



Government
of South Australia

Department of
State Development

South Australia-India Engagement Strategy **Two years on**

**Biennial review discussion paper on progress
and future directions**



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“India’s economy will continue to grow at a staggering rate over the coming decade. South Australia is well placed to play a role in that story by offering our skills, services and products for mutual benefit.”

Martin Hamilton-Smith
Minister for Investment and Trade

Contents

A message from the Minister for Investment and Trade	2
What we set out to achieve	3
What's changed in India and our engagement opportunities?	4
Our progress	6
Development in priority sectors (continued Phase 2 activity)	6
Targeted trade mission strategies (Phase 3)	6
Other activities and events	7
Trade success stories	7
Key trends	8
Intended and potential future directions	10
How your business or organisation can assist the biennial review	12
Key questions	12

A message from the Minister for Investment and Trade



South Australia's international engagement with our key partners is fundamental to our economic future.

Our state needs to embrace a proactive approach to investment attraction and export market development to secure the jobs of the future.

India's economy will continue to grow at a staggering rate over the coming decade. South Australia is well placed to play a role in that story by offering our skills, services and products for mutual benefit.

The release of a dedicated *South Australia-India Engagement Strategy* in 2012 was a crucial first step in establishing a genuine partnership between our state and a key economic 'engine room' in our region.

Since the Strategy's launch, considerable work has been undertaken to implement the priorities outlined. We have been able to deepen our links with Indian business and government to facilitate growing trade between our nations.

There have also been a range of developments such as a new government in India and the anticipated signing of an Australia-India Free Trade Agreement this year. Both can be expected to provide new opportunities to both of our economies.

The Strategy was always intended to be flexible and to adapt to changing environments and priorities, including a biennial review. Now is the time for such a review.

I am eager to hear from the business community about areas where we can better target our Strategy. I look forward to the feedback arising from this discussion paper, and the conversations it will create in our business community.

I also look forward to growing our relationship with India based on an understanding of our respective competencies and needs, and fostered by strong cultural respect and appreciation.

A handwritten signature in black ink, appearing to read 'Martin Hamilton-Smith'. The signature is stylized and cursive.

Martin Hamilton-Smith

Minister for Investment and Trade



What we set out to achieve

South Australia and India have a strong and growing relationship, underpinned by close cultural, educational and investment ties.

South Australia has recognised the opportunities for mutual benefit through increased cooperation with Indian partners.

In late 2012, South Australia developed the *South Australia-India Engagement Strategy*, a 10-year plan to grow strategic partnerships and enhance long-term economic cooperation.

The Strategy identified existing common ground between India and South Australia, including:

- shared legal, political, cultural, linguistic and sporting ties that stem from common British historical links
- strong democratic institutions; and
- an existing economic relationship, particularly through trade of resources and the attraction of Indian students to the state.

As South Australia's engagement with India grows, there will be more opportunities to diversify and expand the relationship, particularly in key sectors where South Australia has competitive advantages.

The Strategy was flexibly designed with five key phases of development and implementation:

- 1. Initial framework and strategy development**
- 2. Additional sector analysis**
- 3. Targeted mission strategies**
- 4. Economic modelling of the impact of the Strategy**
- 5. Biennial review and update (during the course of the 10-year Strategy).**

The biennial review is a formal process to review, evaluate and update the approach, both to reflect the capabilities and requirements of government, business and the community and to keep it current and relevant to government and business.

This document kick-starts the first biennial review which is being conducted from April to June 2015. The Department of State Development seeks your organisation's input for this process.

What's changed in India and our engagement opportunities?

Since the State Government released the *South Australia-India Engagement Strategy* in late 2012, there have been broad changes which have impacted on both South Australia and India.

With the election of the Modi Government, there has been a rejuvenated approach to the economic, environmental and social facets of community development, with an emphasis on:

- developing a "Clean India", including cleaning up the Ganga River
- urbanisation, including the development of "smart cities"
- increasing skills and education in the populace
- "Make in India" to help boost manufacturing jobs and develop local capabilities, including in the defence sector.

