



Transcript

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**Event:** Andrew McKellar interview with Patricia Karvelas, ABC RN Breakfast.

**Speakers:** Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Patricia Karvelas, host ABC RN Breakfast.

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**Topics:** Indian trade delegation, Reserve Bank, interest rates.

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**Patricia Karvelas, host ABC RN Breakfast:** The chief executive of the Australian Chamber of Commerce and Industry, Andrew McKellar, is part of the business delegation traveling with the Prime Minister, and he's our guest. Welcome to the program.

**Andrew McKellar, chief executive Australian Chamber of Commerce and Industry:** Hello Patricia. Good to be with you.

**Patricia:** The prime minister and this delegation you're part of have received what appears to be an extremely warm welcome. How would you describe the reception, and does it reflect a sense of optimism about the future of the relationship? Can you draw a link between that level of pomp and ceremony and colour, and commitment to this relationship?

**Andrew:** Look, it's been an extraordinarily warm welcome, as you say, and I think there is a sense of optimism. I think it's very clear that there are huge opportunities between Australia and India to develop the economic partnership, the relationship that the two countries have. And moving forward there are going to be very significant trade opportunities. So I think there's a clear commitment from the business communities in both countries to try and see where those opportunities are and to certainly build on the base that we have at the moment.

**Patricia:** A new four-year agreement between Australia and Indian business groups was announced overnight. It brings together the largest investors from both nations. What can you tell us about the deal? What does that actually mean?

**Andrew:** It's a signal of the goodwill that's there, the intent for the business communities in both countries to identify where some of the obstacles are at the moment, and to then really try to address those and accelerate the trade relationship between the two countries. Just in December, of course, we had a new trade agreement come into effect. We've already seen very tangible results from that. And if we can build on that, if we can make agreement in place, then really, we should be able to grow that trade, not just in goods, but also in exchange with people and services, in the years ahead.

**Patricia:** While in Mumbai, the PM attended a chief executive round table attended by more than 45 business leaders. What messages were delivered to him?

**Andrew:** I think it's really a case of looking at how we address some of the barriers that are in place at the moment. I think one would have to say we haven't in the past really optimised the potential for trade between Australia and India. We're starting to see that really growing. But as we look ahead, India's a huge economy, it's growing very rapidly. They will have very significant demands if they're going to develop some of the emerging industries that they want to develop. And I think here there's big opportunities for Australian industry, with not just raw materials and food products, but smart innovations, the knowledge economy, that we can really take advantage of.

**Patricia:** Businesses pushing the Albanese government to finalise the India-Australia Comprehensive Economic Cooperation Agreement. Bit of a mouthful we got there. What would that deliver beyond the existing trade agreement negotiated by the former government?

**Andrew:** Well, it does take us into some of those emerging areas. So, where we have technological capabilities, digitalisation of healthcare, the skills economy, building on the education links that we have, critical minerals, developing the processing capabilities in both economies, then I think that will add value. And we should be able to dramatically increase the level of economic dividends that we're seeing from the current trade relationship.

**Patricia:** Do the Indian business leaders you've been meeting with share the desire also to finalise that deal? Are they pushing their prime minister for the outcome? Is there a sense of urgency among the different communities?

**Andrew:** Look, that's part of the purpose of the mission, is really to deepen the exchange that we have. Of course, there are a number of companies that are on this mission who have had longstanding links with India. Many of them see that the chance to deepen those linkages and to really increase the benefits for both economies. So look, I think on balance, many of the Indian business people that are meeting with us do see those benefits, really. We hope that the governments can now make progress on those negotiations.

**Patricia:** You're also calling for a streamlining of visa processes for people coming from India. The High Commissioner and I also talked about changes to the way that we do people to people traffic, essentially the way that we operate that. What do you want to see in that space?

**Andrew:** The relationship in terms of the people to people links between the two countries is very important. So at the moment, India is a very rapidly growing tourist market for Australia. So if we can get more people coming to Australia, that will benefit our tourism industry. We want them to be able to have very simple visa arrangements. International students are another area. Exchange in terms of skilled labour. If we can improve those processes, then of course, I think it will deliver benefits for both economies.

**Patricia:** Just finally, Andrew McKellar, ACCI has been critical of the RBA's interest rate hikes. Do you believe the economy can weather another one without being pushed into negative territory like recession? Or are you worried about the consequences?

**Andrew:** Look, I think we've seen a very significant series of interest rate increases over the last 10 months. Our sense is that we've got to the point where it is starting to have a real impact on a number of sectors in the economy, in particular for small business. So at this point, we're saying it is time to pause, to take stock. Many of the inflationary pressures that we're feeling in the economy at the moment are coming from overseas, they're not domestically originated. And in those circumstances, just continuing to push interest rates up as aggressively as the Reserve Bank has been, if that keeps going, it runs the risk that it will do real damage to some sectors in the economy. We think it's time to take stock, see where things go over the coming months, before considering whether they need to raise rates further at this point.

**Patricia:** Thank you so much for your time.

**Andrew:** Thank you, Patricia.

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