

FROM PARTNERSHIP TO DELIVERY: AN AUSTRALIA-INDIA AGENDA FOR ECONOMIC AND STRATEGIC COOPERATION

AUTHORS:

Dr Premesha Saha
Senior Fellow, Asia
Insights,
Asia Society Australia

Perna Bountra
Deputy Director,
International Relations,
Ananta Centre

Richa Kumaria
Programme Lead,
Ananta Centre



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EXECUTIVE SUMMARY

On May 18–19 2026, Asia Society Australia and the Ananta Centre convened the Australia–India Strategic Dialogue in Sydney, with the support of the Australian Department of Foreign Affairs and Trade and India’s Ministry of External Affairs¹. Across three panel discussions and nine closed-door sessions, government officials, business leaders, investors, researchers and policy experts considered how growing bilateral cooperation could generate more tangible economic and strategic outcomes.

The Economic Cooperation and Trade Agreement, negotiations towards a Comprehensive Economic Cooperation Agreement, Annual Leaders’ Summits and an expanding range of sectoral partnerships have given the relationship substantial institutional depth. Bilateral trade has grown, political engagement has become more regular, and cooperation now extends across energy, critical minerals, education, technology, defence, investment and regional security.

The central challenge is no longer a lack of ambition or policy architecture, but the difficulty of converting opportunities into sustained investment, viable projects and enduring institutional cooperation. The next phase of the relationship should therefore be guided by three principles: targeted priorities, clear accountability and sustained political attention.

This report sets out a practical policy agenda across critical minerals, energy security, trade, investment, people and skills, digital public infrastructure, defence industry and regional cooperation. It draws on the Dialogue to identify the principal policy choices, commercial constraints and institutional gaps that Australia and India will need to address.

¹ The following recommendations emerged from discussions during the Dialogue and do not necessarily represent the views of the Australian or Indian Governments.

KEY POLICY RECOMMENDATIONS

1 Establish a DFAT–MEA-led delivery mechanism for priority projects

Create a joint mechanism within the existing bilateral architecture to oversee a small portfolio of priority projects. It should assign named project leads, involve relevant departments, state governments and industry partners, and provide clear escalation pathways for resolving regulatory, financing and coordination barriers.

2 Build an integrated critical-minerals, energy and industrial partnership

Concentrate cooperation on a limited number of projects that connect Australian resources and technology with Indian processing, manufacturing and demand. These should link critical minerals, energy security, storage and clean industry through appropriate models for investment, offtake, processing and long-term procurement.

3 Turn supply-chain cooperation into sector-specific commercial pathways

Focus on areas where bilateral capabilities and market demand already intersect, including critical minerals, green steel, agrifood, health and pharmaceuticals, clean-energy components and advanced manufacturing. Each pathway should identify anchor firms, address regulatory and knowledge barriers, build supplier networks and define a clear commercial objective.

4 Build a deeper people, skills and innovation partnership

Connect education, vocational training, qualifications recognition, professional mobility, research and industry more effectively. Students, skilled professionals and researchers should have clearer pathways into relevant employment, innovation and commercial collaboration, supported by mutual recognition, bridge programmes and stronger employer participation.

5 Build trusted cooperation on digital public infrastructure and artificial intelligence

Develop a limited number of practical projects in areas such as digital credentials, health, agriculture and climate resilience. Cooperation should be supported by common approaches to privacy, cybersecurity, data governance and accountability, and extended to demand-led initiatives in the Pacific and Southeast Asia where appropriate.

6 Concentrate defence and strategic cooperation on achievable priorities

Defence-industry cooperation should focus on capability areas where there is a clear operational need and a credible pathway to procurement, production or sustainment. Australia and India should also deepen mutual understanding of their strategic outlooks, use scenario-based exercises to prepare for regional disruptions and pursue flexible forms of bilateral and minilateral cooperation.

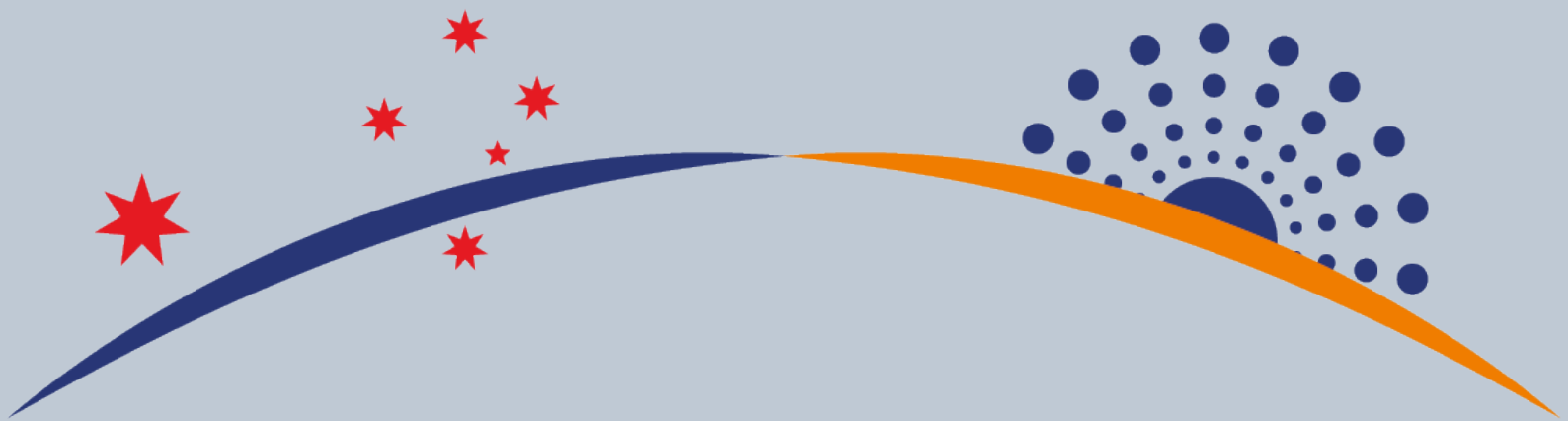
7 Scale successful bilateral initiatives through regional platforms

Use the Quad, the Supply Chain Resilience Initiative (SCRI), the Indo-Pacific Economic Framework (IPEF) and other regional arrangements to extend approaches that have already demonstrated value bilaterally. Where larger frameworks move slowly, Australia and India should begin with a smaller group of partners and expand successful initiatives over time.

Taken together, these recommendations point towards a more selective and accountable model of cooperation. Progress will depend on choosing priorities carefully, involving industry and subnational actors early, and sustaining political attention long enough for initiatives to generate durable economic and strategic outcomes.

GEOPOLITICS

AUSTRALIA-INDIA STRATEGIC COOPERATION: SHARED INTERESTS, DISTINCT APPROACHES



KEY RECOMMENDATIONS

- **Conduct an annual Australia–India strategic resilience exercise.**
Use a scenario-based exercise to test consultation, information-sharing and agency coordination during a major regional disruption, without implying automatic action.
- **Develop a shared economic-security assessment.**
Review vulnerabilities across energy, critical minerals, technology, shipping and supply chains to identify a limited number of priorities for bilateral action.
- **Use the Annual Summit to advance and unblock priority initiatives.**
Concentrate leaders' attention on a small number of projects facing clearly identified obstacles or requiring specific government decisions.
- **Build greater strategic literacy across the two systems.**
Support structured engagement among officials, researchers and practitioners to strengthen understanding of each country's strategic traditions, institutions and decision-making processes.
- **Make the Indian Ocean the principal geographic focus of strategic cooperation.**
Concentrate practical collaboration on maritime domain awareness, critical infrastructure protection, humanitarian assistance, connectivity and support for regional maritime capacity.
- **Adopt a flexible division of labour in regional cooperation.**
Begin with bilateral or small-group initiatives that reflect each country's comparative strengths, using joint, parallel or coordinated contributions as appropriate, and expand successful approaches through the Quad, IPEF or other regional frameworks.
- **Involve implementing institutions from the outset.**
Bring states and territories, regulators, firms, universities, investors and experienced practitioners into project design early so national commitments can be translated into workable initiatives.



CURRENT LANDSCAPE

The Dialogue convened at a moment of unusual geopolitical flux. Competition between the major powers is reshaping trade, technology and security arrangements at once; instability in the Middle East has again exposed the vulnerability of energy flows, shipping routes and supply chains; and middle powers across the Indo-Pacific are being asked to carry more strategic weight than at any point in recent decades. For India and Australia, these pressures show that economic and strategic concerns can no longer be addressed in separate silos. Energy security, critical minerals, technology governance, supply chains and defence cooperation have become facets of a single problem: how to build resilience in a fragmenting order.

The relationship enters this period with no shortage of strategic intent. Australia and India now have annual summits, ministerial dialogues, defence and maritime arrangements, Australia-India Economic Cooperation and Trade Agreement (ECTA)², research funds, education partnerships and growing technology cooperation. The institutional foundations are stronger than at any previous point. The Melbourne summit added further substance. Through the Joint Declaration on Defence and Security Cooperation, both governments committed to consult on Indo-Pacific developments affecting shared interests, increase the complexity of military exercises, deepen information-sharing and interoperability, and expand aircraft deployments from each other's territory.³ This does not amount to an alliance. It creates no mutual-defence

² Department of Foreign Affairs and Trade, "Australia-India Economic Cooperation and Trade Agreement", accessed 10 June 2026, <https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta>

³ Prime Minister of Australia, "Australia-India Joint Declaration on Defence and Security Cooperation (2026)", accessed 10 July 2026, <https://www.pm.gov.au/media/australia-india-joint-declaration-defence-security-cooperation>

obligation and no automatic response in a crisis. But it goes beyond the familiar language of strategic partnership by setting clearer expectations for consultation and practical cooperation.

Australia's 2026 National Defence Strategy calls for greater self-reliance pursued through stronger and more diverse partnerships. Within this approach, Australia identifies India as a “top-tier security partner” and places particular importance on cooperation in the Northeast Indian Ocean.⁴ India, however, approaches its maritime interests through a broader, layered outlook extending from its immediate neighbourhood across the Indian Ocean to the wider Indo-Pacific, while retaining the flexibility to assign different weight to each theatre. The Indian Maritime Doctrine 2025 reinforces this interpretation by replacing the earlier primary–secondary hierarchy with an outward geographic framework encompassing India, the Indian Ocean Region and the Indo-Pacific, and by embedding the roles of “Preferred Security Partner” and “First Responder” in India's engagement with Indian Ocean littoral states.⁵ Australia fits within this framework as an important partner in the eastern Indian Ocean, where the two countries' interests increasingly converge around maritime domain awareness, undersea awareness, search and rescue, and the security of critical sea lanes.

The economic relationship reflects a similar pattern, with agreements and political commitment advancing more rapidly than investment, technology commercialisation and project delivery. Discussions highlighted that, despite a broad and growing technology partnership, the next phase of cooperation must move beyond cost arbitrage towards genuine co-innovation, with both countries jointly developing and commercialising next-generation technologies. Participants pointed to the strong foundations already in place, including two decades of collaboration through the Australia–India Strategic Research Fund⁶, which has supported more than ninety joint research projects backed by over \$100 million in combined investment.⁷ Emerging initiatives such as the Quad's cooperation on critical and emerging technologies and cybersecurity, and the Australia–Canada–India Technology and Innovation Partnership⁸, were also identified as important mechanisms for deepening collaboration. The growing

4 Department of Defence, “2026 National Defence Strategy”, accessed 20 June 2026, <https://www.defence.gov.au/about/strategic-planning/2026-national-defence-strategy-2026-integrated-investment-program>

5 Abhay Kumar Singh, R. Vignesh (2026), “Indian Maritime Doctrine 2025: An Assessment”, MP-IDSA Issue Brief, accessed 10 June 2026, <https://idsa.in/publisher/issuebrief/indian-maritime-doctrine-2025-an-assessment#:~:text=India's%20Maritime%20Doctrine%202025%20doctrine,integration%20across%20the%20armed%20forces.>

6 The Australia–India Strategic Research Fund is a bilateral funding programme that supports collaborative, strategically focused science and technology research between Australian and Indian institutions, including joint projects and reciprocal researcher fellowships, with an emphasis on research application and commercialisation. (See, <https://www.industry.gov.au/science-technology-and-innovation/international-collaboration/australia-india-strategic-research-fund>)

7 Ministers for the Department of Industry, Science and Resources, “The Honourable Dr. Andrew Charlton MP remarks at the Australia-India Track 1.5 Strategic Dialogue”, accessed 12 June 2026, <https://www.minister.industry.gov.au/charlton/media/australia-india-track-15-strategic-dialogue#:~:text=This%20year%20marks%20the%2020th,spanning%20clean%20energy%20and%20biotech.>

8 Department of Industry, Science and Resources, “Australia, Canada and India to strengthen ties on AI and emerging tech”, accessed 12 June 2026, <https://www.industry.gov.au/news/australia-canada-and-india-strengthen-ties-ai-and-emerging-tech>

Indian diaspora in Australia, now the country's largest overseas-born community⁹, alongside two-way trade in goods and services valued at A\$50.2 billion in 2025 and India's position as Australia's fifth-largest trading partner¹⁰, further demonstrates the increasingly strategic character of the bilateral relationship and the opportunity to translate these strengths into more substantive economic and technological outcomes.

The challenge, then, is no longer to demonstrate that Australia and India have complementary interests. It is to build a partnership that turns those interests into decisions, projects and cooperation that recurs by habit rather than by occasion.