Bilateral links between Australia and India have also been developing in recent years, including in areas directly relevant to South Australia. For example:

- a Memorandum of Understanding (MOU) between the Indian and Australian Governments to promote cooperation in water resource management. The MOU is designed to support the sharing of policy and technical experiences and has led to the development of an action plan.
- a nuclear safeguards agreement was reached between the Indian and Australian Governments in September 2014. This will unlock export opportunities for South Australian uranium to meet India's growing energy demand.
- a well-publicised Free Trade Agreement is being pursued by the two national governments with a view to conclusion in 2015. An FTA between our countries is likely to directly enhance trade opportunities in many sectors.

These developments, along with South Australia's dedicated Strategy and international activity to date, have contributed to a renewed interest in pursuing trade opportunities with India.

The South Australian Government, through the Economic Priorities outlined by the Premier, has outlined a distinct approach targeted on our strengths, many of which would be attractive to India. These include:

- unlocking the full potential of South Australia's resources, energy and renewable assets
- premium food and wine produced in our clean environment and exported to the world
- a globally recognised leader in health research, ageing and related services and products
- the Knowledge State – attracting a diverse student body and commercialising our research
- South Australia – a growing destination choice for international and domestic travellers
- growth through innovation (global competitiveness through the use of advanced technologies)
- South Australia – the best place to do business (removing barriers to growth)
- promoting South Australia's international connections and engagement
- South Australia's small businesses have access to capital and global markets.

South Australia has also developed internationally recognised expertise in a number of areas of environmental management, including water usage and quality, waste management and climate change.

India faces a range of water and waste management issues that require new and innovative policy and legislative approaches. Assistance from the South Australian Government can lay a foundation for future participation by local water businesses in the Indian market. Cleaning of the River Ganga is a top priority for India and a potential way to identify and implement some pilot projects to showcase South Australia's capabilities.

South Australia's strength in research and expertise in advanced manufacturing can support India in moving towards more advanced manufacturing. Local advanced manufacturers may have opportunities to access customers, capital and create revenue through the supply of technology and services as they diversify from automotive manufacturing.

Australia is considered a leader in the vocational skills and training sector. South Australia has a number of quality Registered Training Organisations and TAFE SA that already train a number of Indian students on-shore. There is real opportunity to support India's need for skills training by delivering education and training within India through partnership with private and public providers.

*"The release of a dedicated *South Australia-India Engagement Strategy* in 2012 was a crucial first step in establishing a genuine partnership between our state and a key economic 'engine room' in our region."*

Martin Hamilton-Smith
Minister for Investment and Trade

Our progress

Since the release of the *South Australia-India Engagement Strategy* in late 2012, South Australia has made important progress in its relationship to India.

Development in the Strategy's priority sectors (continued Phase 2 activity)

- Sector analysis in those key areas identified in the initial Strategy is identifying local businesses with both capability and capacity to engage with India:
 - aerospace and defence
 - energy and natural resources
 - education
 - clean technology (including renewable energy, water and wastewater).
- Additional sector analysis for 'Premium Food and Wine' opportunities, which now represents a core focus area, is being undertaken.
- Work with local industry and in liaison with Indian business and government stakeholders has led to a wider industry focus. The priority sectors and their grouping for practical and communication purposes are:
 - defence, aerospace and advanced manufacturing
 - resources and energy
 - food, wine and agribusiness
 - water and environmental management
 - tourism, education (skills and training) and sport.
- Ongoing consultation with in-country stakeholders is identifying regions that offer opportunities complimentary to areas of capacity in South Australia, particularly in the above industries.
- Given India's needs and priorities, some sectors have received more interest than others. For example, the water sector has recognised and is pursuing immediate opportunities in India. The skills sector has also achieved early success through partnerships in India.
- Developing further opportunities and synergies across the identified sectors is a core priority of the Strategy, which will also contribute to the achievement of the Government's Economic Priorities for South Australia.

