TRADE RELATION BETWEEN INDIA AND AUSTRALIA IN GENERAL AND EXPORT OF GOLD FROM AUSTRALIA TO INDIA IN SPECIFIC

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ABSTRACT

Recent years have seen remarkable growth in the trading relationship between India and Australia, fuelled by the many complementarities between the two economies. Over the past five years, bilateral trade in goods and services has increased by 24 per cent annually to US$16 billion in 2008-09. Two-way investment is also significant, estimated at over US$1.5 billion including portfolio investment in 2008. Against this backdrop, Australia and India agreed in April 2008 to undertake a feasibility study for a possible bilateral free trade agreement (FTA) to explore the scope for building an even stronger economic and trade relationship.1 The feasibility study shows that significant barriers to goods and services trade remain in both countries. An FTA between India and Australia would be expected to address tariff and non-tariff barriers. It would go beyond each country's commitments in the World Trade Organization (WTO) and cover substantially all trade in goods. Services liberalisation would seek to remove barriers that impose additional costs on exporters and erode competitiveness. A possible FTA would be expected to have substantial services sector coverage. Australia-India investment flows are modest relative to bilateral trade, reflecting both regulatory and other impediments and, to some extent, a lack of awareness of business opportunities in the other country. A possible FTA may address this imbalance by removing – or reducing – existing restrictions in both foreign investment regimes. It could also focus on enhancing transparency and strengthening investment protection mechanisms. A comprehensive FTA offers scope to take the relationship to the next level to the mutual advantage of both economies. It could foster even stronger growth, including through more diverse trade and investment flows. Cooperation, capacity building and exchange of information on other issues such as the protection of intellectual property rights (covering all issues including TRIPS & CBD, and GIs inclusive of non-food GIs), SPS & TBT matters, competition policy and government procurement could also be considered during possible FTA negotiations. In order to make an assessment of the possible trade gains from the proposed FTA, independent economic modelling was commissioned in both the countries for the study. The results provide insights into how an FTA might impact on bilateral trade and investment flows as well as economic welfare. Economic modelling is necessarily based on certain assumptions and the results of the modelling for this study should be regarded as indicative rather than as exact estimates. Different economic modelling methods, GTAP-CGE modelling and modelling based on an analysis of complementarily, were used in the study to estimate the welfare gains to both countries. The results indicate that

The welfare of the two countries would increase with the conclusion of an FTA. The welfare gains for both the countries could be in the range of 0.15 and 1.14 per cent of Gross Domestic Product (GDP) 1 FTA in this study is comprehensive including trade in goods and services along with investment cooperation. In other words, it is akin to CEPA or CECA in other contexts. 6 for India and 0.23 and 1.17 per cent of GDP for Australia. An Australia-India FTA could result in a modest positive impact on total global economic output. The Joint Study Group concludes that a bilateral FTA is feasible and it recommends that both governments consider the negotiation of a comprehensive India-Australia FTA.

KEYWORDS

Economies, Free Trade Agreement, Globalization, Export.

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1.INTRODUCTION

Background and objectives of study The economic relationship between Australia and India has developed rapidly in recent years, particularly under the impetus of India's far-reaching process of economic reform and the resulting rapid globalization of the Indian economy. In recognition of the growing synergies between the two economies, and the commitment on both sides to further enhance the economic partnership, Australia and India agreed in August 2007 to undertake a feasibility study for a possible bilateral FTA. This would help inform a subsequent decision by the two Governments about whether to proceed to FTA negotiations. In doing so, the study is without prejudice to whether possible future FTA negotiations between Australia and India would take up all issues in the forms considered in the study. Terms of reference (TOR) for the study were developed and are set out in Annex A. Key elements of the TOR are: To identify the benefits that India and Australia would derive from a WTO-consistent FTA. To assess the feasibility of a comprehensive FTA covering goods, services and investment as well as other cross-cutting issues such as intellectual property, sanitary and phytosanitary issues, technical barriers to trade, competition policy and government procurement. To assess prospects for expansion of trade in goods through liberalization of tariffs and non-tariff measures . To assess prospects for expansion of trade in services across a substantial range of sectors, including through labor mobility and encouragement of mutual recognition arrangements to explore how to create a favorable environment for investment in both directions .To produce a report for consideration by Governments in the first half of 2009 or earlier. A Free Trade Agreement (FTA), for the purposes of this Study, has a wide coverage including goods, services and investment. In India, FTAs are commonly understood as goods-only agreements whereas a Comprehensive Economic Cooperation Agreement (CECA) includes goods, services, investment and other areas of cooperation. In Australia, FTAs are understood as comprehensive agreements.

