

SPEAKING NOTE FOR PSM –

Ladies and gentlemen, distinguished guests, colleagues from the Australian Institute of International Affairs Victoria, and fellow enthusiasts of Indo-Pacific futures—welcome to this webinar, "Implications of Australia-India FTA under Trump 2.0: Are we setting sail without checking the weather?" It's a pleasure to be here. Co-hosting with our friends at AIIA Victoria feels like the perfect storm or should I say, the right shelter in these turbulent times.

As you know, Trump's back in the White House, and his "America First" reboot is shaking up the global trade deck like a rogue wave. We're talking steep tariffs up to 50% on India, 10-20% on the rest that could scramble supply chains from pharmaceuticals to critical minerals. The current tension in US-India relations is not just a bilateral issue. It has implications for Australia's relationship with India. If US policy on China shifts, we will need to reframe the Australia-India strategic relationship. Just what that reframing will entail will depend on how both Australia and India recalibrate their own strategic settings.

And as your Foreign Minister Penny Wong wisely put and we appreciate that, Australia stands firm on open markets as the bedrock of post-war prosperity. No tariffs, just dialogue echoing our shared Quad commitment to a free, open Indo-Pacific, come what may. But here's the catch: recent U.S. tariffs on FTA partners prove that free trade agreements alone don't guarantee smooth sailing, especially with the World Trade Organization's dispute settlement

mechanism in limbo since 2019. Robust legal clauses and clear exemptions in our FTA are non-negotiable to avoid getting caught in the crossfire.

In all of this, I believe India needs to begin rethinking its policy on market access. This will add so far elusive Comprehensive Economic Cooperation Agreement a more realistic prospect. This is also an opportunity for Australia to be alert to the risks which any India-US FTA might present to your access to the Indian market, especially in agriculture.

The silver lining for India and Australia: amid this uncertainty, our Economic Cooperation and Trade Agreement (ECTA) from 2022 is evolving into a Comprehensive Economic Cooperation Agreement (CECA), just when bilateralism is the new black. Trump's likely pivot away from multilateral setups like IPEF hands us the wheel to steer resilient trade corridors, diversify away from China dumping, and harmonise rules in agri, clean tech, and digital flows.

Think mutual recognition for standards to slash costs, not barriers vital for MSMEs and farmers weathering protectionist gales. And with US-India tech ties potentially stalling under a transactional Trump, why not bake in AI governance and cybersecurity into our FTA? In areas like digital trade, India can explore the possibility of signing separate digital trade agreements with Australia, to permanently remove moratorium on custom duties and secure some regulatory commitments.

India and Australia have to pre-empt future protectionism. Research and industry consultations are needed to identify barriers in key markets. A carefully designed strategy, with a mix of domestic reforms and knowledge

about the barriers imposed by trade partners, will help the trade negotiators negotiate better. A holistic approach to trade negotiations will help India and Australia to play a bigger role in global trade.

And this is where discussions like this come in. And to take it to next step, I'm thrilled to announce that on 1st September, CUTS and AIIA Victoria signed an MOU to supercharge our collaboration. We both see the web of trade, security, and strategy linking our nations more tightly than ever. This partnership sets up joint analysis, networking, and debates to unpack these inter-linkages ensuring India-Australia ties don't just react, but lead.

And our objective today is to gauge how to fortify our economic architecture against Indo-Pacific headwinds, and leverage the FTA for stability, tech synergy, and de-risked supply chains. In Trump 2.0's first six months, are we charting a course for deeper partnership, or risking a trade squall? Let's unpack it together, over to our panellists!

- Thank you