FROM THE DIALOGUE

Across the two public sessions and the concluding closed-door discussion, a consistent picture emerged of a relationship that has acquired substantial political and strategic weight but is still defining what that convergence should produce in practice. The discussions examined the different strategic traditions each country brings to the partnership, the areas in which cooperation can create genuine mutual stakes, and the obstacles that continue to separate political ambition from practical outcomes.

9 Max Aldred, "India born residents make up Australia's largest foreign-born population for first time", News24, published April 26 2026, accessed 14 June 2026, <https://www.news24.com.au/lifestyle/trending/indianborn-residents-make-up-australias-largest-foreignborn-population-for-first-time/news-story/d8c117c1ef0bd407a3e5fa02a71415fa>

10 Department of Foreign Affairs and Trade, "India country brief", accessed 14 June 2026, <https://www.dfat.gov.au/geo/india/india-country-brief>

Two strategic traditions, one partnership

Strategic autonomy should not be interpreted as hesitation or distance from Australia. Rather, it reflects India's historical experience of operating in an international system whose institutions and rules have not always accommodated its interests. What is often characterised elsewhere as hedging or fragmentation can, from India's perspective, represent the preservation of strategic autonomy and the pursuit of pragmatic cooperation across diverse relationships.

These strategic traditions are not incompatible. In practice, dialogue participants saw this to mean Australia would not expect India to become an ally or align on every international issue, and similarly India would not expect Australia to change its alliance settings. The emerging view at the Dialogue was that each side increasingly recognises the other's strategic identity as a foundation for cooperation rather than an impediment to it.

This dynamic also explains differences in bilateral rhetoric. Australia may describe India as a key defence partner within a defined maritime theatre, while India is less inclined to frame Australia in equivalent terms. The strength of the relationship lies not in rhetorical symmetry, but in the ability to build enduring habits of consultation, practical cooperation and institutional engagement that remain resilient through political change, external pressures and regional crises. The objective is not to eliminate the natural limits of the partnership, but to steadily expand the space for meaningful cooperation.

Building mutual stakes through economic and technological cooperation

A central conclusion was that the relationship works not because it demands little, but because it is grounded in what each side can credibly offer. For Australia, cooperation with India enhances strategic reach, maritime awareness and regional influence across the Indian Ocean. For India, Australia provides advanced technological and defence capabilities, abundant energy and critical mineral resources, and a politically stable partner with which it has no territorial disputes. Australia strengthens its network of capable regional partners, while India preserves strategic flexibility by ensuring that no single partnership becomes indispensable.

The same logic applies to the economic relationship. The next phase should move beyond political goodwill and expanding trade towards greater reciprocity and deeper mutual economic stakes. Australian institutional capital should have a stronger interest in India's long-term growth, while Indian investment, technology and industrial capabilities should contribute more directly to Australia's economic future. In this sense, increasing two-way investment is not merely a commercial objective but a means of embedding the partnership more firmly within both economies.

Technology offers a particularly strong bridge between strategic and economic cooperation. Rather than pursuing an overly broad agenda, collaboration should focus on

areas where the two countries possess genuinely complementary strengths. Australian research, innovation and regulatory expertise can be combined with India's talent, industrial capacity and market scale in fields such as artificial intelligence, quantum technologies, cybersecurity, trusted digital systems and clean energy. The opportunity lies not only in sharing technological capabilities, but in jointly developing, adapting and commercialising them for domestic markets and wider regional application.

The Indian diaspora in Australia further strengthens this partnership. Its contribution increasingly extends beyond cultural and social connections to entrepreneurship, investment, market knowledge and technology commercialisation. While governments can provide the institutional framework for cooperation, the long-term success of the relationship will ultimately depend on whether businesses, researchers and innovators can translate these opportunities into enduring partnerships across both economies.

Convergence does not erase geographic and strategic differences

Greater strategic convergence does not eliminate differences in geography, threat perception or strategic priorities. Australia and India do not always define the Indo-Pacific in the same way or assign equal importance to particular maritime theatres.

Australia's strategic focus is concentrated on the Indo-Pacific, including the Pacific, Southeast Asia and the Indian Ocean region. From a maritime lens this includes the Northeast Indian Ocean, including the Bay of Bengal, the approaches to the Andaman Islands and the sea lanes linking the Indian and Pacific Oceans. India also places increasing importance on this region but must balance it alongside priorities in the Arabian Sea, the western Indian Ocean, its continental borders and China's expanding regional presence. Differences may also emerge in approaches to maritime law, sovereignty, freedom of navigation and responses to specific contingencies.

These differences reinforce the importance of sustained strategic consultation. A clearer understanding of how each country assesses regional risks, identifies critical maritime infrastructure and trade routes, and defines its potential contributions during periods of disruption can improve predictability and coordination without creating expectations of automatic alignment or intervention.

The Indian Ocean nevertheless remains the strongest geographic foundation for deeper cooperation. Australia has significant trade, naval, resource and search-and-rescue interests across the region, while India's maritime approach combines domestic capacity-building through the Sagarmala Programme¹¹ with a wider regional

¹¹ Launched in 2015, India's Sagarmala Programme is the Ministry of Ports, Shipping and Waterways' flagship initiative for port-led development. It aims to modernise ports, improve port-hinterland connectivity, expand coastal shipping and inland waterways, and support coastal economic development while reducing logistics costs. (See, <https://shipmin.gov.in/en/division/sagarmala>)

vision articulated through SAGAR¹² and, since 2025, MAHASAGAR¹³. The Indo-Pacific Oceans Initiative¹⁴ provides a practical framework for translating this vision into cooperation with regional partners across maritime security, ecology, disaster resilience, connectivity and capacity-building. Australia fits naturally within this framework: the two countries have committed to developing the initiative together and are already cooperating on maritime ecology, marine pollution and the sustainable management of ocean resources.¹⁵ This provides a broader basis for collaboration in maritime domain awareness, humanitarian assistance and disaster response, critical infrastructure protection, connectivity, and support for regional partners in strengthening maritime governance and capacity. Such efforts should respond to regional priorities and be pursued jointly, in parallel or through coordinated contributions, depending on which approach is most effective.

Economic security as strategic policy

Economic and strategic priorities can no longer be pursued in isolation. Energy routes, tariffs, export controls, constraints on access to and transfer of technology, critical-mineral dependencies and concentrated supply chains increasingly shape national security, economic resilience and strategic autonomy.

Both Australia and India are diversifying their trade and investment partnerships and reducing concentration across critical supply chains for strategic as well as commercial reasons. Australia is seeking to broaden its export markets, while India is expanding access to energy, critical minerals, technology and industrial inputs to strengthen security of supply. Critical minerals, clean energy, digital infrastructure and resilient supply chains therefore sit at the centre of a shared economic-security agenda.

These vulnerabilities are closely connected. Disruptions to maritime trade can raise energy costs, constrain industrial production and impede wider commerce; technology restrictions can delay infrastructure development and manufacturing; and concentrated mineral supply chains can create dependencies across defence and clean-energy industries. Addressing them requires an integrated economic-security approach that recognises how risks in one sector can quickly spill into others.

12 Announced by India in 2015, SAGAR—Security and Growth for All in the Region—is a vision for advancing maritime security, connectivity, capacity-building and shared prosperity with countries across the Indian Ocean region.

13 Introduced in March 2025, MAHASAGAR—Mutual and Holistic Advancement for Security and Growth Across Regions—broadens the SAGAR vision to India's engagement with the wider Global South, encompassing trade, development, capacity-building, mutual security, technology-sharing and concessional finance.

14 Announced by India at the East Asia Summit in 2019, the Indo-Pacific Oceans Initiative is a partner-led framework for practical maritime cooperation across seven areas: maritime security; maritime ecology; marine resources; capacity-building and resource-sharing; disaster-risk reduction; science and technology; and trade, connectivity and maritime transport.

15 Department of Foreign Affairs and Trade, “Joint Declaration on a Shared Vision for Maritime Cooperation in the Indo-Pacific Between the Republic of India and the Government of Australia”, accessed 15 June 2026, <https://www.dfat.gov.au/geo/india/joint-declaration-shared-vision-maritime-cooperation-indo-pacific-between-republic-india-and-government-australia>

Middle powers and flexible regional cooperation

Australia and India are influential regional powers with expanding roles but finite resources. Neither can shape regional outcomes alone, and neither seeks to organise its strategic choices solely around competition between the United States and China. Both share an interest in preserving the capacity of regional countries to exercise strategic autonomy, diversify their partnerships and play a greater role in shaping the rules and institutions that affect them.

The Quad provides an important platform for cooperation on maritime security, technology, critical minerals and resilient supply chains. Yet initiatives requiring several governments to participate equally in design, financing and implementation can be difficult to sustain. In many cases, coordinated action—where partners make complementary contributions towards a shared objective—may prove more practical than fully integrated projects.

This points to a flexible division of labour in regional cooperation. Australia can draw on its established relationships and development partnerships in the Pacific, while India can contribute technological capability, economic scale and regional influence across South Asia and the wider Indian Ocean. Targeted trilateral cooperation with partners such as Indonesia or Japan can provide a practical bridge between bilateral initiatives and broader regional frameworks.

Minilateral arrangements should complement rather than replace wider multilateral institutions. Smaller groupings can advance cooperation on specific priorities, while broader institutions remain essential for legitimacy, inclusivity and regional representation. Australia and India also share an interest in reforming and strengthening international institutions so that middle powers and developing countries have a greater role in shaping global rules and governance.

Implementation depends on more than national governments

Political momentum has advanced more rapidly than the capacity to convert it into sustained outcomes. Australia and India have built a substantial architecture of summits, dialogues, agreements and roadmaps. The priority now is to turn that framework into long-term investment, commercially viable projects and cooperation that continues beyond individual meetings or political announcements.

Opportunities across two-way investment, technology, energy security, critical minerals and regional cooperation will require more than new initiatives. Projects also need clear pathways for addressing regulatory delays, financing constraints, commercial disagreements and coordination failures as they arise.

This places greater responsibility on institutions beyond national governments. States and territories, Indian state governments, regulators, businesses, universities, investors and local organisations should be involved early in the design and delivery of bilateral initiatives. Business leaders and experienced practitioners can help firms navigate

regulatory systems and market conditions, while stronger subnational engagement can connect national priorities with the distinct industries, capabilities and investment opportunities found across both countries.

THE WAY FORWARD

The next phase of Australia–India strategic cooperation should focus on deepening areas of convergence while recognising the distinct strategic traditions and priorities of each country. The partnership will be strongest when regular consultation builds familiarity and trust without constraining independent decision-making. Its value lies in improving mutual understanding, identifying shared vulnerabilities and enabling coordination where interests and capabilities genuinely align.

The Indian Ocean should remain the primary geographic focus for this cooperation. Greater integration across maritime domain awareness, economic security, critical infrastructure protection and regional resilience offers significant opportunities, while acknowledging that Australia and India will not always assign the same priority to every theatre or contingency. Bilateral and minilateral initiatives can also serve as practical testing grounds for new models of cooperation before they are expanded through broader regional frameworks. Depending on the issue, cooperation may be most effective through joint implementation, parallel initiatives or coordinated contributions that reflect the comparative strengths of each partner.

Over time, the maturity of the partnership should be measured less by increasingly ambitious declarations than by greater predictability, institutional familiarity and practical cooperation. Stronger consultation mechanisms, a shared understanding of economic and maritime vulnerabilities, and a demonstrated ability to respond to regional priorities will provide the relationship with greater strategic depth while preserving the independence and flexibility that underpin cooperation between the two countries.



TRADE

TRADE, MARKET ACCESS AND THE NEXT PHASE OF ECONOMIC INTEGRATION



KEY RECOMMENDATIONS

- **Commission a comprehensive assessment.**
Quantify the economy-wide and sectoral gains from deeper trade and investment integration to support CECA negotiations and identify priority areas for future cooperation.
- **Establish dedicated investment-facilitation focal points.**
Coordinate approvals, address administrative delays and provide clear escalation pathways for resolving inter-agency barriers affecting major bilateral investments.
- **Prioritise a limited number of sectoral commercial pathways.**
Focus government and industry effort where demand, capability and investor interest already intersect, including steel decarbonisation, critical-mineral processing, agricultural technology, digital infrastructure and research-linked education.
- **Identify anchor firms and build supplier ecosystems around them.**
Use lead investors to attract suppliers, technology partners and service providers, translating commercial interest into scalable projects and more durable value chains.
- **Develop sector-specific market-access tools for exporters.**
Provide practical guidance on standards, approvals and compliance requirements, including agricultural maximum residue limits (MRLs) and Australia's regulatory pathways for pharmaceutical products.
- **Build industrial technology partnerships and define value-chain models early.**
Use licensing, co-development and localisation partnerships to bring tier-one and tier-two suppliers into manufacturing value chains, while determining at the outset whether critical-minerals projects should focus on upstream resources, processing or downstream production.
- **Broaden strategic supply-chain planning beyond headline critical minerals.**
Include essential industrial inputs exposed to disruption, such as sulphur, helium and copper, alongside minerals and commodities central to clean-energy and industrial production.

- **Connect education, research, qualifications recognition and professional mobility.**
Expand joint programmes, mutual grants, recognition pathways and two-way temporary mobility so students, researchers and specialised professionals can contribute more directly to employment, innovation and commercial collaboration.

