



Export Council of Australia
The Voice for Australia's Exporters

EDUCATION ON CULTURAL BARRIERS IS VITAL FOR INDIA FTA

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A Free Trade Agreement (FTA) between Australia and India will be another feather in the cap for the Australian Government - building on the recently secured trifecta of trade agreements with Korea, Japan and China. However, with more than (80 per cent) of exporters regarding India as "more to much more difficult" to do business with than Australia – education and ongoing government support is an absolute must for exporters that want to succeed in this market says the Export Council of Australia.

The 2014 Australian International Business Survey found a lack of understanding of culture and business practices (65 per cent) of respondents, as well as problems concerning customer payment (65 per cent), are the two of the most commonly selected barriers to doing business in India. Tariffs and quotas are also listed by 38 per cent of respondents as being a significant barrier to trade.

Chief Operations Officer for the Export Council of Australia Lisa McAuley says despite these challenges, 76 per cent of respondent's state that strong growth prospects are a key driver behind their company's decision to target the market for future business.

"The Export Council of Australia fully supports the pursuit of an Australia-India FTA, although it's imperative that tariff and quota barriers, along with other behind the border barriers businesses face when doing business with India are addressed."

"We want to see an agreement with India that produces real benefits for Australia's exporters, and the trade community more broadly," Ms McAuley said.

While agriculture and services will be difficult areas to negotiate given certain sensitivities, energy is one area where both countries can benefit from an agreement that promises more liberalised trade.

Director of Rinstrum and Deputy Chairman of the Export Council of Australia Paul Cooper says with duties of between 18 per cent and 26 per cent applying to our product, India is currently a very limited market for us. If these duties can be reduced then we will definitely be expanding our sales into this market.

Australia is well placed to help India, which boasts a population of more than 1.2 billion, meet its growing demand for energy. Two-way trade between the two countries is currently valued at AUD\$11.9 billion according to DFAT, with the trade relationship currently dominated by Australian exports of coal, gold and copper.

Australia's International Business Survey 2014 captured data from more than 1600 exporting businesses nationwide. The survey highlights the major issues facing exporters and provides a strong case for Government action on trade support and domestic deregulation. The longitudinal study will release the next instalment of results early 2015.

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