1.1 Export of Gold from Australia to India

India is the world's second most populous nation, with an estimated population of more than 1.2 billion, and GDP exceeding US$1.8 trillion in 2013. The economy has become one of the world's best performers, with International Monetary Fund forecasts for growth of 5.4 per cent in 2014 and 6.4 per cent in 2015. India is also the world's third largest economy in terms of purchasing power parity (PPP), with a GDP of US$6.77 trillion based on PPP. India is Australia's fourth largest export market. In FY2013-14, Australia's goods exports to India totalledA$8.35 billion and services exports were worth A$1.9 billion in 2013. Australia's two way trade with India, including goods and services, was valued at about A$15.2 billion (2013).Major goods exports to India in 2014 included coal, copper ores, gold, vegetables and wool, while the most significant services export was education. Australia and India are currently working on a Comprehensive Economic Cooperation Agreement, which would benefit the bilateral trade relationship.

In FY2013-14, total two way trade between Victoria and India was valued at A$1.3 billion. Victorian goods exports to India were worth A$489 million, with fruit and nuts, wool and vegetables the key export categories. Victoria's services trade with India is driven by industries such as education and tourism, with India being ranked the second largest source market for Victoria's international education sector and a valuable source of international tourists. India is Australia's fourth largest export market. In FY2013-14, Australia's goods exports to India totalledA$8.35 billion and services exports were worth A$1.9 billion in 2013. Australia's two ways trade with India, including goods and services, was valued at about A$15.2 billion (2013).

1.2 World Consumption of Gold

Demand for gold encompasses consumption components (gold used in the manufacture of jewellery, electronics, dentistry, coins and other industrial applications), and investment components (gold purchased for financial purposes). Factors that influence global consumption of gold include fluctuations in economic conditions in customer countries, changes to household incomes, changes in taste for jewellery and gold dentistry, and demand for electronics. Factors that influence investment demand for gold include developments in the outlook for the global economy, shifts in the value of major currencies and changes in the riskiness of other assets.
Consumption demand for gold comprises around three quarters of world demand. Consumption in Asian countries and the Middle East has driven demand in recent years. While demand weakened in the wake of the global financial crisis in late 2008, global gold consumption has since grown to 2,779 tons in 20104 Demand for gold as a monetary investment has also increased in recent years. Gold is seen as a relatively secure 'defensive' investment when used as a store of wealth. Investors traditionally turn to gold as a more dependable asset if economic conditions in major countries are uncertain. and is expected to grow steadily over the coming five years. More recently, investment demand for gold has been driven by European debt concerns, unrest across North Africa and the Middle East, and unease in China regarding rising inflation. China is likely to become a significant driver of worldwide gold production and consumption in the coming years after China's Central Bank, in August 2010, allowed Chinese commercial banks to import and export gold abroad. The Shanghai Gold Exchange released statistics showing that China's gold imports had increased almost fivefold from the previous year in 2010 Western Australia not only leads the country in terms of gold mining activity, but also gold refining. Western Australia exported 98.7 per cent of Australia's gold in 2010. Around half of this was gold produced from Western Australian ores. The remainder was gold sourced from other Australian states and territories, and gold imported from overseas (mainly from Thailand, Papua New Guinea and the United States). Gold imported from the United States is treated differently in ABS trade statistics – refer to Box A. Prior to 1998, three major companies dominated the Australian gold refinery and manufacturing industry. These were the Western Australian Mint, Johnson Matthey (Aust) Limited and Golden West (Australasia) Limited. The industry was consolidated in 2002 when operations in Melbourne ceased. The Perth Mint assumed responsibility for all future gold refining6 4 Source: ABARES Australian commodities – June qtr 2011. and was expanded to allow a significant increase in its gold refining capacity.