CURRENT LANDSCAPE

Trade between India and Australia has expanded steadily under the ECTA, which entered into force on 29 December 2022. The agreement has progressively liberalised bilateral trade, with over 85 per cent of Australian goods exports to India now tariff-free, rising to 90 per cent from 1 January 2026, while all imports from India into Australia are duty-free.¹⁶

Two-way trade

\$54.4bn

FY2024-25;
\$50.2bn in CY2025

Australia exports
to India

\$32bn

vs \$18bn imports,
CY2025

KABIL Argentina
blocks

5 blocks

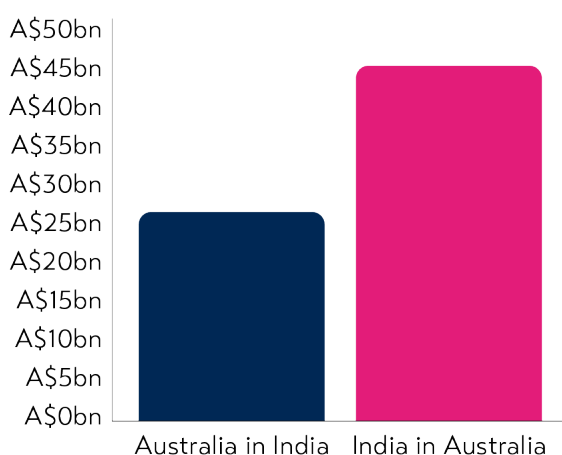
15,703 hectares of
lithium brine

India steel
capacity, now

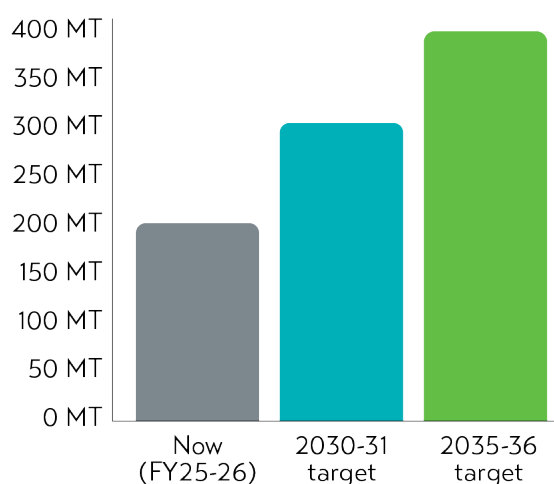
~220 MTPA

FY2025-26

Investment stock, end of 2025 (AUD bn)



India crude steel capacity target (MTPA)



Source: DFAT (n.d.-c, India country brief); ABS (2026, International trade supplementary information); PIB (2025a, 2026b).

¹⁶ Department of Foreign Affairs and Trade, “Australia-India Economic Cooperation and Trade Agreement (ECTA),” 2026, <https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta>.

ECTA also eliminated tariffs on more than 90 per cent of Australia's exports to India by value, including immediate duty-free access for critical minerals such as manganese, copper, nickel, cobalt, aluminium and tin ores.¹⁷ India is now Australia's fifth-largest trading partner, with two-way trade in goods and services valued at \$54.4 billion in FY2024–25.¹⁸ Indian government data similarly show bilateral trade reaching \$24.1 billion in FY2024–25, with India's exports to Australia growing by 8 per cent year-on-year and more than doubling since FY2020–21.¹⁹

Building on these gains, both governments are negotiating a Comprehensive Economic Cooperation Agreement (CECA) to broaden the economic relationship beyond the existing tariff commitments under ECTA. The Dialogue highlighted that a stronger agreement—particularly on investment, services and professional mobility—will need to be accompanied by practical action on regulatory barriers, investment facilitation and business awareness if improved market access is to generate commercial outcomes at scale.



17 Department of Foreign Affairs and Trade, “Australia-India ECTA Benefits for Australian Goods Exporters”, accessed July 2, 2026, <https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-benefits-australian-goods-exporters>

18 Department of Foreign Affairs and Trade, “Australia-India Comprehensive Economic Cooperation Agreement (CECA)”, accessed July 2, 2026, <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-comprehensive-economic-cooperation-agreement>.

19 Department of Foreign Affairs and Trade, “Australia-India Economic Cooperation and Trade Agreement (ECTA),” n.17.

FROM THE DIALOGUE

Trade, Market Access and the Next Phase of Economic Integration

Bilateral trade between Australia and India has grown substantially, reaching A\$54.4 billion in goods and services in FY2024–25 and making India Australia's fifth-largest trading partner.²⁰ Recent growth has also broadened beyond traditional resource exports. Between 2022 and 2025, Australian agricultural exports to India increased by 131 per cent, while industrial exports excluding coal rose by 70 per cent. Australian imports of Indian goods excluding refined petroleum increased by 31 per cent over the same period.²¹

ECTA has supported this expansion since entering into force on 29 December 2022. All eligible imports from India now enter Australia tariff-free. India eliminated tariffs on more than 85 per cent of Australian goods exports by value when the agreement commenced, with tariffs on a further 5 per cent being phased out over two, four or six years. On full implementation, tariffs will be eliminated or reduced on more than 90 per cent of Australian goods exports to India by value.²²

The expanding economic relationship is supported by Australia's growing diplomatic presence in India, which now matches its footprint in China following the opening of consulates-general in Kolkata and Bengaluru in 2023.²³ India has similarly strengthened its engagement through more frequent high-level political exchanges and stronger institutional mechanisms for cooperation.

To realise the partnership's full potential, CECA will need to go beyond tariff liberalisation by incorporating a robust investment chapter that provides greater certainty, investor protections and dispute resolution mechanisms. Combined with flagship bilateral investment projects, this would help mobilise capital, deepen supply chain integration and close the gap between commercial interest and investment. A comprehensive economic assessment could further quantify the gains from deeper integration and help identify the policy and sectoral reforms needed to support the bilateral ambition of increasing two-way trade to A\$100 billion by 2030.²⁴ This assessment should be jointly commissioned by the two governments through their lead trade agencies, with support from relevant foreign affairs, economic-modelling and statistical bodies.

²⁰ Department of Foreign Affairs and Trade, "Australia-India Comprehensive Economic Cooperation Agreement (CECA)", n.19.

²¹ Department of Foreign Affairs and Trade, "India country brief", n.10.

²² Department of Foreign Affairs and Trade, "Australia-India ECTA Benefits for Australia", accessed 17 June 2026, <https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-benefits-australia-overview>

²³ Speech by the Hon. Tim Watts at Indian Ocean Roundtable hosted by Perth USAsia Centre, published September 5 2024, accessed 2 August 2026, <https://ministers.dfat.gov.au/minister/tim-watts/speech/indian-ocean-roundtable-remarks-perth-usasia-centre>

²⁴ Remarks by Senator the Hon Don Farrell at Press Conference Government House, Adelaide, published September 25 2024, accessed 2 August 2026, <https://www.trademinister.gov.au/minister/don-farrell/transcript/press-conference-government-house-adelaide>

At the same time, the relationship should not depend on CECA alone. Many of the barriers businesses face including regulatory processes, administrative procedures, approval timelines and inter-agency coordination, are operational rather than treaty-level issues and can be addressed through executive action, such as dedicated focal points or investment facilitation offices.

Operationalising FTAs for Commercial Outcomes

Participants noted that India's export profile is becoming more diversified and increasingly oriented towards higher-value manufactured goods, particularly automotive components, engineering products and electronics. Official data support this broader trend: electronics rose from India's seventh-largest export category in FY2021–22 to its third-largest and fastest-growing in FY2024–25.²⁵

The discussion also suggested that export-oriented investors increasingly consider India's network of trade agreements when making investment, production and sourcing decisions, with firms such as Apple, Walmart and Amazon cited as examples. This was presented as an emerging commercial trend rather than a direct causal relationship between individual investments and particular agreements.

Participants viewed ECTA as an important confidence-building step in India's broader shift towards more ambitious trade agreements. This assessment is consistent with subsequent developments. India has brought agreements with EFTA, Oman and the United Kingdom into force, signed an FTA with New Zealand, concluded negotiations with the European Union and reached a framework for an interim trade agreement with the United States. Negotiations are also continuing with partners including Canada and Chile, while India and Mercosur have agreed to pursue a substantial expansion of their existing preferential trade agreement.²⁶

The Dialogue further highlighted that this newer generation of agreements is valued not only for export market access, but also for investment, services, professional mobility and access to competitively priced intermediate inputs. The India–New Zealand FTA, for example, includes duty-free access for selected manufacturing inputs intended to strengthen industrial competitiveness and supply-chain resilience.²⁷

Turning these agreements into commercial outcomes remains the greater challenge. FTAs create the enabling framework, but success depends on identifying anchor firms early, building supplier ecosystems around them, and improving industry awareness of how to use trade agreements. Many businesses still have only a limited understanding

25 PIB, "Driving India's Electronics Future", published on October 27 2025, accessed August 5 2026, <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2183028®=48&lang=2#:~:text=7%20projects%20approved%20under%20ECMS,category%20in%20FY%202024%2D25>.

26 PIB, "Government Expands FTA's Export Promotion Measures to Diversify Export Markets", published on July 21 2026, accessed August 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2287009®=48&lang=2>

27 PIB, "Union Minister of Commerce and Industry Shri Piyush Goyal and New Zealand's Minister for Trade and Investment Hon. Todd McClay sign the landmark India-New Zealand Free Trade Agreement", accessed on August 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2255914®=3&lang=2>

of the practical requirements of trading with Australia, a gap made more significant by renewed tariffs and geopolitical tensions.

India's growing focus on commodity security adds a further dimension to the bilateral relationship. In January 2026, the Indian government designated coking coal as a critical and strategic mineral, recognising its importance to mineral security and the domestic steel industry.²⁸ For Australia and India, this broadens the critical-minerals agenda beyond battery materials and rare earths to include a commodity already central to bilateral trade.

The Dialogue linked this development to the rapid expansion of India's steel sector. India's crude-steel-making capacity reached approximately 220 million tonnes in FY2025–26, with official targets of 300 million tonnes by 2030 and 400 million tonnes by 2035. Limited availability of suitable domestic coking coal means that imports will remain important even as India seeks to expand domestic production and diversify its sources of supply. Indian steel producers already procure metallurgical coal through long-term arrangements with suppliers including Australia, the United States, Indonesia and Mozambique.²⁹

Trade agreements can support this strategy by reducing the cost of imported industrial inputs and improving access to partner markets for downstream products. The Dialogue nevertheless emphasised that tariff preferences alone will not unlock investment: non-tariff barriers, inconsistent standards and difficulties in structuring commercially viable transactions remain significant constraints. It also heard that more than 50 commercial leads involving Indian public-sector enterprises and conglomerates were being pursued across critical minerals and rare earths. The long-established Australia–India coking-coal relationship, supported by long-term supply arrangements, was cited as a potential model for building partnerships in other commodity sectors.

Supply chains, compliance and energy technologies offer particularly strong opportunities for deeper cooperation. Achieving commercial scale will require engaging tier-one and tier-two suppliers as technology partners, strengthening governance and intellectual-property protection, and improving awareness of relevant Indian policy instruments and institutions, including the Production Linked Incentive schemes³⁰, the Research, Development and Innovation Fund³¹ and the Anusandhan National Research

28 Government of India, Ministry of Coal, "Government Notifies Coking Coal as Critical & Strategic Mineral under MMDR Act, 1957," Press Information Bureau, 29 January 2026, [https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219947®=3&lang=1#:~:text=As%20part%20of%20ongoing%20structural,%2C%201957%20\(MMDR%20Act\).](https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219947®=3&lang=1#:~:text=As%20part%20of%20ongoing%20structural,%2C%201957%20(MMDR%20Act).)

29 Government of India, Ministry of Steel, "Ministry of Steel Holds High-Level Interactive Session with Global Diplomats Ahead of 'Bharat Steel 2026'," Press Information Bureau, 2 March 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2234805®=48&lang=2>

30 India's Production Linked Incentive schemes provide performance-based incentives to expand domestic manufacturing, attract investment and strengthen production capacity across designated strategic sectors. (See, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2230621®=3&lang=1>)

31 Approved in 2025 with a corpus of ₹1 lakh crore, India's RDI Fund provides long-term financing intended to encourage private-sector research, technology development and commercialisation in strategic and emerging sectors. It is administered through a special-purpose fund within the ANRF. (See, <https://dst.gov.in/anrf-executive-council-approves-major-decisions-regarding-operationalization-rdi-fund>)

Foundation³². Licensing, co-development and localisation partnerships can broaden access to technology, integrate these suppliers into manufacturing value chains and accelerate adoption.

Mutual grant programmes and greater recognition of professional qualifications and university programmes would further strengthen workforce development, although greater standardisation is needed before these benefits can be realised across a wider range of sectors.

Participants noted that around 1,200 Australian companies had undertaken export-related transactions with India in the previous year, while at least 150 maintained a physical presence in the market. They also highlighted commercial linkages that often attract little public attention, citing the reported use of Heat and Control equipment in Haldiram's production systems, Callington aviation-maintenance products across IndiGo's fleet, and Australian technology in Indian airport infrastructure. Brisbane-based Heat and Control has operated in India since 2006, combining Australian engineering and components with manufacturing at its Chennai facility.³³ Australian-owned Callington also operates in India and supplies aviation-maintenance products to more than 150 airlines globally.³⁴ Together, these examples illustrate growing Australian interest in expanding local operations, building technical partnerships and aligning with the Make in India initiative.