Targeted trade mission strategies (Phase 3)

- In the past 12 months, four inbound and outbound missions have focussed on business and cultural relationship development. The outbound missions have been led by the Premier (August 2014) and by the Minister for Investment and Trade (January 2015 as part of Australia Business Week in India). Together, these outbound missions have:
 - raised South Australia's profile as a destination for tourism, investment and trade, including through considerable positive media in India, helping improve the visibility of South Australian business
 - provided considerable support and opened doors for attending South Australian businesses to meet potential business partners and investors
 - built business and government relationships at a senior executive level in major Indian corporates currently exploring investment and trade opportunities in South Australia; and
 - enhanced government-to-government relationships at both federal and selected state levels, in particular highlighting the state's strategic capability in key sectors, such as water policy and management.
- In the lead up to the International Cricket Council's World Cup 2015, the Deputy Premier and the Minister for Tourism visited India to promote South Australia for tourism, arts and culture opportunities, and invite businesses to visit Adelaide for the India-Pakistan group match.

- About 30 senior executives from successful Indian companies participated in a business forum that was organised around the India-Pakistan group match in February 2015.
- Inbound and outbound missions are being planned to ensure the availability of key stakeholders in both South Australia and India.
- The first of the regularly scheduled outbound missions is planned for August 2015, with preparations well underway.
 - This mission will be led by Minister for Investment and Trade and will focus on the industries listed above.
 - It will be the first annual large trade delegation, intended to involve at least 50 South Australian businesses.
 - The program will include sector-specific roundtable discussions in Delhi, Jaipur (Rajasthan) and Mumbai.

Other activities and events

- Establishment of the South Australia-India Advisory Council which includes experts from business, government and the community and is chaired by the Strategic Adviser to India, Brian Hayes QC. The Council is responsible for the governance, oversight and ongoing refinement of the Strategy.
- Establishment of the India team, including Director and Project Officer, to implement the Strategy.
- Placement of a State Government representative, embedded in the Austrade office in Mumbai, to provide support, analysis of opportunities, planning and implementation of trade missions to India.
- Developed the introductory edition of the *India Newsletter* to help showcase South Australian business news and information, including new business partnerships and trade achievements, along with opportunities to engage with the Strategy. This newsletter is distributed to Indian businesses through Austrade India posts, various Chambers of Commerce in India and business contacts, both in South Australia and India.
- Interactions through the Premier's forum, to provide a platform and seek inputs from the Indian diaspora that may create opportunities for South Australia.
- Enhanced government-to-government connections and facilitated links between major Indian corporates and South Australian business, which may lead to future trade. For example:
 - in September 2013, the Government of South Australia signed a Memorandum of Cooperation with the Export-Import Bank of India (EXIM), the premier export finance institution of the country. EXIM will be a key partner in promoting and supporting South Australia as an attractive investment destination for Indian companies.
 - encouraging groundwork during a Premier-led mission in August 2014, the Deputy Premier's visit in November 2014 and the Minister for Investment and Trade-led mission in January 2015.