1.3 Gold Exports of Australia in General

The value of Australia's gold exports has also soared (see Chart 1). Over the ten years to 2010, the value of gold exports increased by an average of 11.0 per cent per annum. This reflects the increasing strength of the world price of gold, which averaged US$1,225 an ounce in 2010 - over four times the average price in 2000 of US$2793 Gold imports, valued at A$6.5 billion, ranked as Australia's seventh largest import commodity in 2010, comprising 3.1 per cent of total imports (see Table 1). Gold imports have nearly tripled since 2001, when gold valued at A$2.2 billion was ranked tenth in Australia's top merchandise imports. This rise can be largely attributed to the increased capacity and productivity of Australia's gold refinery industry. Demand for Australian gold was largely dominated by India and the United Kingdom in 2010, accounting for 36.8 per cent and 35.9 per cent of total gold exports respectively. India is a fast-growing market for Australian gold, as the country's increasing wealth means more Indians can afford gold jewellery.

1.4 Indian Economy

The Indian economy has remained on the high growth path of recent years, despite some moderation in recent growth projections. (See Chart 2.1) After independence, India followed the system of a command and control economy to implement the development policies outlined in the Five Year Plans. The principal objectives were to increase aggregate consumption, reduce unemployment, work towards self-reliance and self-sufficiency, and reduce social disparities. The priority among these objectives changed from plan to plan. Current and Emerging Opportunities India's burgeoning role in global trade offers significant opportunities for Victorian companies and organisations. India's middle class is projected to reach nearly 300 million people by 2025, providing exciting opportunities for Victorian companies to deliver consumer goods and services to India. The Indian Government has identified a range of areas for investment and growth that will drive export opportunities, including the following:

- Resources
- Energy
- Education
- Infrastructure
- Health and aged care

1.5 Australia's Economy

Australia has a highly open, market-based and capital-intensive economy which is currently enjoying a prolonged economic expansion, presently in its 18th year. It grew by an average of 3.5 per cent from the early 1990s to 2009, but the global financial crisis has had an impacted on rates of economic growth in Australia from late 2008 to 2009 (see Chart 2.1). 4 UNCTAD World Investment Report 2008 15 The strong performance of the Australian economy in recent years has been underpinned by a series of deep and wide-ranging economic reforms undertaken since the early 1980s. Key reforms included the deregulation of foreign exchange markets (which resulted in the floating of the Australian dollar), a comprehensive program of tariff liberalisation (reducing the average tariff from over 10 per cent in 1980 to 3.5 per cent in 2008), financial market deregulation, taxation reform and labour market reforms. Reforms have also resulted in the levels of domestic industry support falling to among the lowest in the world. This measure have collectively made the Australian economy highly flexible and resilient to economic shocks, as was evident during the 1997 Asian financial crisis, and has been the case during the current global financial crisis. Australia's economy has also undergone substantial structural change. While the traditional agricultural and resource industries remain important export-focused sectors, the economy has become predominantly services-based, with services accounting for 72.9 per cent of economic activity in 2009 and over 85.6 per cent of employment. The relative share of manufacturing to GDP has been declining steadily for some years (from 18 per cent in 1980 to around 9.1 per cent currently). Agriculture constitutes only about 2.9 per cent of GDP, though it is much more important in Australia's exports where it contributes 10.2 per cent of the total. Although Australia's population of 22 million people is small by Indian standards, total economic output is of a similar order of magnitude. Australian GDP per capita is consequently relatively high at almost US$45,157 in 2009 (A$57,067). Like all economies, the Australian economy was not immune to the effects of the global financial crisis. Following growth of 2 per cent in 2008, and 1.4 per cent growth in 2009. The International Monetary Fund forecasts 2.5 per cent growth in 2010 and 3 per cent growth.