Industry Champions and Key Sectors

Apple's expansion of manufacturing in India illustrates how an anchor investment can help deepen an industrial ecosystem. Since beginning iPhone production in India in 2017, the company has worked with a growing network of assemblers and component suppliers, including Taiwanese manufacturers such as Foxconn, Wistron and Pegatron.³⁵ This expansion, alongside wider investments by component manufacturers such as Corning, has strengthened India's domestic electronics capabilities and its integration into global value chains.³⁶

32 Established under the ANRF Act 2023, the Foundation is India's apex body for promoting research and innovation across universities, research institutions and laboratories, with a particular emphasis on collaboration among government, academia and industry. (See, <https://dst.gov.in/anusandhan-national-research-foundation-anrf>)

33 Australian Trade and Investment Commission, "Australian engineering and Indian manufacturing a recipe for global exports," published July 10 2024, accessed 5 August 2026, <https://www.austrade.gov.au/en/news-and-analysis/news/australian-engineering-and-indian-manufacturing-a-recipe-for-global-exports>

34 "Australian Businesses make a mark in India's aviation and aerospace industries", Ticker News, published on April 10 2025, accessed August 5 2026, <https://tickernews.co/australian-businesses-make-a-mark-in-indias-aviation-and-aerospace-industries/>

35 "Apple celebrates more than 25 years in India", <https://www.apple.com/in/newsroom/2023/04/apple-celebrates-more-than-25-years-in-india/#:~:text=This%20week%2C%20as%20Apple%20celebrates,growing%20community%20of%20Indian%20developers.>

36 PIB, "Union Minister Shri Ashwini Vaishnav inaugurates India's first Tempered Glass Manufacturing Facility for Mobile Devices at Noida", published August 30 2025, accessed August 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2162217®=48&lang=2>

This also raises the question of which firms in India and Australia are likely to emerge as champions pursuing early pathfinder projects. Both countries lack corporations of Apple's scale to reshape supply chains independently, so the opportunity instead lies in leveraging complementary strengths in niche sectors and partnering with trusted players such as Japan to integrate into specific segments of global value chains.

Sector-specific barriers also need attention. Many Indian companies find exporting agricultural products to Australia too cumbersome largely because they do not understand what compliance measures, such as MRL levels for pesticides, actually involve; explaining these requirements is central to closing the gap. Pharma tells a similar story. India has significant potential to export generics to Australia but needs to meet Australian regulatory requirements, and the industry does not always see why market access that exists elsewhere in the world should not extend to Australia too.

The services embedded in manufactured products are also often overlooked. Maintenance, logistics, software, technical support and professional expertise can create enduring commercial linkages beyond the initial sale. Strengthening this services dimension would deepen the relationship across a wider range of firms and value chains.

Taken together, these examples suggest that the next phase of economic cooperation is unlikely to be driven by a single transformative investment or sector. It will instead depend on a portfolio of focused partnerships that connect Australian resources, technology, education and services with Indian demand, manufacturing capacity, talent and market scale. Steel and critical minerals, agricultural technology, education and skills, digital infrastructure, space and clean energy offer some of the clearest pathways for translating these complementarities into commercial outcomes.

Steel, Industrial Growth and Decarbonisation

Steel is one of the clearest areas of Australia–India economic complementarity. India's crude-steelmaking capacity reached approximately 220 million tonnes in FY2025–26, with official targets of 300 million tonnes by 2030³⁷ and 400 million tonnes by 2035³⁸. This expansion will sustain strong demand for imported coking coal. Australia remains India's largest supplier, accounting for approximately 43 per cent of its coking-coal imports in FY2024–25.³⁹ Official Indian data record imports of 24.584 million tonnes from Australia, equivalent to 42.70 per cent of the total.⁴⁰

Decarbonising this growth will be a major challenge. India's green-steel roadmap identifies energy efficiency, renewable energy, greater scrap use, green hydrogen and

37 PIB, "India's Steel Output Sustains Growth in May 2026", published June 4 2026, accessed August 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2268816®=48&lang=1#:~:text=Crude%20steel%20production%20reached%2014.21,2026%2C%20up%207.7%25%20YoY.>

38 PIB, "Ministry of Steel holds high level Interactive Session with Global Diplomats Ahead of 'Bharat Steel 2026'", published March 2 2026, August 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2234805®=48&lang=2>

39 Ministry of Coal, Koyla Shakti Dashboard, <https://koylashakti.coal.gov.in/coaldashboard/landing>

40 Government of India, Ministry of Coal, "Coal Directory of India 2024-25", https://www.coalcontroller.gov.in/files/annual_coal_directories_document/coal-directory-2024-25.pdf

carbon capture, utilisation and storage (CCUS) as important transition pathways.⁴¹ The 2026–27 Union Budget also proposed ₹20,000 crore over five years to advance CCUS technologies across steel and other hard-to-abate industries.⁴² Australia can support this transition through metallurgical inputs, research collaboration and technology partnerships in low-carbon steelmaking.

Critical Minerals, Mining Investment and Processing

Beyond steel, recent disruptions have highlighted the strategic importance of essential inputs such as sulphur, helium and copper. Copper demand is set to rise sharply with the energy transition, even as supply and processing remain concentrated in a few countries. This underscores the need for resilient supply chains for these materials, not only headline critical minerals, through coordinated government support, long-term procurement, and cooperation under frameworks such as the Quad.

India has abundant resources and strong demand but relatively few globally competitive mining companies. This creates opportunities for Australia, whose strength extends beyond mineral endowments. India's new Rare Earth Permanent Magnet manufacturing scheme⁴³ creates a stronger incentive for Indian manufacturers to secure reliable rare-earth feedstock, including through partnerships with Australian suppliers. The scheme provides sales-linked incentives and capital support to establish an integrated value chain from rare-earth oxides to finished magnets. In the battery sector, Indian materials producer Himadri Speciality Chemical has invested in New South Wales-based Sicona Battery Technologies and licensed its SiC_x silicon-carbon anode technology for production in India at commercial scale.⁴⁴

Three factors are critical for success. First, appointing advisers early to narrow the valuation gap that often prevents deals; second, establishing credibility to access non-public sale processes; and, third, for battery minerals, deciding early whether to integrate upstream or downstream in processing, a choice that often determines whether a transaction proceeds.

Indian companies have established a growing investment presence in Australia's resources sector. NMDC has pursued this principally through its majority-owned Australian subsidiary, Legacy Iron Ore, which has entered into joint ventures with Hancock Prospecting at the Mt Bevan project covering magnetite iron ore and the

41 Ministry of Steel, Green Steel Initiative, <https://steel.gov.in/green-steel-initiative>

42 PIB, "Budget 2026-27 Proposes Three New Chemical Parks", published February 1 2026, accessed August 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2221676®=48&lang=2#:~:text=Carbon%20Capture%20Utilization%20and%20Storage,rupees%20to%20help%20Chemicals%20Sector&text=In%20the%20Union%20Budget%2C%20tabled,plug%2Dand%2Dplay%20model>.

43 PIB, "Ministry of Heavy Industries Extends bid submission timeline for global tender under scheme to promote manufacturing of Sintered Rare Earth Permanent Magnet (RPEM Scheme)", published on July 29 2026, accessed August 6 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2291188®=48&lang=2>

44 "Sicona signs \$15 million licensing agreement with Indian chemical giant", pv Magazine, published on May 22 2025, accessed August 6 2026, <https://www.pv-magazine-australia.com/2025/05/22/sicona-signs-15-million-licensing-agreement-with-indian-chemical-giant/>

exploration and development of lithium and other minerals.⁴⁵ Tata Steel was an early Indian investor, acquiring a 5 per cent interest in Queensland's Carborough Downs coking-coal project in 2005, together with associated offtake rights.⁴⁶

The Dialogue participants also compared different Asian investment models. Japanese firms were described as generally favouring minority stakes, joint ventures and long-term offtake, while Korean investors have often used public-private consortiums. For Indian firms, the key choice is how best to balance equity ownership, supply security, risk-sharing and operational control.

Ag Tech and collaboration opportunities

Ag tech is a particular area of Australian comparative advantage, offering capabilities that can support India as it looks to move its agricultural sector to a higher technology phase. Despite being in opposite hemispheres, Australia and India share similar agricultural conditions, making Australian capabilities in areas such as water management directly applicable to India.

The Australian wool industry is pursuing opportunities to integrate Australian wool more deeply into India's textile and fashion value chains through manufacturing and product-development partnerships.⁴⁷ In ag tech specifically, Australian strengths in precision agriculture, logistics, cold storage, soil health and irrigation are all relevant to India, with technologies such as soil and crop sensors, drones, and satellite-based farm management in demand. Queensland-based Genics, for example, is expanding its pathogen-detection and biosecurity solutions in India, helping shrimp farmers identify disease early, protect stock and improve farm output.⁴⁸

Education Cooperation

Supply chains extend well beyond trading arrangements into a web of inputs, logistics, investment, skills, and information frameworks. Education is a critical part of this picture. Beyond the traditional recruitment relationship, there were 137,703 Indian students studying in Australia as of August 2025, making up approximately 17 per cent of Australia's international student cohort.⁴⁹ The education partnership now extends across more than 450 university and research collaborations, as well as dual and joint degrees,

45 "NDMC to explore Iron ore, critical mineral mining possibilities in Australia's Mt. Bevan", The Hindu Business Line, published July 2022, <https://hawthornresources.com/nmdc-to-explore-iron-ore-critical-mineral-mining-possibilities-in-australias-mt-bevan/>

46 "Tata Steel acquires stake in Australian Coal Mines", published on July 18 2005, <https://www.tatasteel.com/newsroom/press-releases/india/2005/tata-steel-acquires-stake-in-australian-coal-mines/#:~:text=Tata%20Steel%20today%20signed%20agreements,AMCI%20Australia%20Pty%20Ltd%2C%20Dr.>

47 "How Australian Wool Innovation Wove a New Market for India", <https://ausindcasesudies.newlandglobal.com/case-studies/woolmark>

48 Australian Trade and Investment Commission, "Genics: Giving Shrimp a clean bill of health in India", published November 6 2024, accessed August 6 2026, <https://www.austrade.gov.au/en/news-and-analysis/news/genics-giving-shrimp-a-clean-bill-of-health-in-india#:~:text=The%20Australian%20Government%20is%20helping,second%20largest%20shrimp%20producing%20market.&text=A%20shrimp%20pathogen%20detection%20system,and%20sustainability%20of%20their%20operations.>

49 Department of Foreign Affairs and Trade, "India country brief", n.10.

articulation arrangements and a growing number of Australian branch campuses in India.⁵⁰

A further area of focus is genuine partnership with India's skilling efforts, including work with large Indian conglomerates on scaling initiatives; participants also cited Australian education provider DSR Learning's partnership with Exio Tech to deliver cyber and data-related training in India as an example of industry-linked skills collaboration. India's skills gaps are being addressed by both central and state governments through specific interventions, and foreign players who succeed in this sector, not only Australian ones, have generally done so through targeted collaboration models rather than a direct-to-consumer approach, which tends not to work in this market.

Digital Infrastructure, Innovation and Research Collaboration

Linkages between Australian and Indian institutes can support R&D, data centres and global capability centres, deepening ties through professional mobility. India's smaller enterprises, particularly MSMEs and startups, already invest more in R&D relative to their size than larger firms. The EU–Australia Horizon Europe partnership⁵¹ offers a useful model for large-scale international research collaboration which could be replicated with India, moving beyond a relationship centred on Indian students and offshore campuses towards deeper joint ventures and co-investment.

The scale of these opportunities is underscored by India's rapidly expanding data-centre sector, with capacity projected by the Indian government to grow from around 1.5 GW to nearly 6.5 GW by 2030.⁵² This expansion will require significant energy innovation and water conservation. Australian expertise in data-centre development and water- and energy-efficient cooling is already being demonstrated at scale in Malaysia. Australian operators such as AirTrunk and NEXTDC⁵³ have made major investments in Malaysian digital infrastructure, while AirTrunk has deployed more than 20 MW of direct-to-chip liquid cooling at its Johor facility.⁵⁴ These capabilities could help India manage the significant energy and water requirements associated with its rapidly expanding data-centre sector.

50 "Deputy Prime Minister Richard Marles leads joint forum in India", University of Melbourne Newsroom, published June 5 2025, <https://www.unimelb.edu.au/newsroom/news/2025/june/deputy-prime-minister-richard-marles-leads-joint-forum-in-india>

51 Horizon Europe is the European Union's flagship research and innovation funding programme. Australia concluded negotiations in June 2026 to associate with Pillar II of the programme from 2027, giving Australian researchers and organisations expanded opportunities to lead and participate in collaborative projects across areas including digital technologies, industry and space, climate and energy, health and agriculture.

