council (AIC), Ms Wright participated in an Australian studies conference in Ajmer (27-28 January); the Kolkata Book Fair (1 February) and the New Delhi World Book Fair (6 February). She will also spoke at select schools and universities teaching Australian Literature in Jaipur, New Delhi and Kolkata.

"Given the considerable interest in India in Aboriginal writing, as well as Australian heritage, art and culture, we are pleased to be able to present Alexis Wright, who is one of Australia's best known indigenous authors," said John McCarthy, Australian High Commissioner to India, at the start of Ms Wright's India .

"There is a growing interest in Australian writing in India, shown by the overwhelming response a number

of eminent Australian authors like Peter Carey and Tom Keneally have received while touring India in recent years," he added. "I am sure the work of Ms Wright will receive appreciation in India and will strike a chord with the Indian taste for heritage and culture", said McCarthy.

Ms Wright's novel *Carpentaria* (Giramondo, 2006) won several awards, including the 2007 Miles Franklin Literary Award. Central to the book are the issues of land rights, mining and social issues affecting Aboriginal people. Her other works include *Grog War*, *Plains of Promise* and *Take Power*.

A writer, researcher, and social commentator, Ms Wright has worked for many years on campaigns for Aboriginal land rights, Indigenous self-government and constitutional change in the Northern Territory, and for the prevention of Indigenous injury. Ms Wright is a member of the Waanyi nation of the southern highlands of the Gulf of Carpentaria.

Ms Wright holds the position of Distinguished Fellow at the University of Western Sydney, Writing and Society Research Group, College of the Arts where she is working on a new novel and completing a doctorate on Indigenous Storytelling. She is a member of the Writers Advisory Panel for Sydney PEN. ■

Renowned Australian Scientist to Head Global Stem Cell Research institute



Australian Scientist Professor Alan Trounson has been named President of the California Institute for Regenerative Medicine (CIRM), based in San Francisco. The CIRM is the world's wealthiest stem cell funding body, providing grants and loans for stem cell research, research facilities and other vital research opportunities, expected to amount to USD\$3 billion in funding over 10 years.

Professor Trounson is a world-renowned researcher with an extensive history in pioneering research. Currently Director of the Monash Immunology and Stem Cell Laboratories (MISCL) at Monash University in Victoria, Professor Trounson also co-founded the Australian Stem Cell Centre, the National Biotechnology Centre of Excellence.

The appointment of an Australian scientist as the head of the largest research funding body dedicated to human embryonic stem cell research provides important opportunities for collaboration with Australian researchers and is a measure of Australia's strengths in this competitive field.

As part of his new role, Professor Trounson sees the prospect of formalised links with Australia as very important. 'I'd very much like to build linkages with Australia,' he said. 'I want to see the pipeline of discoveries in California developed into clinical opportunities and start paving the way for therapies that can change lives as soon as possible.'

The move is predicted to open doors for Australian partnerships, as MISCL Interim Deputy Director Graham Jenkin observes, 'I see fantastic spin-offs for us.'

This proposition is supported by Bob Klein, the driving force behind the CIRM: 'Alan can capture the global state of the art and use that to leverage the research in California, hopefully in collaboration with great science in Australia.'

'I see an air bridge from Australia to California,' he notes. 'Hopefully, this will be the start of a tremendous international relationship.'

Professor Trounson's strong knowledge of Australian research and scientists means there will be easier access for Australian institutions to the world's largest stem cell research program. ■

HSBC Launches Alternative Investments in Australia

Global financial services group HSBC has announced the launch of HSBC Alternative Investments Limited (HAIL) in Australia. HAIL Australia will distribute funds of hedge funds to local institutional investors and will target asset consultants and financial advisers.

HAIL Australia will offer funds of hedge funds covering a wide range of investment and investor profiles,

HSBC 

The world's local bank

including multi-manager and multi-strategy as well as geography-specific and strategy-specific. Similar to its global parent, HAIL Australia will specialise in absolute return funds and offer tailor-

made diversified portfolios of hedge funds.

Its first product will be the HSBC Australia Special Opportunities Fund, a fund of funds specialising in

corporate events, such as mergers, restructurings, stressed and distressed securities, and activist managers. This fund will be tailored for those investors seeking high alpha returns that are not concerned with short term liquidity.

HSBC Bank Australia's Chief Executive Officer Stuart Davis said, 'The establishment of HSBC Alternative Investments in Australia supports HSBC's local strategy of making full use of the HSBC Group's global strengths and participating in areas where we have a strong competitive advantage in Australia'.

'HAIL is the third largest client advisor in the hedge funds industry globally and we intend to at least match that strength in the Australian market', Davis said.

Global Head of HSBC Alternative Investments Sales and Marketing, Patrick Tuohy, said, 'The launch of HAIL in Australia is strategically important to the HSBC Group. As a mature financial market and an early adopter of alternative products, we see Australia as arguably the most significant opportunity for alternative investment funds in Asia over the next five to 10 years'.

'As one of the largest players in the global hedge fund industry, HSBC Alternative Investments has US\$47.4 billion of client assets invested in well over a thousand hedge funds', Tuohy said.