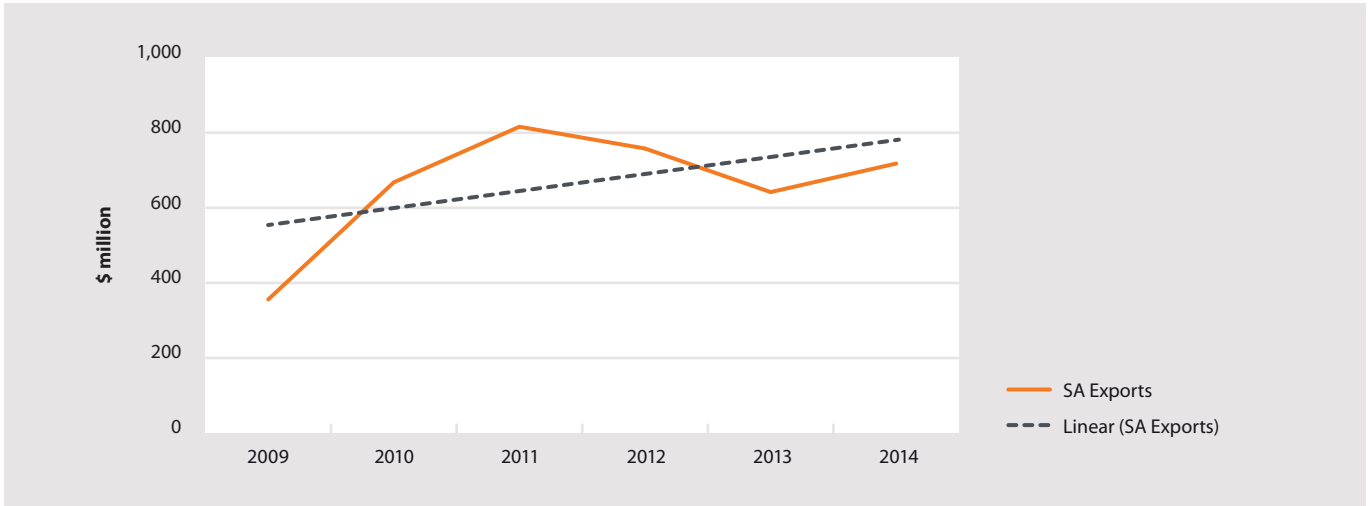
Trade success stories

- Several South Australian businesses have developed opportunities and are engaged with India. Some of the success stories include SAGE Automation in engineering process and systems training, Osmoflo in industrial water desalination control and programming development and Sydac in simulation-based training for Indian Railways.
- Indian companies are also investing directly in South Australia:
 - Emami, a famous skin care and health care brand in India, has recently bought into a local organic skin care manufacturer with the objective of setting up a large manufacturing base.
 - The Suzlon Group, a major wind turbine manufacturer and service provider, has several wind farm projects in South Australia using its turbines and management.
 - Several large Indian companies continue to show interest in investments in mining opportunities in South Australia.