Export from Australia to India :

- Gold
- Copper and copper ores
- Wool
- Vegetables
- Silver and platinum
- Telecommunication equipment

India and Australia trade relation have come a long way but still there is room for more improvement which will prove beneficial for both the countries.

2.REVIEW OF LITERATURE

India and Australia have a strong and productive bilateral partnership. Underpinned by trade and investment, the scope of Australia's relationship with India has increased in line with India's rapid economic and strategic growth. Australian exports to India are on the rise, India is now Australia's 4th biggest export market underlining the importance of India as a major export and investment destination for Australia. Merchandise exports to India grew from 7.3 $A Billion in 2005-06 to 10.1 $A Billion in 2006-07, registering a 36.8% increase. Australia's leading merchandise exports include Coal, Gold, Copper Ore, Wool, Horticulture, etc. This makes India the fastest growing export market for Australia. India accounts for 6% of Australia's Merchandise exports in 2006-2007 up from 4.84 % in 2005-2006. Services exports to India have also been growing rapidly with education leading from the front. Australia is now the 2nd biggest overseas education destination for Indian students. Indian tourist arrivals have also been on the rise. Australia offers all the services required to complement India's economic rise in sectors like education, tourism, financial services and insurance and a host of other professional skills. In the mining sector, Australia's exports include the minerals and fuels, energy investment and collaboration on areas of joint significance. In Information and communications technology, India's globally-renowned industry is growing ever-stronger and there are solid linkages with Australia's ICT capabilities. As a young country that enjoys a vibrant lifestyle, Australia features many innovative businesses offering products and services ranging from wines to fashion to consumer electronics to leisure to cater to a young population & discerning consumers. Australian expertise is available in a wide range of sectors that can complement Indian industry's needs & requirements. Australia can be a very significant value added partner for Indian businesses in their growth & expansion paths by providing competitive solutions and expertise both in traditional & emerging sectors for Indian businesses. The Australian Trade Commission has been playing a very significant role in developing Australia – India business & commercial relationships. With presence in 10 locations in India and an on-the-ground network of industry specialists, Austrade assisted over 525 Indian companies' access Australian technologies, products and expertise as well as seek Australian investments and partnerships .The Australian Trade Commission has embarked a very focused sector specific strategy to offer Australian technology, expertise & solutions for Indian businesses in the areas of Resources, Mining & Energy; Infrastructure; Building & Construction; Food & Beverage; Agri Business; ICT; Film, Media & Entertainment; Retail; Financial Services" . The Australian Trade Commission offers services for Indian businesses in identifying potential Australian business partners; sourcing Australian technology, products, services & expertise and in identifying Australian joint venture partners & investors. Demand for Australian gold was largely dominated by India and the United Kingdom in 2010, accounting for 36.8 per cent and 35.9 per cent of total gold exports respectively. India is a fast-growing market for Australian gold, as the country's increasing wealth means more Indians can afford gold jewellery.

3. RESEARCH METHODOLOGY

Research: research is an in-depth study of the project and it is done to establish facts, reaffirming previous studies, exploring new theories and experimenting new ideas. Research itself says searching again and again.

Data Source:

1. **Primary Source:** Primary data is the first hand information which is done through surveys, filling up the questionnaires, in-depth interviews, random face to face communication etc.
2. **Secondary Sources:** Secondary data information is those which have been gathered by another person and which as of now have been gone through measurable procedure. Secondary data has been taken from newspaper, magazines, and internet and companies links. It includes data from sources like internet where journals, several articles and various research papers are studied on the topic.

