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Sydney, August 29, 2011

Hon'ble Trade Minister Craig Emerson,

Mr. Bob Hawke,

All the distinguished Ministers gathered here,

Gentlemen, Ladies,

It is indeed a privilege to be here in such august company at a very important time in the evolution of the bilateral relationship between India and Australia, at a very exciting time; even perhaps at a defining moment.

Just a few weeks back our two Trade Ministers launched the negotiations for a Comprehensive Economic Co-operation Agreement, which when successfully completed will have the potential to transform the trade and investment partnership between our two countries even more than it has been transformed over the past decades, when India came steadily up from behind to become Australia's fourth largest export destination and seventh largest trading partner. However, we have some time to go before we reach the end of the process. It is my earnest hope that we conclude negotiation to mutual satisfaction in a tighter time frame than has been the case with some of Australia's other large trading partners.

And talking about defining moments, it is but appropriate, that we have Bob Hawke with us here today, on the 25th anniversary of the AIBC, set up during his Prime Ministership, on the occasion of the last Indian Prime Minister's visit to Australia, that of Mr. Rajiv Gandhi. That was an exciting era in India-Australia relations, a defining era, which saw the setting up of several of the institutional frameworks and mechanisms that laid the groundwork for the transformation that was to follow. While several of these mechanisms have played a critical role in underpinning and supporting the significant growth in relations that we have seen in trade and investment between India and Australia, there are others that could have perhaps have played a more important role or need to do so. Amongst these, sadly, I must count the AIBC. At state levels, in most states, such as New South Wales, for example, it functions very well; at the national level, however, if it is to be the go to body, to play the important, underpinning role that the exponentially expanding economic relationship between our two countries calls for, it needs to transform itself to become a truly effective body – representing the interests of all the numerous players in the economic space between India and Australia today, in a manner that allows it to focus on issues of substance rather than process.

But in order to do this, it has to get the process right and I am glad that AIBC is working on this to get it right. Here I would like to express my appreciation for the important and constructive role being played by Professor Arun Sharma, Deputy Vice Chancellor of the Queensland University of Technology, who has stepped in as National Chair to guide it at this point of time. It is, I am sure, the hope of all of us here today that AIBC does this in a manner that puts it on par with the most professional Business Councils in Australia and in India.

This is important if we are to grasp the moment and that moment is now, when the global economy is witnessing a profound transformation in the existing

global economic and financial architecture, where the rules are being rewritten in a way that they have not been for decades.

Indeed, it can be argued that what we are witnessing is a redistribution of power among nations.

This represents both a great opportunity and a great challenge for policy makers everywhere, but particularly for Asia's emerging powers and it is my contention that India and Australia are optimally placed to seize the opportunities thus presented.

That we are in a period of transition where rapidly resurgent economies outside the traditional circles of global economic dominance are setting a new pace and direction in economic growth and development, is evident. The divergence of performance between advanced (*Australia being the notable exception*) and emerging economies points to an ongoing shift.

Asia has emerged as the engine of growth in the world economy, accounting for more than 30% of world GDP and contributing more than half the global growth.

The sustained dynamism, shown especially by China since it undertook economic reforms in the late 70s and later by India since the 90s when she opened up to the global economy, has led to a perceptible shift in global economic activity in terms of trade, investment and capital flows, inward as well as outward. Asian economies are proving to be increasingly competitive in attracting businesses engaged in manufacturing and services and are increasingly being seen not only as huge markets, but also as favoured destinations for high technology manufacturing and R&D.

This is only one among the several important forces of an increasingly global village, shrunk by modern technologies of instant telecommunications, internet and transport. Trade, tourism, capital and technology flows; out-sourcing, off-shoring of businesses; sourcing of energy, food and other commodities from distant lands; waves of migration of large number of people across borders seeking better opportunities; all of which have cross border global implications and have led to the realization that lives of peoples on this planet are interdependent as never before.

Today, India has emerged as the third largest economy in Asia, a 1.7 trillion dollar economy that has joined the ranks of the top ten economies of the world. In a knowledge- and technology-driven world, India has demonstrated certain unique resiliencies – our strengths in IT and R&D, for instance; The most noticeable feature of India's economic growth is that it is driven primarily by domestic demand, including from our rural areas, where 60% of our population reside.

We are in the process of expanding and modernizing the infrastructure of the entire country, especially in the rural areas, where 60% of our population reside - highways and roads; railways, air and water transport; irrigation, energy and telecommunications; water supply and sewerage systems. Our 12th 5 Year Plan calls for investment in infrastructure of the order of \$1trillion; of this, \$500mn is to be met by foreign investment.

We acknowledge that while our high growth rates of 7-9% over the past several years have been good, they have not been good enough. To abolish poverty in India and to meet our development needs, we need to keep our economy growing at 8-10% every year for the next 20 years. As the literacy levels of our

largely young population go up, *(we have 750 million people under the age of 35)* we will have to ensure that their employment needs are also met and we can truly reap the advantage of this demographic dividend for our economic growth.

The challenges that we face are many – the challenges of addressing poverty, illiteracy, unemployment, healthcare for millions; bridging the rural-urban and regional divides; Achieving an inclusive growth that leads to sustainable development. We need to address critical challenges relating to energy, food and water security, and climate change.

The Government has initiated several policies aimed at meeting these challenges. The investment we are making in rural infrastructure and connectivity; rural education, health care and social welfare, and in promoting non-farm employment in rural and backward areas should help redress these imbalances.

This is especially important in the context of the particular emphasis that India places on ensuring participatory democracy and effective governance at local levels, which encourage ownership of governance processes and social and economic mobility. Civil society action is also flourishing, something we have seen very visibly particularly over the past 2 weeks.

The success of the Indian experiment – the experiment of a large economy developing within the framework of an open society and an open economy, committed to the protection of fundamental human rights and the rule of law, as a plural, secular democracy, is critical not just to India but to the rest of the world.

It is important to see India for what she stands for in a changing and often turbulent world - as a pluralistic democratic country that has created a successful standard for managing diversity; as a big country that symbolizes the values of inclusiveness, tolerance, and peaceful coexistence.

India is at a unique point in its history. Never before has the overall environment been as conducive to our sustained high growth as it is today. We are on the verge of finally living up to our full potential; and it is our intention to participate actively and constructively in the process of change taking place in our part of the world.

All this leads us to the key question for us here today; what are the implications for the India Australia relationship of an increasingly knowledge intensive and Asia centric global economy?

I believe the implications are profound. I believe that the India-Australia relationship can be central to finding answers to some of the core issues confronting our countries today. I believe that three of these issues are:

1. Energy Security
2. Food Security and
3. Infrastructure; including skilling and employment opportunities in India to the millions joining our work force each year, and in Australia to the workforce that will be affected by the structural changes taking place in its economy.

On all these issues, India and Australia will, or should have a great deal to do with each other. There are synergies and complementarities that need to be seized and built on.

Will the India Australia relationship rise to its potential? I have absolutely no doubt in my mind that it will. The question is when? I hope this will be sooner rather than later.

Will the Australia India Business Council rise to its potential? I hope it will. We are all waiting for AIBC to show us what it can do and to become an important player in defining and grasping the opportunities in the shape of things to come.

Thank You.