HAIL has teams of hedge fund specialists based in Sydney, London, New York, Geneva, Hong Kong, Tokyo and Singapore. ■

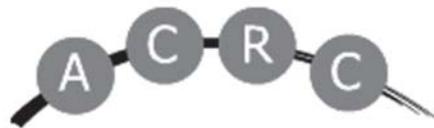
Australian Clinical Centre Active in Phase 3 Stroke Prevention Trials

The Australian Clinical Research Centre (ACRC) in Sydney is one of a number of Australian sites recruiting participants for Phase III trials of a new family of anticoagulant drug for stroke prevention in patients with atrial fibrillation. Factor Xa inhibitors prevent blood clot formation.

Dr Andrew Lowy from the ACRC (www.acrc.com.au) says that the majority of strokes are caused by blood clots which lodge in the brain. Up to 50 percent of these strokes are a direct consequence of the single most common form of irregular heartbeat, atrial fibrillation. Atrial fibrillation causes the pooling of blood in the heart due to the "quivering" of the upper chambers of the heart. This in turn leads to blood clots, so patients with atrial fibrillation need to be treated with anticoagulant (anti-clotting or blood-thinning) drugs to reduce their risk of stroke.

Until now, the most commonly used oral anti-clotting medication has been warfarin, which interacts with many other medications (and some foods) and requires careful monitoring through blood tests to determine the correct dosage for the required degree of blood thinning.

"This could be the biggest advance in clot and stroke prevention associated with atrial fibrillation



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medications for more than 50 years. Factor Xa agents prevent clotting in a totally different (and body-friendly) way and do not involve blood monitoring. Blood thinning remains constant and there is no need to adjust the medication dose," Dr Lowy said.

The double-blind trial, which will involve tens of thousands of patients in over 500 centres and at least 40 countries around the world, will compare the efficacy of the new treatment and warfarin. It will not involve the use of placebos; all participants will receive active medication and all participants will be monitored regularly.

Factor Xa agents have already proven to be effective in preventing and treating deep vein thrombosis, and there is a suggestion that they may give rise to fewer bleeding side effects (the result of the blood being too thin) than warfarin. They also appear to have many fewer drug interactions than warfarin. ■

It's been 48 years since the Adelaide Fringe started taking over the city and the Opening Night Party on 22 February, lasting eight hours from 1800 pm to 0200 am, signals the official start of the Fringe 2008.

The massive Opening Night Party marks the beginning of the Fringe on Friday 22 February. An estimated 40,000 people will enjoy risqué outdoor theatre, street entertainers and buzzing atmosphere until the main stage kicks in with live music. Headlining this year, The Presets, Dappled Cities Fly, über Lingua Sound System, I Heart Hiroshima, Bark Bang and the local Spin DJ Winner.

As many as 543 shows and 5470 performances put up by an estimated 3000 artists shape the spectacular Adelaide Fringe 2008 making it the largest Fringe festival ever to take place in the Southern Hemisphere!

Comedy leads with 120 shows followed closely by Visual Art with 111 events, Theatre boasts 104 shows and Music follows with 101 shows. Cabaret totals 54 shows, Events follows with 22, then Dance with 17 shows, 8 Regional shows and 6 Film and Video screenings that make up the final total.

Fringe Director, Christie Anthoney says, "2008 is going to be a fantastic Fringe year, it's only the second annual Fringe and we smashed the 500 events barrier for the first time. Adelaide Fringe is one of the best platforms in the world for emerging and professional artists who want to bring fresh work to a hungry audience."

The 2008 programme is chockers with fresh talent and there are a number of events to look out for. upstART will give emerging South Australian artists the chance to work with mentors to develop their ideas into new work during the Fringe.

Format will check the pulse of language exploring Zines, non-professional self-publishing, blogging, street commentary/stencil art, text messaging and networking websites.

10x10xFringe is a new initiative for Adelaide. In 4 days, 10 film makers and 10 bands will work together with top-notch LA film maker, Norwood Cheek to make 10 music video clips.

Ever wanted to take a little piece of the Fringe home with you? MiniART is the event that will make it possible. Affordable 30x40x30cm art will be auctioned off on 3 March. Fringe Family Weekend, 1 and 2 March will be twice as big as 2007 Family Day with two days of free family fun smack bang in the middle of the Fringe.

Back for their third year in association with the Adelaide City Council, Adelaide International Buskers Festival brings the planet's best jugglers, magicians, acrobats, escapologists, aerialists, comedians and pavements artists to the streets of Adelaide from 29 February to 2 March.

This year the Fringe isn't just stopping in Adelaide! Over 3 days and 2 nights the Fringe will travel to Port Augusta which is the Regional Centre for Culture 2008. In collaboration with Country Arts SA Adelaide Fringe will bundle up a selection of the finest Fringe acts from comedy, theatre and street performance to visual art and take it up north to Port Augusta, 14 to 16 March.

Fringe Chair, Judy Potter says, "We are delighted that the Fringe continues to grow at such a pace and that so many dedicated and brilliant artists

Fringe Fever Grips Adelaide

choose our Fringe to showcase their work. The Adelaide Fringe belongs to all South Australians so get out there and enjoy it!"

Bank SA Managing Director, Rob Chapman says, "The growth of the Fringe as an annual event has been phenomenal. Not only is it smashing records, but to take just some of this creative pandemonium to a regional centre is a fantastic leap forward and one that will undoubtedly be embraced by Fringe-fans and new converts." ■