4.RESEARCH APPROACH

The descriptive research method is used in collecting the data from secondary sources and previous studies. It helps us to know more about the trade relation between India and Australia in general and the export of Gold from Australia to India in specific. The information is compared regarding the export from Australia to India and analysis is done based on different information we have found.

5.RESEARCH OBJECTIVE

1. The purpose of this research is to analyze the trade relation between India and Australia.
2. The next objective is to know the export of gold from Australia to India.
3. This report shows the present opportunity of Indian economy.

6.LIMITATIONS OF THE STUDY

1. The data can be general and vague and out of date.
2. The study cannot be useful for one company specifically as it is a secondary research.
3. Shortage of time is the biggest limitation to make this study more effective and comprehensive.
4. Information provided is restricted due to time consideration.

7.DATA FINDING AND ANALYSIS

Australia- India GDP, average annual growth, 2004-2009, per cent 2.9 8.4 GDP, current prices, US$ billion (2009) 996 1,243 GDP per capita, current prices, US$ (2009) 45,157 1,033 Structure of output, per cent (2009) Agriculture 2.9 14.9 Industry 26.6 28.3 of which manufacturing 9.1 15.9 Services 62.7 56.8 Population, million (2009) 22 1,203 Rural population as per cent of total (2007) 11 71 Life expectancy at birth, years (2007) 81 65 Educational enrolment, tertiary, per cent 73 12 Exports, US$ billion (2009) Goods and services 198 198 Goods 155 163 Services 42 35 Imports, US$ billion (2009) Goods and services 204 326 Goods 161 273 Services 43 54. India and Australia have a strong and productive bilateral partnership. Underpinned by trade and investment, the scope of Australia's relationship with India has increased in line with India's rapid economic and strategic growth. Australian exports to India are on the rise, India is now Australia's 4th biggest export market underlining the importance of India as a major export and investment destination for Australia. Merchandise exports to India grew from 7.3 $A Billion in 2005-06 to 10.1 $A Billion in 2006-07, registering a 36.8% increase. Australia's leading merchandise exports include Coal, Gold, Copper Ore, Wool, Horticulture, etc. This makes India the fastest growing export market for Australia. India accounts for 6% of Australia's Merchandise exports in 2006-2007 up from 4.84 % in 2005-2006.Services exports to India have also been growing rapidly with education leading from the front. Australia is now the 2nd biggest overseas education destination for Indian students. Indian tourist arrivals have also been on the rise contributing to Australia's services exports to India.Australia offers all the services required to complement India's economic rise in sectors like education, tourism, financial services and insurance and a host of other professional skills. In the mining sector, Australia's exports include the minerals and fuels, energy investment and collaboration on areas of joint significance. In Information and communications technology, India's globally-renowned industry is growing ever-stronger and there are solid linkages with Australia's ICT capabilities. As a young country that enjoys a vibrant lifestyle, Australia features many innovative businesses offering products and services ranging from wines to fashion to consumer electronics to leisure to cater to a young population & discerning consumers. Australian expertise is available in a wide range of sectors that can complement Indian industry's needs & requirements. Australia can be a very significant value added partner for Indian businesses in their growth & expansion paths by providing competitive solutions and expertise both in traditional & emerging sectors for Indian businesses. The Australian Trade Commission has been playing a very significant role in developing Australia – India business & commercial relationships. With presence in 10 locations in India and an on-the-ground network of industry specialists, Austrade assisted over 525 Indian companies' access Australian technologies, products and expertise as well as seek Australian investments and partnerships .The Australian Trade Commission has embarked a very focused sector specific strategy to offer Australian technology, expertise & solutions for Indian businesses in the areas of Resources, Mining & Energy; Infrastructure; Building & Construction; Food & Beverage; Agri Business; ICT; Film, Media & Entertainment; Retail; Financial Services" Export Item A$ exports Import Item A$ imports Total commodities 231,078 Total commodities 210,070 Iron ore & concentrates 49,382 21.4 Crude petroleum 16,218 7.7 Coal 42,967 18.6 Passenger motor vehicles 15,917 7.6 Gold (a) 15,005 6.5 Refined petroleum 9,968 4.7 Crude petroleum 10,502 4.5 Medicaments (incl veterinary) 7,896 3.8 Natural gas 9,425 4.1 Telecom equipment & parts 7,534 3.6 Aluminium ores (incl alumina) 5,293 2.3 Computers 6,526 3.1 Copper ores & concentrates 5,032 2.2 Gold (a) 6,520 3.1 Aluminium 4,409 1.9 Goods vehicles 6,019 2.9 Beef 4,369 1.9 Civil engineering equipment & parts 3,049 1.5 Wheat 4,178 1.8 Monitors, projectors & TVs 2,822 1.3.The value of Australia's gold exports has also soared . Over the ten years to 2010, the value of gold exports increased by an average of 11.0 per cent per annum. This reflects the increasing strength of the world price of gold, which averaged US$1,225 an ounce in 2010 - over four times the average price in 2000 of US$2793 Gold imports, valued at A$6.5 billion, ranked as Australia's seventh largest import commodity in 2010, comprising 3.1 per cent of total imports. Gold imports have nearly tripled since 2001, when gold valued at A$2.2 billion was ranked tenth in Australia's top merchandise imports. This rise can be largely attributed to the increased capacity and productivity of Australia's gold refinery industry.