52 Government of India, Ministry of Science and Technology, "One Lakh Engineering jobs expected from India's Expanding Data Centre Sector: Dr.Jitendra Singh", published May 22 2026, accessed August 6 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2264115®=48&lang=2>

53 "NEXTDC launches first official data center in Kuala Lumpur", CRN Asia, published May 15 2026, <https://www.crnasia.com/news/2026/data-center/nextdc-launches-first-overseas-data-center-in-kuala-lumpur>

54 "Australia's AirTrunk to invest \$3 billion in two new Malaysian data centres", Reuters, published April 30 2026, <https://www.reuters.com/world/asia-pacific/australias-airtrunk-invest-3-billion-two-new-malaysian-data-centers-2026-04-30/>

New South Wales offers a useful example as Indian states similarly compete to attract data-centre investment. The NSW Government's 2026 Data Centre Consultation Paper seeks to facilitate investment while promoting more sustainable use of energy, water and infrastructure, describing NSW as "amongst the most active jurisdictions for data centres globally."⁵⁵ With data-centre growth placing increasing demands on energy and water, NSW sees an opportunity to strengthen its position as a major digital-infrastructure hub. This is particularly relevant when compared with more resource-constrained markets such as Singapore, where the government has explicitly recognised the land, water and energy demands associated with data-centre expansion and adopted a Green Data Centre Roadmap to support more sustainable growth.⁵⁶ This also reflects the growing importance of data and other intangible products in trade, and the need to consider how transnational data flows can operate between trusted partners. NSW's existing MoU with Singapore on innovation and the green economy⁵⁷—including cooperation in technology—provides one model that could potentially be extended to India.

India's large technology workforce makes it an important partner in this equation, with its IT sector employing around six million people and drawing on one of the world's largest pools of software and STEM talent. NSW is meanwhile seeking to accelerate major data-centre and advanced-technology investments through mechanisms such as the Investment Delivery Authority (IDA), which is currently supporting 15 data-centre projects valued at A\$51.9 billion.⁵⁸ As participants noted during the Dialogue, in fast-moving technology sectors, delays in investment decisions can themselves become a constraint on competitiveness.

Technology, Space and Clean Energy Cooperation

Space is another area of proven cooperation, highlighted by Sydney hosting last year's International Astronautical Congress and by Indian firms partnering with Australia's space programme. Much of the opportunity lies in explaining the industry in everyday terms—financial transactions, mobile services and data use, rather than astronauts and rockets.

With both countries signatories to the Artemis Accords alongside the US, the question is how India and Australia can position themselves within trilateral arrangements, drawing on India's strengths in Earth observation, low-cost launch and satellite manufacturing and Australia's IT talent. Sydney-based Space Machines Company, headquartered in

55 NSW Government, "NSW Data Centre Consultation Paper, Infrastructure NSW", published March 2026, <https://www.infrastructure.nsw.gov.au/expert-advice/nsw-data-centre-consultation-paper/>

56 Infocomm Media Development Authority (Singapore), "Green Data Centre Roadmap", published May 2024, <https://www.imda.gov.sg/resources/press-releases-factsheets-and-speeches/press-releases/2024/sg-announces-green-data-centre-roadmap>

57 NSW Government, "NSW strengthens economic ties with Singapore through new Memorandum of Understanding", published October 7 2025, <https://www.nsw.gov.au/ministerial-releases/nsw-strengthens-economic-ties-singapore-through-new-memorandum-of-understanding>

58 NSW Government, "Projects supported by the Investment Delivery Authority", <https://www.nsw.gov.au/departments-and-agencies/investment-nsw/ida/projects-by-ida>

Botany, established an R&D hub in Bengaluru in 2019 and has built an Australia–India model spanning R&D, component manufacturing, satellite integration and orbital-servicing capabilities.⁵⁹ Q-CTRL has similarly expanded its engagement with India through partnerships supporting the development of quantum skills and capabilities.⁶⁰

Clean energy offers another area for deeper collaboration. India is targeting 500 GW of non-fossil-fuel electricity capacity by 2030, while the PM Surya Ghar scheme aims to provide rooftop solar to 10 million households by March 2027.⁶¹ Australia, already a world leader in rooftop solar, is rapidly expanding household storage, with more than 400,000 battery systems installed by mid-May 2026.⁶² Its experience integrating distributed solar and storage into the grid could therefore be valuable as India scales decentralised renewable energy. Australian firms are already participating in this transition: Energy Exemplar expanded its Indian workforce from five employees in 2018 to more than 300 by 2025, supporting utilities, regulators and renewable-energy developers through power-system modelling⁶³, while Hydro Tasmania subsidiary Entura is applying Australian pumped-hydro expertise to major Indian energy-storage projects.⁶⁴

Professional Mobility and the Global Competition for Talent

India's talent advantage in R&D raises the question of what Australia can offer on professional mobility relative to arrangements India already has with the UK, EU, Singapore and the UAE, particularly since genuine R&D co-creation requires people to move seamlessly. The recurring problem is that professional mobility continues to be misread as immigration, when it instead involves people delivering a service and returning home. This distinction needs to be made more clearly, as every time India raises the issue of skilled professionals entering another country, it is often perceived as a push for permanent migration rather than temporary service delivery.

Since jobs remain politically sensitive everywhere, even in countries facing demographic decline, the most effective framing for mobility agreements is around talent rather than migration. The battle for talent, amid shortages across major technologies, is only intensifying. No country can sustain strategic technological advantage without drawing on the global talent pool, of which India is one of the largest, especially as geopolitics narrows access to Chinese and Russian talent.

59 Space Machines Company, “Space MAITRI”, <https://www.spacemachines.com/missions/maitri>

60 “Q-CTRL Expands Presence in India with local reseller network to support Quantum Education Mission”, Q-CTRL, <https://q-ctrl.com/blog/q-ctrl-expands-presence-in-india-with-local-reseller-network-to-support-national-quantum-education-mission>

61 PIB, “Non-Fossil Fuel share in total installed power capacity”, published February 5 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2223720®=3&lang=2#:~:text=2025%20the%20total%20installed%20generation,of%20non%20fossil%20fuel%20sources>.

62 Australian Government, Clean Energy Regulator, “Record battery and solar growth reshaping energy grid”, published June 3 2026, <https://cer.gov.au/news-and-media/media/2026/june/record-battery-and-solar-growth-reshaping-energy-grid>

63 Team Energy Exemplar, “Powering India's clean Energy Future with Advanced Energy Modelling”, published April 30 2025, <https://www.energyexemplar.com/blog/powering-indias-clean-energy-future>

64 “Entura set to bring Australian pumped Hydro experience to major new energy storage project in India”, published June 16 2025, <https://entura.com.au/news/entura-set-to-bring-australian-pumped-hydro-experience-to-major-new-energy-storage-project-in-india/>

Quantum illustrates the difficulty of establishing genuine advantage in this competition. With numerous countries claiming top-five status, decisions on where to invest or work often depends more on business relationships than national rankings, compounded by the fact that Australia is not yet widely perceived as a technology hub, though this is changing. Talent remains central to the mobility debate. Once high-value talent begins to move, as seen in the US and Europe, it becomes politically easier to expand mobility more broadly.

Additionally, debate on R&D collaboration with India often focuses only on Indian talent moving into global capability centres or overseas, overlooking the extent to which Indian IT firms also create jobs and value in markets such as the US. This contribution remains underappreciated because the issue is politically sensitive. Going forward, industry bodies should treat talent mobility as a genuine two-way exchange rather than a one-way flow of work from Australia to India.

Government–Business Roles and Investment Risk

On whether government or business should take the lead in building a bilateral technology partnership, the prevailing view was that governments can create the enabling environment, but investment and collaboration will ultimately be driven by business decisions. Government can set frameworks and identify opportunities, but business translates them into action, which is why Austrade is focused on building deeper partnerships with industry to identify opportunities together. The Accessing New Markets Initiative⁶⁵, delivered in collaboration with a Trade Diversification Network of 40 national peak industry bodies, provides another mechanism for expanding Australian businesses into diversified export markets, including India. This complements India-specific initiatives such as the Australia–India Business Exchange⁶⁶ and Australia–India Innovation Network⁶⁷. Once governments have established the frameworks, it is business that drives progress, although questions remain over how far India’s national interest considerations extend to equity and employment impacts in trade agreement negotiations.

On investment, decisions ultimately rest on business assessments of risk and return. Reducing investment barriers has become a government priority, reflected in the 2026–27 Budget measures to strengthen the Investor Front Door and accelerate

65 Austrade’s Accessing New Markets Initiative (ANMI) is an A\$55 million program supporting Australian exporters to diversify into new and established markets. It is delivered in partnership with the Trade Diversification Network, comprising 40 national peak industry bodies. (See, <https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services/accessing-new-markets-initiative>)

66 The Australia–India Business Exchange (AIBX), delivered by Austrade under the broader South Asia Business Exchange, supports Australian businesses to pursue trade and investment opportunities in India. (See, <https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services/south-asia-business-exchange/australia-india-business-exchange>)

67 The Australia–India Innovation Network (AIIN), an initiative under AIBX, supports Australian technology companies seeking customers, partners and investors in India’s innovation ecosystem and promotes Australia as a technology partner for India. (See, <https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services/south-asia-business-exchange/australia-india-business-exchange/australia-india-innovation-network>)

environmental and low-risk foreign investment approvals.⁶⁸ Environmental reforms also aim to reduce duplication through greater use of bilateral agreements with states and territories. This addresses a longstanding concern for Indian investors. In NSW, an existing Commonwealth–state agreement has streamlined assessments for major projects requiring both state and federal approval.⁶⁹ This is a two-way effort: alongside reducing barriers to investment in Australia, building investor confidence and awareness of opportunities in India is equally important. Austrade is advancing this work directly with investors, supporting the broader effort to negotiate the next stage of the bilateral relationship.

Findings from the Business Case Studies Compendium

These observations draw on Newland Global Group's Australia–India Business Case Studies Compendium⁷⁰, which traces the experiences of 56 Australian and Indian companies across its inaugural 2023 and second editions. The second edition, *Pitch Perfect: Australia–India: Perfect Conditions for a \$100 Billion Partnership*⁷¹, was developed with the Indian Institute of Foreign Trade and examines market entry, growth strategies and lessons from 30 companies operating across the bilateral corridor.

The research reveals consistent patterns: 70 per cent of companies identified ECTA as a turning point, 92 per cent now operate in both markets, and around 80 per cent use hybrid onshore–offshore models. The corridor is not hostile, but it is unforgiving of poor preparation, and the real test is whether institutional and commercial systems are mature enough to support execution at scale. The key insight is not that every company succeeded, but that successful firms adapted their operating models to local conditions, investing in local leadership and long-term capability rather than relying solely on export strategies.

The greatest recurring challenge is the gap between commercial interest and execution. Success will be measured by completed deals, sustained investment and partnerships that can withstand operational pressures. Much of this friction is self-created rather than structural, arising from poor sequencing, regulatory uncertainty, governance mismatches, confusion between market access and operational capability, and differing negotiation philosophies.

Australian companies no longer see India simply as a market, but increasingly as a capability base, innovation ecosystem, talent platform and operational hub within their

68 Australian Government, “Budget 2026–27: Productivity and accelerating approvals”, <https://budget.gov.au/content/03-productivity.htm?>; Also see, Australian Government, Department of Industry, “Investor Front Door”, <https://www.industry.gov.au/investor-front-door?>

69 NSW Government, “Bilateral agreement on environmental assessment”, <https://www.planning.nsw.gov.au/the-planning-system/bilateral-agreement-on-environmental-assessment>

70 Dipen Rughani and Natasha Jha Bhaskar, “Case Studies: Advocating Business Success Between Australia and India”, Newland Global Group, 2023.

71 Rakesh Mohan Joshi, Dipen Rughani, Natasha Jha Bhaskar and Preeti Tak, “Pitch Perfect: Australia–India: Perfect Conditions for a \$100 Billion Partnership”, Newland Global Group and Indian Institute of Foreign Trade, <https://ausindcasestudies.newlandglobal.com/>

global business models. The relationship has matured accordingly. Its next phase will be defined not by enthusiasm but by the quality of execution.

THE WAY FORWARD

The next phase of Australia–India economic cooperation should proceed on two tracks. The first is to advance CECA, including a stronger investment framework, supported by a joint assessment of the economy-wide and sectoral gains from deeper trade and investment integration. The second is to address operational barriers that do not require a new treaty, including approval delays, fragmented regulatory processes, limited business awareness and difficulties navigating unfamiliar commercial systems. Progress on these issues should not be postponed until CECA is concluded.

Greater selectivity will also be necessary. Rather than dispersing effort across every area of potential complementarity, governments and industry should identify a limited number of commercial pathways where demand, capability and investor interest already intersect. Steel decarbonisation, critical-mineral processing, agricultural technology, digital infrastructure and research-linked education partnerships offer possible starting points. Within each pathway, the focus should be on anchor firms, supplier networks, technology adoption, skills requirements and the regulatory decisions needed to move projects forward.

Government should establish the enabling conditions, but commercial outcomes will ultimately depend on firms. Investment facilitation, clearer compliance guidance, qualification recognition and targeted exporter support can reduce friction, while experienced businesses and industry bodies can help new entrants understand local practices and operating conditions. Professional mobility should be treated as part of this commercial architecture, enabling temporary service delivery, research collaboration and the movement of specialised talent in both directions.

Taken together, these steps would move the relationship beyond a narrow focus on tariff access towards a more integrated economic partnership in which trade, investment, technology, skills and research reinforce one another.