Key trends

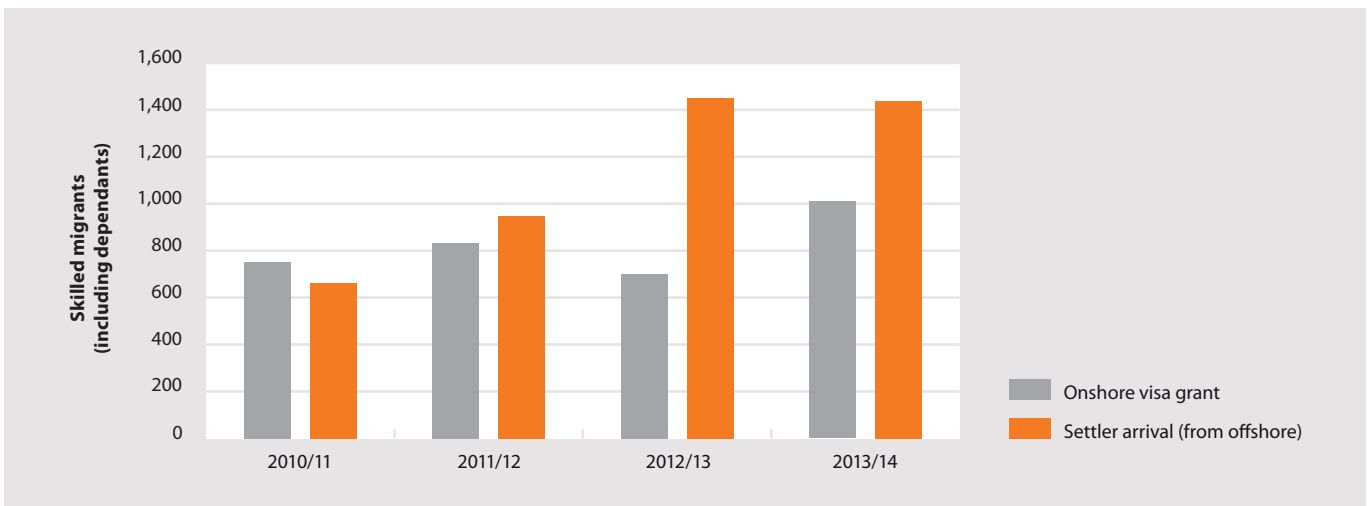
Exports

South Australia's exports with India have increased in recent years, although the strong reliance on mineral exports means that this can fluctuate considerably according to market conditions. However, a key to increasing trade with India will be for numerous industries to make strong contributions, which will reduce fluctuations over time. The Strategy aims to diversify the state's export profile to reduce the risk of market shock and create jobs across all sectors.



Skilled migration

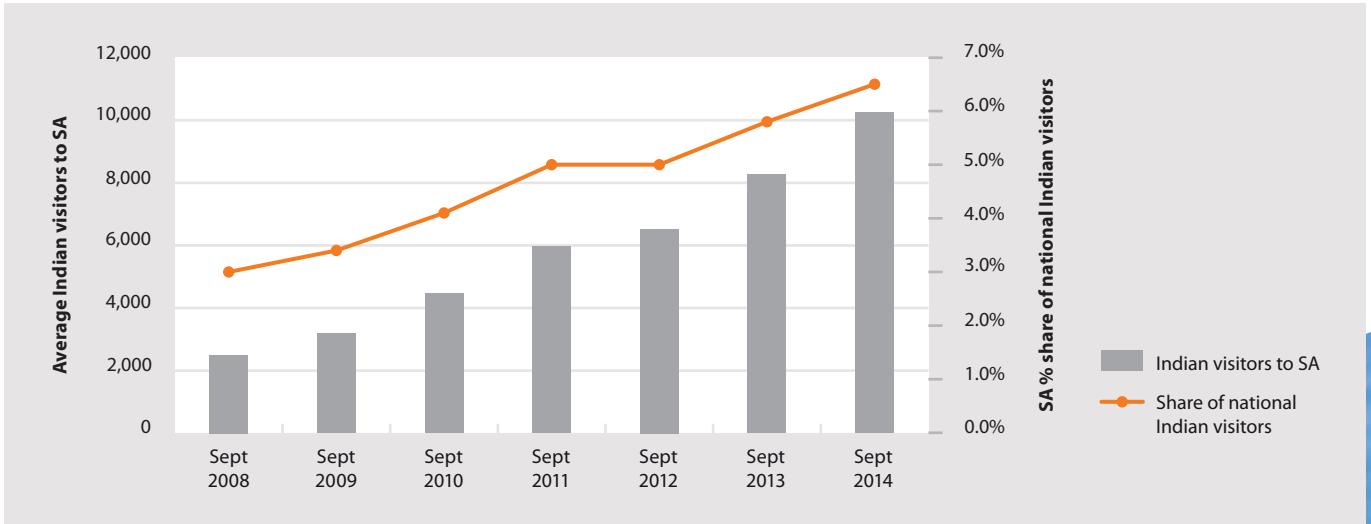
Skilled migration from India to South Australia has increased in recent years. This has occurred for those arriving directly from offshore and for those receiving onshore visa grants following time in Australia (such as being an international student or working on a temporary skilled visa). India is now the top source country for skilled migrants to South Australia and the second largest market for international students after China.



Tourism

The majority of visitors to South Australia from India come as tourists and to visit relatives and friends. Business visits also contribute. Overall visits of Indian nationals to South Australia have increased from approximately 2,500 in 2008 to more than 10,000 in 2014*. Proportionally, this growth far exceeds national growth, so that South Australia's share of the national Indian visitation increased from 3 per cent to 6.5 per cent over the period.

* The data is based on a rolling average across the three years leading up to and including each year listed. This is to smooth out larger variance based on sample sizes.