8.RECOMMENDATION

The JSG has presented a comprehensive review of bilateral economic linkages between Australia and India, covering trade in goods and services, investment flows, and other areas of economic cooperation. . This report analyses the feasibility of a comprehensive FTA which will include agreements on goods, services, investment and other trade and investment facilitation cooperation measures between Australia and India. • A Free Trade Agreement (FTA), for the purposes of this Study, has a wide coverage including goods, services and investment. In India, FTAs are commonly understood as goods-only agreements whereas a Comprehensive Economic Cooperation Agreement (CECA) includes goods, services, investment and other areas of cooperation. In Australia, FTAs are understood as comprehensive agreements. The total amount of trade (in goods and services) between Australia and India has been rising rapidly in recent years, reaching almost A$19 billion (about US$ 16 billion) in 2008. Bearing in mind the two countries' economic size, there is further potential for growth in bilateral trade flows owing to the complementarities of the two economies. Major findings of the JSG are summarised below: Trade in Goods: Analysis of the bilateral trade in goods suggests substantial increases are possible through a comprehensive FTA, including coverage of resources (mining), agricultural and manufactured goods trade. The JSG also noted that the trade links between the two countries could be intensified not only through tariff liberalisation, but also by adopting other measures. Some observations of the JSG are: .an FTA will mutually benefit both countries by removing tariff and non-tariff barriers; . agreement on rules of origin would enhance bilateral preferential trade . Consultation and co-operation in sanitary and phytosanitary matters, technical barriers to trade and other similar measures could be enhanced; . a mechanism for enhanced customs cooperation could be considered; and . trade remedies cooperation could be enhanced. Trade in Services: The services sector is an important part of both Australian and Indian global exports. It contributes to about 37 per cent of India's exports and about 21 per cent of Australia's exports. The JSG found that there is further potential in services trade between India and Australia including in the sectors of financial services, software, telecommunications, IT and ITeS/computer related services, education, professional services (including accounting and legal services), tourism, air services, agricultural services, audiovisual services, healthcare, architecture and engineering, and movement of natural persons including visas for Mode-4. The JSG also discussed Mining & Energy, Environmental and Sporting & Recreational Services and agreed that, if FTA negotiations were to commence, no services sector would be excluded a priori from consideration in the negotiations. 104 Investment: The JSG noted that Australia-India investment flows are modest relative to bilateral trade and there is considerable scope for enhanced investment links between Australia and India. There are considerable investment opportunities in India and Australia in sectors such as mining and resources, agricultural processing, infrastructure, banking and telecommunications. In order to encourage investment inflows both countries have liberalized their investment regimes. Some observations of the JSG in relation to investment are: .an FTA would facilitate bilateral investment in many sectors; . interaction between governments (including state governments), industry and business on an institutional basis would be boosted; and . exchange of information on investment laws and regulations would be further facilitated. Cross-cutting issues: A range of cross-cutting issues, such as intellectual property, competition policy, government procurement and technical barriers to trade, were also considered in the study. 10.1 Conclusions on feasibility of an FTA Negotiation of a comprehensive WTO-consistent and WTO-plus FTA covering goods, services, and investment between Australia and India is feasible. Cooperation, capacity building and exchange of information on other issues such as the protection of intellectual property rights (covering all issues including TRIPS & CBD, and GIs inclusive of non-food GIs), SPS & TBT matters, competition policy and government procurement could also be considered during FTA discussions.. India and Australia produce highly competitive and largely complementary goods for export to international markets. While economic activity in each country has led to substantial growth in bilateral goods trade, tariffs and non-tariff barriers continue to raise the cost of imports, imposing implicit taxes on businesses and consumers alike. A comprehensive FTA between Australia and India would cover substantially all goods trade allowing the two countries to take maximum advantage of the considerable complementarity between the two economies. Such liberalization would provide impetus to economic activity and economic welfare in each economy. An FTA would also cover a substantial range of services sectors, including sectors of export interest to both the countries, covering all the four modes in a GATS-consistent and GATS plus framework, and including enhanced cooperation to assist the recognition of professional services. Liberalizing investment regimes would result in valuable economic benefits for both countries. Economic modelling indicates that GDP in each country should increase as a result of an FTA and could result in a modest positive impact on total global economic output. However, the indicative nature of any economic modelling needs to be borne in mind.On the basis of this Report and its conclusions, the Joint Study Group finds a bilateral FTA feasible and recommends that the Indian and Australian Governments may consider negotiation of a comprehensive bilateral FTA that includes trade in goods, trade in services, investment and other trade and investment facilitation and cooperation measures as a single.