CRITICAL MINERALS

FROM RESOURCES TO
RESILIENCE: CRITICAL
MINERALS COOPERATION



KEY RECOMMENDATIONS

- **Justify processing on strategic, not commercial grounds.**
With near-zero barriers to entry and thin margins, processing should serve sovereign goals like defence-manufacturing supply, not standalone profit.
- **Adopt a KfW⁷²-style development bank model.**
Align state lending explicitly with strategic interests rather than expecting purely commercial returns.
- **Create a joint India-Australia exploration fund.**
Pool government funding for early-stage resource estimation to reduce information risk before major capital decisions.
- **Establish a dedicated offtake agency.**
A public body could absorb long-term offtake risk and supply EV, battery, and magnet manufacturers over a 12–15 year horizon.
- **Consolidate subsidies into a semiconductor-style scheme.**
Replace scattered battery, magnet, and solar incentives with upfront capital subsidies for a few competitively bid, scaled projects.
- **Use equity swaps and tiered offtake agreements.**
Tie foreign equity to processing investment and prioritise domestic supply before exports, addressing the “take the tech and leave” pattern.
- **Pair supply-side incentives with real demand growth.**
Match manufacturing capacity expansion with EV and defence demand to avoid stranded capacity, drawing lessons from Northvolt’s collapse⁷³ and the risks of scaling production without sufficiently secure demand and commercial viability.

72 KfW, Germany’s state-owned promotional bank, manages a €1 billion government-backed Raw Materials Fund that uses equity and other financing instruments to secure strategically important critical-mineral supply and reduce external dependencies. (See, https://www.kfw.de/PDF/Download-Center/Konzernthemen/Rohstofffonds/KfW_Factsheet-Rohstofffonds_EN.pdf?)

73 Swedish battery manufacturer Northvolt filed for bankruptcy in March 2025 after struggling to ramp up production and secure sufficient financing amid rising costs, supply-chain pressures and changing market demand, despite substantial public and private investment.



CURRENT LANDSCAPE

Critical minerals cooperation is institutionalised at the government-to-government (G2G) level. A G2G MoU was signed in June 2020 between India's Ministry of Mines and Australia's Critical Minerals Facilitation Office (CMFO), under the Department of Industry, Science, Energy and Resources.⁷⁴ This was followed by a detailed MoU signed in March 2022 between Khanij Bidesh India Ltd (KABIL) and CMFO for joint due diligence on lithium and cobalt mineral assets in Australia.⁷⁵ KABIL has since signed an Exploration and Development Agreement with CAMYEN, Argentina's state enterprise, for five lithium brine blocks covering 15,703 hectares, reflecting India's parallel diversification strategy.⁷⁶ The National Critical Mineral Mission, launched by India's Union Cabinet on 29 January 2025, tasks the Geological Survey of India with 1,200 exploration projects between 2024-25 and 2030-31.⁷⁷

The Australia-India Critical Minerals Investment Partnership, announced in 2022, reached its first milestone within a year of signing, identifying five target projects: two lithium and three cobalt for detailed due diligence⁷⁸. These five projects are now valued at

⁷⁴ Press Information Bureau, Government of India, Ministry of Mines, "India–Australia Critical Minerals Partnership: Expanding Bilateral Economic Ties," March 2022, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1810948>.

⁷⁵ Press Information Bureau, Government of India, Ministry of Mines, "India–Australia Critical Minerals Partnership: Expanding Bilateral Economic Ties," March 2022, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1810948>.

⁷⁶ Press Information Bureau, Government of India, Ministry of Mines, "India Signs Agreement for Lithium Exploration & Mining Project in Argentina," January 15, 2024, <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1996380>.

⁷⁷ Press Information Bureau, Government of India, "Cabinet Approves 'National Critical Mineral Mission' to Build a Resilient Value Chain for Critical Mineral Resources Vital to Green Technologies, with an Outlay of Rs. 34,300 Crore Over Seven Years," January 29, 2025, <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2097309>.

⁷⁸ Press Information Bureau, Government of India, "Milestone in India and Australia Reach Critical Minerals Investment Partnership," March 2023, <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1905863>.

roughly USD 600 million, including 20 per cent equity stakes in the Mount Holland and Andover lithium projects.⁷⁹ On research and tech transfer, the India-Australia Critical Minerals Research Partnership is backed by AUD 12.2 million and run by CSIRO from January 2023 to June 2026, covering novel extraction techniques, rare earth processing alternatives, and cathode active materials for next-generation batteries.⁸⁰ A parallel India-Australia Minerals Scholars Network has been co-funded through June 2026 to build research capacity and collaboration.⁸¹

Trade architecture has been aligned through ECTA (in force December 2022), which eliminated tariffs from December 2022 on critical minerals, including manganese, copper, cobalt, nickel, aluminium and tin ores, opening duty-free access for over 90 per cent of Australian goods exports by value.⁸² More recently, the relationship has been folded into multilateral structures: at the May 2026 Quad Foreign Ministers' Meeting in New Delhi, Quad partners committed to mobilising up to USD 20 billion in government and private support to strengthen critical minerals supply chains across mining, processing and recycling.⁸³

On India's domestic policy stack, the National Critical Mineral Mission (NCMM), approved in January 2025, carries a seven-year outlay of Rs. 34,300 crore, comprising Rs. 16,300 crore government expenditure and an expected Rs. 18,000 crore PSU investment.⁸⁴ This targeted 1,200 domestic exploration projects, domestic production of at least 15 critical minerals, and acquisition of 50 mining assets abroad by 2030-31, plus a recycling incentive scheme worth Rs. 1,500 crore aimed at 270 kt of annual recycling capacity.⁸⁵ Execution data is mixed: GSI has run 368 exploration projects over three years, with 227 planned for FY2025-26.⁸⁶ On the other hand, several critical mineral block auctions were cancelled in December 2024 due to weak investor interest, attributed to

79 Observer Research Foundation, "Closing the Midstream Gap in India's Critical Minerals Strategy," 2026, <https://www.orfonline.org/expert-speak/closing-the-midstream-gap-in-india-s-critical-minerals-strategy>.

80 A. Sinh, "Securing Supply Chains: The India-Australia Critical Minerals Partnership," IMPRI Impact and Policy Research Institute, 2026, <https://www.impriindia.com/centres/center-for-international-relations-and-strategic-studies/india-australia-critical-minerals/>.

81 Commonwealth Scientific and Industrial Research Organisation, "India-CSIRO Partnerships as Part of the India Economic Strategy (IES)," accessed July 2, 2026, <https://www.csiro.au/en/work-with-us/international/india>.

82 Australian Government, Department of Foreign Affairs and Trade, "Australia-India ECTA Benefits for the Australian Critical Minerals and Resources Sectors," accessed July 2, 2026, <https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-benefits-australian-critical-minerals-and-resources-sectors>.

83 U.S. Department of State, Office of the Spokesperson, "Quad Critical Minerals Initiative Framework among the United States, Japan, Australia, and India," May 26, 2026, <https://www.state.gov/releases/office-of-the-spokesperson/2026/05/quad-critical-minerals-initiative-framework-among-the-united-states-japan-australia-and-india>.

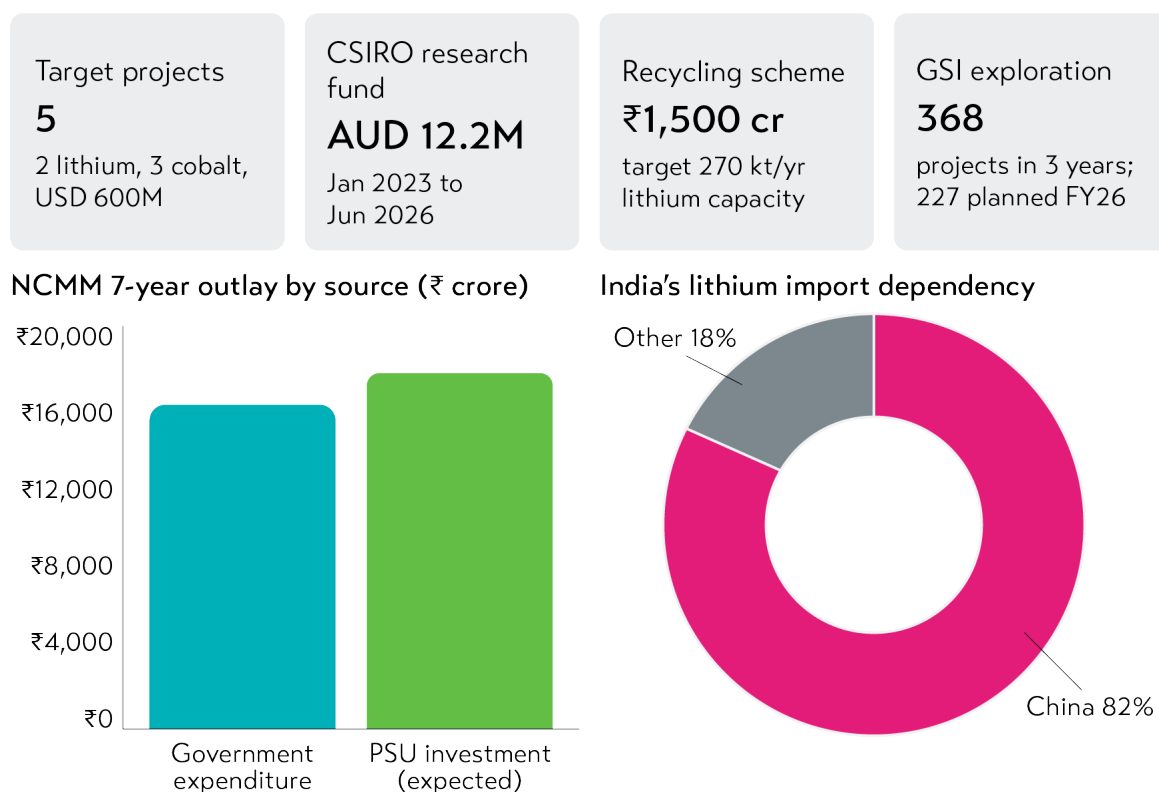
84 Press Information Bureau, Government of India, "Cabinet Approves 'National Critical Mineral Mission' to Build a Resilient Value Chain for Critical Mineral Resources Vital to Green Technologies, with an Outlay of Rs. 34,300 Crore Over Seven Years," n.78.

85 International Energy Agency, "National Critical Mineral Mission – Policies," 2026, <https://www.iea.org/policies/25735-national-critical-mineral-mission>.

86 Press Information Bureau, Government of India, "Cabinet Approves 'National Critical Mineral Mission' to Build a Resilient Value Chain for Critical Mineral Resources Vital to Green Technologies, with an Outlay of Rs. 34,300 Crore Over Seven Years," January 29, 2025, <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2097309>.

insufficient preliminary exploration data for due diligence, a direct illustration of the offtake/scale-uncertainty bottleneck raised in the session.⁸⁷

The midstream gap remains the structural issue. India's 2025-26 policy stack NCMM, the MMDR Amendment Act 2025, the Rare Earth Permanent Magnets scheme, the National Critical Mineral Stockpile, and Budget 2026-27's Rare Earth Corridors touch nearly every value-chain link except separation, refining and metallurgy.⁸⁸ China supplies over 82 per cent of India's lithium needs despite India holding substantial untapped reserves of cobalt, copper, graphite and nickel ore.⁸⁹ India has diversified upstream access via five lithium brine blocks in Argentina held by KABIL, a Brazil deal in February 2026, and membership in the Minerals Security Partnership's successor body FORGE, but the Australia partnership is distinguished by its technology transfer and downstream processing components, which offer industrial learning that pure offtake deals cannot.⁹⁰



Source: NCMM outlay — Press Information Bureau (2025); lithium import share — Sinh, IMPRI Impact and Policy Research Institute (2026).

⁸⁷ Mongabay India, "India Approves Mission to Bridge Critical Mineral Gap in Energy Transition," February 7, 2025, <https://india.mongabay.com/2025/02/india-approves-mission-to-bridge-critical-mineral-gap-in-energy-transition/>.

⁸⁸ Observer Research Foundation, "Closing the Midstream Gap in India's Critical Minerals Strategy," 2026, <https://www.orfonline.org/expert-speak/closing-the-midstream-gap-in-india-s-critical-minerals-strategy>.

⁸⁹ A. Sinh, "Securing Supply Chains: The India-Australia Critical Minerals Partnership," IMPRI Impact and Policy Research Institute, 2026, <https://www.impriindia.com/centres/center-for-international-relations-and-strategic-studies/india-australia-critical-minerals/>.

⁹⁰ Observer Research Foundation, "Closing the Midstream Gap in India's Critical Minerals Strategy," 2026, <https://www.orfonline.org/expert-speak/closing-the-midstream-gap-in-india-s-critical-minerals-strategy>.

FROM THE DIALOGUE

Critical minerals have emerged as one of the most consequential pillars of Australia–India economic and strategic cooperation, linking supply-chain resilience, clean energy transition and industrial capability. Australia brings resource depth, mining expertise and a clear policy intent to move higher up the value chain through domestic processing. India brings market scale, growing industrial demand and a sharper strategic imperative to secure critical mineral supply chains. Together, these complementarities create a real opportunity to build a serious bilateral industrial partnership. The challenge now is to move beyond broad ambition and concentrate political, financial and commercial effort on a small number of viable projects that can actually be delivered.

A Different Scale, A Different Risk Profile

Critical minerals present a fundamentally different challenge from Australia’s traditional bulk commodities, such as coal and iron ore, which are produced and traded at billion-tonne scale. The smaller scale of critical minerals cuts both ways. It enables more modular processing routes, lower upfront capital expenditure, a smaller physical footprint and potentially faster environmental approvals. But it also creates thinner, more fragile markets, where a single project’s output can be displaced or squeezed out if offtake is not secured in advance. Because the entire value chain—from extraction through to the final product—must function together for any individual link to remain viable, risk-sharing across the whole chain, rather than mitigation at the mine site alone, is what ultimately underpins front-end investment decisions.