Intended and potential future directions

The change of the national government in India and the apparent renewed interest of Australia in India present South Australia with the opportunity to build on the bilateral relationship.

Fine-tuning the Strategy aims to increase South Australia's capacity in both goods and services exports and encourage foreign direct investment.

South Australia remains committed to the identification and promotion of opportunities in the key sectors outlined. These include opportunities in:

- Defence, aerospace and advanced manufacturing:
 - The Indian Prime Minister has emphasised the "Make in India" strategy to increase employment, training and technology in local manufacturing, with a focus on the defence sector. This initiative will lead to increased foreign direct investment in coming years, offering potential for collaborative joint ventures and sharing of expertise.
- Resources and energy:
 - Major Indian corporations have shown interest in South Australian resources and are considering investing to secure offtake agreements. Opportunities in renewable energy also exist.
 - With the signing of the nuclear safeguards agreement, the South Australian uranium industry is well placed to start building connections with Indian investors and government stakeholders, seeking to secure future supplies.
- Food, wine and agribusiness:
 - India's growing affluence and exposure to international travel and cuisine has created an increasing interest for premium food and wine. South Australian produce from its clean environment can take advantage of this demand. For example, Australia is well placed in the Indian wine market, with Jacob's Creek a well-recognised brand at major hotels and stores.
 - A 'Premium Food and Wine' study will inform demand and supply, and the right strategies for market entry.
- Water and environmental management:
 - Australia and India have signed a Memorandum of Understanding for cooperation in water management with opportunities at both federal and state levels.
 - There are significant opportunities for South Australia to provide government-to-government engagement through policy level work and support. Work has already begun with the Federal Government and opportunities with the Rajasthan State Government are being explored. The provision of assistance by the South Australian Government will assist the future participation by local water businesses in the Indian market.
- Tourism, education (skills and training) and sport:
 - A growing middle class is expected to lead to huge growth in Indian tourists internationally, with South Australia already experiencing this growth. The South Australian Tourism Commission has recognised this with a dedicated *India Strategy – 2020*.
 - South Australian education and training institutions have opportunities to train Indian students within South Australia and India.
 - Opportunities in sport may occur in tourism and skills development.

Consistent with developing opportunities in key sectors, we also see potential in exploring:

- Dedicated region/city specific relationships that may allow for a more focused effort and targeting in certain sectors. This could mean a particular focus on one or two key states in India that are complementary to South Australia.
 - For example, in the Northern state of Rajasthan, opportunities to support water management have been identified and this is being further examined as part of a jointly developed action plan.
 - More broadly, the Government of Rajasthan has shown an interest in a development agenda beyond water management, consistent with its *Vision 2022*. This may include a focus on its priority areas of resources and energy (including renewables), agriculture, education and skills development.
 - While not as well established, liaison with the Government of Andhra Pradesh in Southern India offers potential given the high level of industrial synergies between the jurisdictions.
 - In this context, pilot projects, jointly funded by both governments, could demonstrate viable partnership opportunities in a particular sector and offer the potential for future collaboration or new partnerships.
- Developing opportunities for the South Australian SME sector to access capital and customers in India. This will be concentrated in the key sectors identified and include consideration of how to facilitate engagement for South Australian business with SMEs in India.
- Approaches to improve knowledge within South Australia's business community about India, its culture and ways to engage with business opportunities. This could be through a series of business education programs with support from relevant industry associations and councils. It would also ensure that businesses trading or seeking to trade are aware of other government programs that may offer support.
- Pursuing opportunities for 'soft diplomacy' in areas in which shared interests can create awareness and foster further business links. In this context, potential exists in areas such as sports tourism, arts and culture, with the Indian diaspora being an important partner.
- Use of digital technology to help create opportunities for South Australian businesses to showcase capabilities and interest to a large audience in India, such as electronic newsletters coordinated by the government.

Currently, planned activity in the immediate to long-term are:

Immediate term:

- Consultation with industry (April-June 2015).

