



Shop 16, Civic Centre, Tasman Tce

PO Box 1798

PORT LINCOLN SA 5606

Email:

flinders.portlincoln@parliament.sa.gov.au

Phone: (08) 8683 0722

Fax: (08) 8682 5912

Toll Free: 1800 622 329

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Ms Carol Robertson
Australia-India FTS Feasibility Study
Department of Foreign Affairs and Trade
R G Casey Building
John McEwen Crescent
BARTON ACT 0221.

Submission on Australia-India Feasibility Study

Tariffs:

Are all tariffs abolished in both countries entering into an FTA?

A constituent has brought to my attention the disparity that tariffs impose on the Australian economy and Australian companies, specifically the manufacturing sector, in competition with goods imported from India.

He said that value-added items produced in Australia are protected by only a 3% to 10% duty or tariff on imported items. On the other hand, goods exported from Australia face a tariff of 20% or even up to 80% in some instances. He mentioned food and automotive industries.

It is suggested that Australia apply tariffs at the same level as a country seeking to export products to us. This would be a small protection for industries and would encourage value adding which would benefit the whole economy.

Example: A person setting up a rubber manufacturing plant in Australia to service the mining needs, and thereby employing more people here in Australia, has to answer the question: Can the business compete with imports?

India exports to Australia and is competitive here because of the low tariffs, with the profit being made in the country of origin. Conversely, Australia often cannot compete because of:

1. the cost structure in Australia, and
2. the tariff protection in the destination country.

Tariffs are an important component of an FTA. Their total abolition should be researched to identify negatives (if any).

Goods and Services

Farming/agriculture

Example: South Australia has a government operated research farm at Minnipa on Eyre Peninsula, specialising in dryland farming. Techniques and information have been shared with many countries, the Middle East in particular. These could benefit some districts in India.

Easy access and transfer of people between Australia and India should be covered in an FTA so that Indian agriculture can benefit from Australian know-how, while Australia benefits from those who come here to study and learn.

“Intellectual” property/skills/training/qualifications

There should be a free exchange of people with skills and qualifications.

Example: Doctors and nurses from India to practise in Australia; doctors and nurses from Australia to practise in India.

Example: Pilots to train in Australia both to gain qualifications and to improve their English. A pilots' school is starting in Queensland, and I am working on one for my electorate.

Skills and qualifications need some standardisation in an FTA. Entry visas should be facilitated for ease of travel to do away with some of the drawn-out hold-ups that now occur.

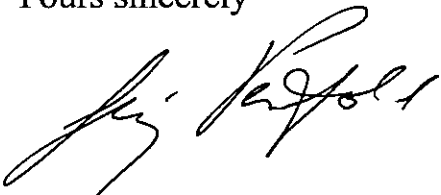
Investment

Investment should be facilitated.

Example: Value-adding for minerals in Australia instead of exporting the raw ores.

Example: Australians identifying and developing small business opportunities in India and vice versa.

Yours sincerely



Mrs Liz Penfold MP

Cc Ian MacFarlane MP, Duncan McFetridge MP