Environmental, Social and Governance (ESG) as a Constraint, Not Just a Cost

Lower-cost production models, such as Indonesian ferronickel, have often been associated with weaker environmental and social safeguards and more carbon-intensive processing.⁹¹ Such a model is neither politically nor reputationally viable for Australia or India. Both countries must therefore maintain high ESG standards while remaining cost-competitive—a balance that will depend on better extraction and processing technologies capable of reducing environmental harm. ESG is not an aspirational add-on, but a hard constraint shaping which projects and partnerships are viable.

The China Investment Paradox

The complexity of foreign investment in critical minerals is illustrated by joint ventures like Tianqi Lithium Energy Australia (TLEA), a joint venture between China’s Tianqi Lithium and Australia’s IGO.⁹² Despite majority Chinese ownership, the investment has

⁹¹ Indonesia’s rapidly expanding nickel industry faces significant environmental and social challenges, including coal-intensive processing, emissions, biodiversity impacts and gaps in environmental and community safeguards. (See, “Nickel Mining in Indonesia: An overview of socio-environmental governance in the sector”, IGF Case Study, <https://www.iisd.org/publications/report/nickel-mining-indonesia/>)

⁹² TLEA is owned 51 per cent by Tianqi Lithium Corporation and 49 per cent by IGO. It holds a 51 per cent interest in Talison Lithium’s Greenbushes operation and owns the Kwinana Lithium Hydroxide Refinery, Australia’s first

created Australian processing capability, jobs and specialised skills, drawing on Tianqi's capital and technical expertise while building local capability.⁹³ It demonstrates how foreign capital can translate into durable domestic industrial capacity.

Yet this success sits within a more volatile investment environment. Chinese and broader international investment appetite has moved through repeated cycles of expansion and retreat, shaped increasingly by policy uncertainty and geopolitical considerations. Chinese investment in Australia, for example, has fallen substantially from earlier peaks and remains at historically low levels.⁹⁴ India's relative policy stability offers a potential advantage, but Australia's high-cost, high-ESG operating environment continues to constrain competitiveness. Ultimately, midstream capital tends to flow to jurisdictions where chemical processing is most cost-effective.

India's Structural Paradox

Australia and India approach minerals from very different positions. Resources and energy dominate Australia's export profile, while India remains heavily dependent on imported energy and critical minerals, particularly oil.⁹⁵ Yet neither country has a downstream automobile or battery manufacturing base comparable to China's, limiting the scale of domestic demand that can anchor critical-minerals supply chains.

India faces an additional structural challenge: mining remains a relatively small part of its economy⁹⁶, raising the question of whether it should significantly expand domestic extraction or focus instead on downstream processing and manufacturing. Either pathway would benefit from greater participation by major Australian miners such as Rio Tinto and BHP, which have so far played a limited role in India's emerging critical-minerals sector. Rio Tinto, for example, withdrew from its Bunder diamond project in India in 2016.⁹⁷

lithium hydroxide processing plant. (See, Australian Trade and Investment Commission, "Australian Critical Minerals Prospectus", published February 2026, <https://international.austrade.gov.au/en/do-business-with-australia/sectors/energy-and-resources/critical-minerals/prospectus>)

93 TLEA employs around 350 people in Western Australia and has established local apprenticeship and traineeship programs. The company attributes the development of Australian downstream lithium processing to Tianqi's capital, skills and technical experience. (See, "Australia-China government leaders visit Tianqi Lithium Kwinana plant", TLEA, <https://tlea.com.au/australia-china-government-leaders/>)

94 Chinese investment in Australia has declined markedly since 2017. In 2025, Chinese direct investment fell to A\$964 million, among the three lowest annual levels recorded since 2006. (See, "Demystifying Chinese Investment in Australia", KPMG and University Sydney Business School Report, published April 29 2026, <https://kpmg.com/au/en/insights/economics-geopolitics/demystifying-chinese-investment-in-australia.html?>)

95 Australia's resources and energy exports were estimated at around A\$405 billion in 2025–26, underscoring the sector's central role in the country's export economy. India, meanwhile, continues to rely heavily on imported energy, with crude oil accounting for the largest share of this dependence. (See, Australian Government, Department of Industry, Science and Resources, "Resources and Energy Quarterly", June 2026, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-june-2026?>)

96 Mining and quarrying accounted for around 1.4 per cent of India's nominal GDP in FY2025–26 under the latest Economic Survey estimates, although alternative government measures place the sector's contribution somewhat higher depending on methodology. (See, https://static.investindia.gov.in/s3fs-public/2026-03/economic_survey_25-26.pdf?)

97 "Facing green hurdles, Rio Tinto pulls out of diamond mine in MP", The Indian Express, published August 20 2016, <https://indianexpress.com/article/business/companies/facing-green-hurdles-rio-tinto-pulls-out-of-diamond-mine-in-mp-2986033/?>

Processing: Low Barriers, Low Margins

Several participants challenged the assumption that minerals processing is necessarily where value and profit concentrate. One view expressed during the Dialogue was that processing and smelting face relatively low barriers to entry: firms can build processing facilities, secure approvals, hire technical expertise and source concentrate on the open market. Participants argued that this helps explain both China's rapid expansion of smelting capacity and the thin margins often associated with this segment of the value chain. From this perspective, processing should not be pursued primarily as a standalone profit opportunity, but justified on strategic or sovereign grounds—for instance, by creating demand for domestically processed strategic minerals linked to India's defence manufacturing needs.

The Financing Gap and the Government-versus-Private Question

No theme generates more disagreement than the question of who should bear early-stage investment risk. One view holds that private capital must lead, pointing to the underperformance of India's KABIL⁹⁸—a joint venture of three public sector undertakings, including Hindustan Copper, whose metal-in-concentrate production was around 21 per cent lower in FY2024–25 than in FY2017–18—as evidence of the limitations of government-led execution in this sector. Entrepreneurs, rather than auditors and civil servants, are best positioned to price and accept technology risk, in this view.

The opposing position holds that the government is uniquely capable of supplying the patient, long-duration capital that projects with five-to-ten-year development horizons require, given that nobody can confidently predict market conditions in 2035 or 2040. The shifting battery-chemistry landscape illustrates the risks of long-term investment bets: the rapid rise of lithium-iron-phosphate (LFP) batteries at the expense of nickel-manganese-cobalt (NMC) chemistries has already moderated expected cobalt demand, while companies such as Apple are increasingly turning to recycled cobalt.

Several concrete financing models have emerged from this debate.

Germany's KfW development bank, which aligns its lending directly with German strategic interests, offers a template for state-backed strategic investment. A joint India-Australia government-funded pool dedicated to early-stage exploration and resource estimation could reduce information risk before capital-intensive decisions are made. A designated public agency, modelled on India's earlier approach to solar manufacturing, could absorb long-term offtake risk and distribute output to electric-vehicle, battery, and magnet manufacturers over a twelve-to-fifteen-year horizon. And a semiconductor-style scheme—offering upfront capital subsidies to a small number of competitively bid processing projects—could replace the current scattering of separate battery, magnet, and solar manufacturing schemes, none of which individually reaches competitive scale.

⁹⁸ KABIL was established in 2019 as a joint venture between National Aluminium Company (40 per cent), Hindustan Copper (30 per cent) and Mineral Exploration & Consultancy Limited (30 per cent) to secure overseas supplies of critical and strategic minerals. (See, <https://mines.gov.in/webportal/content/kabil>)

Structuring Private Deals

Beyond financing mechanisms, several deal structures could better align private incentives on both sides. Technology licensing in exchange for equity stakes is one option. Resource-for-processing swaps—in which a company takes equity in an upstream mine in exchange for investing in downstream processing capacity—are another. Tiered offtake agreements, which contractually prioritise domestic refinery supply before any material is exported, offer a third path.

These structures matter because the alternative has repeatedly failed in practice. Several foreign participants expressed frustration that technology partnerships had not always translated into shared investment, risk-sharing or long-term commercial collaboration. This pattern reflects little genuine appetite for joint risk-sharing, joint profit-making, or local market development, and it explains much of the frustration foreign investors express about the Indian market specifically.

Environmental Externalities

Mining occupies a relatively limited share of land globally, but its environmental impact can be concentrated in ecologically sensitive and high-biodiversity regions. Mining-related deforestation and biodiversity loss are particularly significant in areas such as the Amazon Basin and Indonesia. Participants also noted growing public distrust of mining in India, even as major international mining companies increasingly treat environmental and social performance as integral to long-term commercial viability rather than an optional constraint.

The Demand-Side Gap

The most consequential warning concerns an emerging imbalance between supply and demand. India's supply-side interventions—including tariffs, domestic-content requirements and manufacturing incentives—have driven a rapid expansion in domestic solar-module manufacturing capacity.⁹⁹ Without matching demand from continued solar deployment, electric vehicles or defence manufacturing, participants warned that excess capacity could translate into poor investments and stranded assets.

China's manufacturing advantage rests partly on the scale of its domestic anchor market, which absorbs enormous volumes of clean-energy production; China alone added more than 340 GW of solar PV in 2024 and nearly 370 GW in 2025.¹⁰⁰ This is difficult for India to replicate while its domestic markets for technologies such as EVs remain less developed.

⁹⁹ India has used measures including domestic-content requirements, the Approved List of Models and Manufacturers (ALMM), customs duties on imported solar cells and modules, and a ₹24,000 crore Production Linked Incentive scheme to expand domestic solar manufacturing. ALMM-listed module manufacturing capacity crossed 100 GW in August 2025, up from 2.3 GW in 2014. (See, Ministry of New and Renewable Energy, "India Achieves Historic Milestone of 100 GW Solar PV Module Manufacturing Capacity under ALMM", published August 2025, <https://mnre.gov.in/en/notice/india-achieves-historic-milestone-of-100-gw-solar-pv-module-manufacturing-capacity-under-alm/?>)

¹⁰⁰ International Energy Agency, "Technology: Solar PV and Wind", Global Energy Review 2026, <https://www.iea.org/reports/global-energy-review-2026/technology-solar-pv-and-wind?>

The cautionary example here is Northvolt, once Europe's largest battery manufacturer, which received subsidy and grant support from Sweden and the broader European Union exceeding even the capital China is often assumed to have funnelled into its own battery sector—and failed regardless. Its collapse also reflected production difficulties, financing pressures and growing global battery overcapacity. Capital and subsidy alone do not guarantee success in complex, geographically fragmented global supply chains in the way they can within China's tightly clustered domestic ecosystem. For India and Australia, the lesson is clear: without a genuine anchor market of their own, supply-side ambition risks building capacity that has nowhere to go.

THE WAY FORWARD

The next phase of Australia–India critical minerals cooperation should be organised around a narrower set of value-chain choices. The two countries should not assume that every mineral must be mined, processed and manufactured bilaterally, or that domestic processing will always be commercially competitive. Priority should instead be given to minerals and end uses where secure supply, industrial demand, technological capability and strategic value clearly intersect. This requires an early decision on whether each partnership is intended primarily to secure upstream resources, establish processing capability or support downstream manufacturing.

Projects should be approached as complete industrial chains rather than as isolated mines or processing facilities. A viable proposition requires a sufficiently defined resource, an appropriate technology, committed buyers, credible long-term demand, finance, regulatory approvals and a clear route to market. The sequence matters: geological and commercial uncertainty should be reduced before major capital commitments are made, while processing capacity should not be expanded without realistic offtake and demand from sectors such as electric vehicles, renewable energy and defence manufacturing. Supply-side incentives alone risk creating excess capacity and stranded assets when the domestic anchor market remains too weak.

The government has an important role where markets cannot independently absorb long-duration risk, but public support should be targeted at clearly identified gaps in information, finance, offtake certainty or technology adoption. Private partners, in turn, must be prepared to share risk, invest in local capability and build enduring commercial relationships rather than pursue technology transfer without corresponding commitments of capital or market development. The strength of the partnership will ultimately depend on whether public intervention and private investment are aligned around commercially credible projects that also serve clearly defined strategic purposes.

PEOPLE, SKILLS, AND PARTNERSHIPS

BUILDING THE HUMAN
DIMENSION OF THE
PARTNERSHIP



KEY RECOMMENDATIONS

- **Develop a Bilateral People and Skills Delivery Framework.**
Focus the Education and Skills Council on a small set of priority sectors, with clear ownership of workforce needs, recognition barriers and next decisions so education, migration and regulation move through one pipeline.
- **Build an employment pathway around MATES¹⁰¹.**
Link the scheme to employer vacancy matching, pre-departure skilling and guidance, mentoring and transition support so it becomes a genuine workforce instrument rather than simply a mobility channel.
- **Create sector-specific skills recognition pathways.**
Map equivalent competencies and regulatory gaps, with short bridging or conversion courses for engineering, nursing and other regulated professions so qualifications can be recognised more quickly without lowering standards.
- **Make employment and innovation outcomes central to education partnerships.**
Judge joint degrees, branch campuses and dual programmes by graduate employment, research, entrepreneurship and industry linkages, not just enrolments.
- **Support a shared graduate and innovation network.**
Use the Centre for Australia-India Relations to connect students, alumni, researchers and entrepreneurs with employers, mentors, accelerators and commercial partners.
- **Pilot state-to-state skills corridors.**
Link matching states on both sides around priority sectors, training systems and industrial needs to make mobility, recognition and employment more practical.