Short-medium term:

- Release of an updated *South Australia-India Engagement Strategy* (July 2015), reflecting any changes/advice from industry.
- Arranging and undertaking an outbound trade mission to India (August 2015).
- Implementing a regular schedule of forward inbound and outbound trade missions, with a focus on the key identified industries.
- Facilitate business connections in key identified industries.
- Develop business cases and strategies to progress the 'further exploration' areas outlined above. In some cases these activities may be opportunistic, but most will require detailed planning. Prioritisation within these concepts will also be required. Implementation may be in the medium or long-term depending on the particular strategies pursued.
- Align the Strategy with the Government's Economic Priorities, so that the Strategy will directly contribute to these.

For example, under Economic Priority No.9, by 2017 conditions will be targeted to facilitate 50 new exporters a year, increasing goods and services exports to \$18 billion and creating at least 6,000 new jobs through foreign direct investment. This will require leveraging existing government programs to support the Strategy, such as encouraging business representatives to utilise the Export Partnership Program and encouraging and facilitating direct investment opportunities.

Medium-long term:

- Continued schedule of forward inbound and outbound trade missions.
- Potential government bilateral agreements, but only where there is a clear business imperative.
- Continue to facilitate business connections in key identified industries.
- Biennial reviews and later economic modelling of the impact of the Strategy.

How your business or organisation can assist the biennial review

As part of the biennial review, the Department of State Development seeks feedback from the business community to inform and refine the Strategy.

Input and assistance is sought regarding how government can better assist business in developing commercial linkages with India. This input can be provided specifically in relation to your business/organisational activity, or more generally across a sector or business environment.

A telephone survey will focus on organisations involved with the India Strategy during its development and implementation.

All responses will be treated confidentially. Permission will be sought for use of a company's experience in a public forum.

The telephone survey will be the main mechanism for engaging stakeholders. You may also provide written responses to any of the key questions below, along with any general feedback regarding the India Strategy and the future directions outlined in the previous section. You need only answer those questions that are relevant to you or your organisation.

This can be provided until 22 May 2015 by email or post to:

Department of State Development
India team - Investment, Trade and Immigration
GPO Box 320 Adelaide SA 5001
Email: DSDIndiaStrategy@sa.gov.au

You may also email this address or call 08 8303 2419 and request an officer to call you to discuss your feedback.

Key questions

Background company information:

Company/organisation	
Industry sector	
Respondent position/title	
Employees in SA	Number:
Employees nationally	Number:
Experience trading with India	Yes/No
Any past visits to India or physical presence	Where and when?

Please describe your exposure to or involvement in the South Australia-India Engagement Strategy to date?

(Include any engagement or involvement with officers of the Department of State Development, including in the India team's South Australian staff and the India-based team member.)

What suggestions do you have regarding the expressed short, medium and long-term directions outlined in the discussion paper?

- What key areas/activities should the Government be undertaking?
- What key areas/activities should the Government not undertake?

Has the activity of the South Australian Government provided any benefit/opportunity to your business/organisation in relation to links or trade with India?

- What was involved?
- What was the benefit or opportunity?
- How did the South Australian Government assist?
- What could have been improved about the process or experience?

Has your organisation engaged in trade with the Indian market in the last two years?

(Please provide details and advise if any information provided is commercial in-confidence.)

If Yes:

- What is the total value of your trade with India in the last two years?
- What has worked well in your trade with India?
- What have been the stumbling blocks?
- Can you identify any areas in which the South Australian Government could assist your business to reduce the impact of any stumbling blocks identified? What would this involve?
- Can you identify any other areas in which the South Australian Government could assist your business to develop its trade with Indian partners?

If No:

- Has your organisation previously traded with Indian partners?
- What are the reasons for your organisation not having engaged the Indian market previously (or in the last two years)?
- Can you identify any areas in which the South Australian Government could assist your business or organisation to develop its trade with Indian partners?



Further information

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