



## India-Australia Relations

**For Prelims:** Economic Cooperation and Trade Agreement, Supply Chain Resilience Initiative, QUAD, Location of Australia and the Neighbourhood, Comprehensive strategic Partnership

**For Mains:** India and Australia Relations, India-Australia Critical Minerals Investment Partnership, Significance, India Australia Summit.

### Why in News?

Australian Prime Minister is visiting India for **India-Australia Summit** in March 2023, seeking to strengthen the new momentum in ties between the two countries through deeper trade, investment and defence relations.



### How have been the India- Australia Relations so far?

- **Historical Perspective:**
  - Australia and India for the first time established diplomatic relations in the pre-Independence period, when the **Consulate General of India was first opened as a Trade Office in Sydney in 1941.**
  - India-Australia relations touched a **historic low** when the **Australian Government**

### **condemned India's 1998 nuclear tests.**

- In 2014, Australia signed a **Uranium supply deal** with India, the first of its kind with a country that is a **non-signatory to the [Nuclear Non-Proliferation Treaty](#)**, in recognition of India's "impeccable" non-proliferation record.

### ▪ **Shared Values:**

- Shared values of **pluralistic, Westminster-style democracies, Commonwealth traditions, expanding economic engagement, and increasing high-level interaction** have underpinned the India-Australia bilateral relationship.
- Common traits, including **strong, vibrant, secular, and multicultural democracies, a free press, an independent judicial system**, and English language, serve as the foundation for closer co-operation.

### ▪ **People-to-people Ties:**

- India is one of the top sources of skilled immigrants to Australia. As per the 2021 Census, around **9.76 lakh people in Australia reported their ancestry as Indian origin**, making them the second largest group of overseas-born residents in Australia.

### ▪ **Strategic Ties:**

- In 2020, Prime ministers of both the countries elevated bilateral relationship from Strategic Partnership to [Comprehensive strategic Partnership](#) during [India-Australia Leaders' Virtual Summit](#).
- In 2021, the prime ministers of both the countries **met during COP26 at Glasgow**.
- In 2022, there has been a **series of high-level engagements** and exchange of ministerial visits in 2022 and in 2023 including India-Australia virtual summit and Foreign Ministers meet. Several key announcements were made during **2<sup>nd</sup> India-Australia Virtual Summit** including:
  - **A Letter of Intent on Migration and Mobility Partnership Arrangement** to foster the exchange of skills.

### ▪ **Defence Cooperation:**

- The [2+2 Ministerial Dialogue](#) took place in September 2021, and the Deputy Prime Minister and Defence Minister of Australia visited India in June 2022.
- The [Mutual Logistics Support Agreement \(MLSA\)](#) was signed during the Virtual Summit in June 2020 to enhance defence cooperation.
- **Joint military exercises:**
  - Australia will host the ["Malabar" exercises](#) in August 2023, with participation from India, Japan, and the US.
  - India has been invited to join the **Talisman Sabre exercises** in 2023.

### ▪ **China Factor:**

- Australia-China ties became strained due to several reasons including Australia **banning Huawei from 5G network, call for enquiry into the origins of Covid-19 and Slamming china's human rights violations in Xinjiang and Hongkong**.
  - China responded by imposing trade barriers on Australian exports, and by cutting off all ministerial contact.
- India is facing Chinese aggression along the border which has been highlighted by incidents such as [Galwan valley clash](#).
- Both Australia and India support a **rules-based international order** and they are seeking to forge regional institutions in the Indo-Pacific which are inclusive, promote further economic integration.
  - The countries' participation in [Quad](#) (India, Australia, US, Japan) is an example of their convergence of interests, based on shared concerns.

### ▪ **Multilateral Cooperation:**

- Both are members of the [Quad](#), [Commonwealth](#), [Indian Ocean Rim Association \(IORA\)](#), [ASEAN Regional Forum](#), [Asia Pacific Partnership on Climate and Clean Development](#), and have participated in the [East Asia Summits](#).
- Both countries have also been cooperating as members of the Five Interested Parties (FIP) in the [World Trade Organization](#) context.
- Australia is an important player in [Asia Pacific Economic Cooperation \(APEC\)](#) and supports India's membership of the organisation.

### ▪ **Economic Cooperation:**

- [Economic Cooperation Trade Agreement \(ECTA\)](#):
  - It is the first free trade agreement signed by India with a developed country in a

decade which entered into force in December 2022.

- **Reduction in Duties:**
  - It has resulted in an **immediate reduction of duty to zero on 96% of Indian exports to Australia** in value (that is 98% of the tariff lines) and **zero duty on 85% of Australia's exports (in value) to India.**
- [Supply Chain Resilience Initiative \(SCRI\)](#):
  - India and Australia are partners in the trilateral arrangement along with Japan which seeks to enhance the resilience of supply chains in the [Indo-Pacific Region](#).
- **Bilateral trade:**
  - Australia is the **17<sup>th</sup> largest trading partner of India** and India is Australia's 9<sup>th</sup> largest trading partner.
  - Bilateral trade between India and Australia was **US\$ 27.5 billion in 2021**, there is potential for it to reach around **US\$ 50 billion in five years.**
- **Cooperation in Education Sector:**
  - The Mechanism for **Mutual Recognition of Educational Qualifications (MREQ)** was signed in March 2023. This will facilitate mobility of students between India and Australia.
    - Deakin University and University of Wollongong are planning to open campuses in India.
    - **More than 1 lakh Indian students are pursuing higher education degrees in Australian universities**, making Indian students the second largest cohort of foreign students in Australia.
- **Cooperation on Clean Energy:**
  - In February 2022, countries signed a **Letter of Intent on New and Renewable Energy** for cooperation to reduce the cost of renewable energy technologies, including ultra low-cost solar and clean hydrogen.
  - India announced Australian Dollars (AUD) 10 million for Pacific Island Countries under the [International Solar Alliance \(ISA\)](#).
  - Both the countries committed to USD 5.8 million to the **three-year [India-Australia Critical Minerals Investment Partnership](#)**.

## What are the Challenges in India-Australia Relations?

- **Adani coal mine controversy:**
  - There was controversy over the Adani coal mine project in Australia, with some activists protesting against it, which created a strain in the relationship between the two countries.
- **Visa issues:**
  - There have been concerns over visa restrictions for Indian students and professionals seeking to work in Australia.
- **Violence with Indian Diaspora:**
  - Attacks on Indian Diaspora and temples in the recent past by Khalistan supporters have been a issue of strain.

## Way Forward

- The India-Australia relations have strengthened in recent years due to **shared values, interests, geography, and objectives.**
- Both countries **envision a free, open, inclusive, and rules-based Indo-Pacific region**, unilateral or coercive actions are not preferred and are to be avoided in resolving any disagreements or conflicts.
- Renewed relationship between India- Australia through initiatives such as India Australia bilateral Summits give **an opportunity to further strengthen the ties between the two countries to play an active role in ensuring rule-based order in the Indo-Pacific.**

## UPSC Civil Services Examination, Previous Year Questions (PYQs)

### Q.1 Consider the following countries: (2018)

1. Australia

2. Canada
3. China
4. India
5. Japan
6. USA

**Which of the above are among the 'free-trade partners' of ASEAN?**

- (a) 1, 2, 4 and 5  
(b) 3, 4, 5 and 6  
(c) 1, 3, 4 and 5  
(d) 2, 3, 4 and 6

**Ans: (c)**

- The Association of Southeast Asian Nations (ASEAN) has free trade agreements with six partners, namely the People's Republic of China, Republic of Korea, Japan, India as well as Australia and New Zealand.

**Source:IE**

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