9.CONCLUSION

Gold has consistently been one of Australians major exports since the modern gold rush in the 1970s and 1980s.Gold exports, valued at A$ 15.0 billion, were australia's third ranked exports commodity in 2010 after iron ore and coal. Some countries have strong demand for jewellery particularly India and Asian countries .Demand for Australian gold was largely dominated by india with 36.8% of total gold exports.India is a fast growing market for Australian golds,as the country is increasing wealth means more Indians can afford gold jewellery.Australia was the worlds third largest Gold producer after china.India is Australias fourth largest export market in the financial year 2013-2014.Australia goods exports to india total A$ 8.35 billion. Australia and india are currently working on a comprehensive economic,cooperation agreement which would benefit the bilateral trade relationship.In financial year 2013-2014 total two way trade between victoria and india was valued at Australian dollar 1.3 billion .The Australian trade commission have been playing a very significant role in developing Australian and Indian business and to develop commercial relationship .

10.FUTURE OUTLOOK

ABARES forecasts indicate that the outlook for Australia's gold production and export market for the period to 2016 is strong. During 2010, the price of gold in 2010 averaged US$1,225 an ounce. ABARES forecasts the price of gold to rise to an average of US$1,500 during 2011 and 2012, underpinned by strong global investment demand and jewellery demand in developing countries. Supported by high prices and increased mine production, the value of Australia's gold exports in 2011 is expected to remain steady at A$15.0 billion. 268 tonnes of gold are forecast to be produced and 312 tonnes exported, as the productivity of Australia's mines and refinery industry continues to strengthen. World gold mine production is forecast to increase by 2.0 per cent to 2,734 tonnes. From a global perspective, it is anticipated that China's gold market will expand considerably over the next decade as its demand for gold grows in line with increasing disposable income levels. Forecasts indicate that China will soon surpass India as the world's biggest bullion consumer. This will likely have a flow-on effect 1for Australia's gold exports, which will be sustained by strong demand from these developing countries over the next decade.

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