¹⁰¹ The Mobility Arrangement for Talented Early-professionals Scheme (MATES) provides eligible Indian graduates and early-career professionals with a temporary pathway to live and work in Australia in specified fields.

- **Connect existing institutions into one accountable pipeline.**
Link the Education and Skills Council, MATES, mutual recognition arrangements, GIFT City campuses, GATI¹⁰² and the Maitri programme¹⁰³ so skilling, recognition and employment do not remain separate processes.
- **Treat mobility as economic infrastructure.**
Frame skilled movement as a two-way capability-building tool for healthcare, engineering, IT, finance and the trades, rather than as a migration issue alone.
- **Use industry-embedded education models as templates.**
Build more partnerships such as RMIT–BITS Pilani so curricula, placements and employer needs are aligned from the outset.

CURRENT LANDSCAPE

Education and skilled mobility have become the most heavily populated part of the Australia–India relationship, and the official record shows why. Education is Australia’s largest services export to India, valued at A\$9.4 billion in 2025, and as of August 2025 some 137,703 Indian students were studying in Australia—roughly 17 per cent of Australia’s international student cohort, with India second only to China as a source country.¹⁰⁴

This sits within a much larger pool: Indian government data estimated that nearly 1.25 million Indian students were pursuing higher education abroad as of January 2025.¹⁰⁵ The scale of Indian demand is therefore increasingly a structural feature of the bilateral economic relationship rather than a cyclical one.

The institutional architecture has moved quickly to match that demand. In July 2024, Deakin University commenced teaching at GIFT City in Gujarat¹⁰⁶, becoming the first international university to open a branch campus in India, followed by the University

¹⁰² GATI (Global Access to Talent from India) was launched in May 2025 by India’s Ministry of External Affairs and Ministry of Skill Development and Entrepreneurship to support the international mobility of Indian professionals and workers and better connect India’s skilled workforce with overseas employment opportunities.

¹⁰³ The Maitri programme, administered by the Centre for Australia-India Relations, supports Australia–India collaboration through scholarships, fellowships, grants and cultural partnerships, including initiatives designed to deepen education, research and institutional links between the two countries.

¹⁰⁴ Department of Foreign Affairs and Trade, “India country brief”, n.10.

¹⁰⁵ Government of India, Ministry of External Affairs, Students Registration Portal, <https://www.mea.gov.in/Students-Registration-Portal?>

¹⁰⁶ “Deakin delivers on India Promise as classes begin for GIFT students”, Deakin University Media release, published July 8 2024, <https://www.deakin.edu.au/about-deakin/news-and-media-releases/articles/deakin-delivers-on-india-promise-as-classes-begin-for-gift-students>

of Wollongong in November 2024.¹⁰⁷ Both operate under the International Financial Services Centres Authority's regulatory framework for foreign university campuses at GIFT City.

The footprint has since widened beyond GIFT City. Eight Australian universities now have approval to establish campuses in India: Deakin University, the University of Wollongong, La Trobe University, Victoria University, Western Sydney University, the University of Western Australia, UNSW Sydney and Flinders University.¹⁰⁸ UNSW formally launched its Bengaluru campus on 31 July 2026¹⁰⁹, with teaching commencing in August, while Flinders University became the eighth Australian university approved to establish an Indian campus during Prime Minister Modi's July 2026 visit to Australia.¹¹⁰ This expansion builds on the Australia–India Mechanism for the Mutual Recognition of Qualifications, signed in March 2023, which provides a framework for recognising qualifications and supporting greater student and institutional mobility between the two countries.¹¹¹

Mobility instruments have followed. The Mobility Arrangement for Talented Early-professionals Scheme (MATES), established under the bilateral Migration and Mobility Partnership Arrangement, provides up to 3,000 places annually for eligible Indian graduates and early-career professionals aged 18 to 30 in fields including renewable energy, mining, engineering, information and communications technology, artificial intelligence, financial technology and agricultural technology. Participants can live and work in Australia for up to two years, with places allocated through a pre-application ballot.¹¹² On the Indian side, the Global Access to Talent from India (GATI) Foundation, launched in May 2025, seeks to develop structured pathways connecting Indian skills with overseas employment opportunities.

Alongside these sit the Centre for Australia-India Relations and its Maitri programmes of grants, scholarships and fellowships, the Australia–India Future Skills Initiative, and a large Indian-Australian community that already serves as an important bridge between the two countries.¹¹³

107 “University of Wollongong India opens India Campus in GIFT city”, UOW Media Release, published November 15 2024, <https://www.uow.edu.au/media/2024/university-of-wollongong-india-opens-india-campus-in-gift-city.php>

108 Prime Minister of Australia, “Advancing Education, Science and Technology ties with India”, Media Release, published July 9 2026, <https://www.pm.gov.au/media/advancing-education-science-and-technology-ties-india>

109 “UNSW Bengaluru prepares for launch and teaching”, Inside UNSW, <https://www.inside.unsw.edu.au/campus-culture/unsw-bengaluru-prepares-launch-and-teaching>

110 “Flinders University to open campus in Bengaluru in early 2027”, [https://news.flinders.edu.au/blog/2026/07/09/flinders-university-to-open-india-campus-in-bengaluru-in-early-2027/#:~:text=Set%20to%20open%20in%20early,Business\)%2C%20creating%20industry%2Dconnected](https://news.flinders.edu.au/blog/2026/07/09/flinders-university-to-open-india-campus-in-bengaluru-in-early-2027/#:~:text=Set%20to%20open%20in%20early,Business)%2C%20creating%20industry%2Dconnected)

111 Australian Government, Department of Education, “Mechanism for the Mutual Recognition of Qualifications between Australia and India and FAQs”, published March 3 2023, <https://www.education.gov.au/international-education-engagement/resources/recognition-qualifications-australia-india>

112 Australian Government, Department of Home Affairs, “Mobility Agreement for Talented Early Professionals Scheme”, <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/temporary-work-403/mates>

113 Australian Government, Department of Foreign Affairs and Trade, “Bolstering our ties with India”, <https://www.dfat.gov.au/geo/india/bolstering-our-ties-india>

CAIR funding
AUD 28.1M

incl. AUD 20.8M
Maitri program

Strategic
Research Fund
AUD 100M+

90+ projects over
20 years

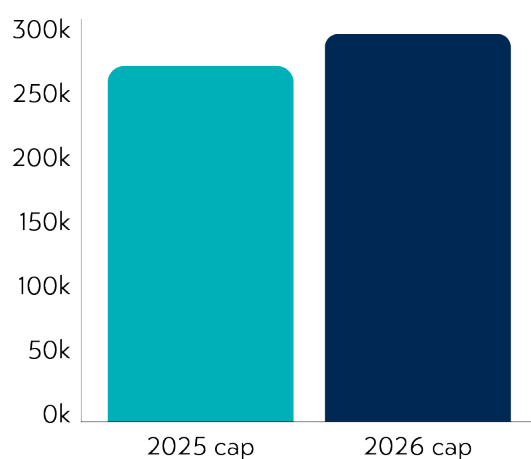
University
partnerships
450+

~5x increase
since 2007

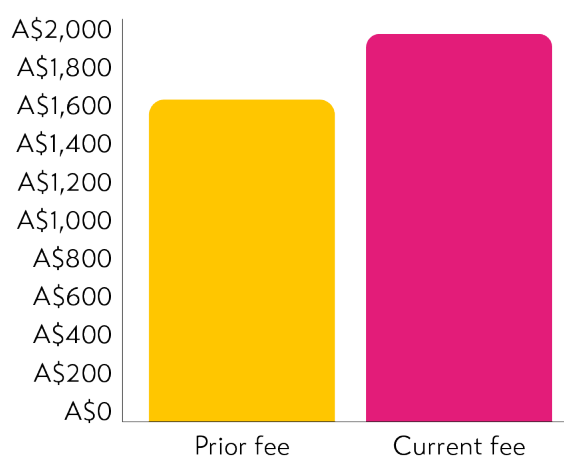
MATES places
3,000/yr

early-career
professionals,
4 years

International student enrolment cap



Student visa application fee (AUD)



Source: DFAT (n.d.-b, Centre for Australia-India Relations); Minister for Industry, Science and Resources (2026); Department of Education (n.d.); Hare, *The Conversation* (2025)



FROM THE DIALOGUE

From transactional to institutional

The clearest shift identified in the discussion was one of character rather than degree. Since 2023, the two governments have deliberately moved the education and skills relationship beyond a model centred on student enrolments towards deeper ecosystem integration spanning campuses, joint degrees, research partnerships, industry-linked training and mobility. The relationship is no longer defined mainly by the flow of students in one direction; it is increasingly about co-building a knowledge economy. That reframing changes the metric of success. The question is no longer how many students Australia enrolls, but how much shared capability the two countries create together.

The demographic logic

Underlying the entire agenda is a demographic complementarity that participants returned to repeatedly. Australia's median age is around 38 and rising; India's is roughly 28. Across the developed world — Europe, Japan, Korea — ageing populations and shrinking workforces are opening structural labour gaps, while India holds one of the largest young populations globally. This positions India not merely as a major partner in student mobility, but as a long-term partner in meeting global skilled-workforce needs across healthcare, engineering, information technology, finance and the trades. The strategic implication drawn in the Dialogue was that talent mobility should be understood as economic and strategic infrastructure — closer in kind to an energy or supply-chain relationship than to conventional migration policy.

The bottleneck is coordination, not ambition

If the opportunity is clear, so too is the obstacle. Dialogue participants were candid that the principal constraints are now operational rather than strategic: visa-processing backlogs, graduate underemployment, weak transition support from study into work, and above all the tendency of universities, industry and government to operate in silos. Participants noted that skilled workers can arrive without their qualifications being recognised efficiently; credentials in engineering, nursing and other regulated professions are not automatically portable; and the three systems that need to align—education, industry and migration—still move at different rhythms.

The discussion therefore pointed to the same execution gap visible elsewhere in the relationship: the intent is largely settled and the frameworks are in place, but delivery depends on coordination that no single agency currently owns.

From education to innovation

The most forward-looking thread concerned where the relationship should head next. Rather than simply expanding student numbers in one direction, participants pointed towards joint research, deep-technology and AI collaboration, shared start-up ecosystems, entrepreneurship and industry-linked education. The RMIT–BITS Pilani partnership was cited as a working template: the BITS–RMIT Higher Education Academy combines dual-degree education with a strong focus on industry engagement and graduate outcomes.¹¹⁴ The point was not simply to enrol more students, but for the two countries to co-develop institutions that turn talent into innovation—an ambition participants felt remains under-served by the current scale of the Australia–India Strategic Research Fund.¹¹⁵

Making mobility work by design

A recurring practical theme was that mobility delivers results only when it is deliberately organised, rather than left to chance. Several Indian states have built institutional capacity for this purpose. Kerala's NORKA-ROOTS, part of India's first state department dedicated to non-resident affairs, provides pre-departure orientation, skilling and support for return migrants; comparable overseas-employment mechanisms operate in states including Telangana and Karnataka.¹¹⁶ In 2025, the Indian government also released a draft Overseas Mobility (Facilitation and Welfare) Bill, proposing an Overseas Mobility and Welfare Council to strengthen coordination across ministries and the governance of international labour mobility.¹¹⁷ The lesson for the bilateral relationship, participants argued, is that skilled movement requires named institutions on both sides, pre-departure skilling aligned with destination-country standards, and recognition systems that operate at the speed employers need. The diaspora, too, was seen as an under-used asset—influential in business and academia, but not yet systematically drawn on for mentoring, investment promotion or innovation transfer.

Government Mechanisms Already in Motion

Several of the instruments needed to close the gap already exist and can be strengthened rather than started from scratch. The Australia–India Education and Skills Council, which held its third meeting in December 2025, provides a standing ministerial platform;

¹¹⁴ “RMIT expands into India”, <https://www.rmit.edu.au/news/all-news/2023/mar/bits-rmit-academy>

¹¹⁵ The Australia–India Strategic Research Fund (AISRF) is the Australian Government's largest bilateral science programme and has supported more than 370 collaborative activities since 2006. Its 2026 collaborative research round provided A\$3.8 million, with individual grants of A\$200,000–A\$1 million. (See, <https://www.industry.gov.au/science-technology-and-innovation/international-collaboration/australia-india-strategic-research-fund>)

¹¹⁶ Kerala established the Department of Non-Resident Keralites' Affairs (NORKA) in 1996, the first department of its kind in an Indian state; NORKA-ROOTS operates programmes covering pre-departure orientation, skills upgrading and reintegration of return migrants. Telangana's TOMCOM and Karnataka's International Migration Centre similarly facilitate training, guidance and overseas employment.

¹¹⁷ The proposed Overseas Mobility (Facilitation and Welfare) Bill, 2025, intended to replace the Emigration Act 1983, would establish an Overseas Mobility and Welfare Council to promote greater inter-ministerial coordination, oversee migration and mobility agreements, and strengthen data-driven policy management. Government of India, Ministry of External Affairs, 2025. (See, <https://www.mea.gov.in/overseasmobilitybill2025>)

at that meeting, both sides agreed to accelerate the operationalisation of mutual recognition arrangements and to co-design bridge courses for skilled professionals.¹¹⁸ ECTA established a separate Working Group on the Temporary Movement of Natural Persons to review implementation and identify opportunities to facilitate business mobility.¹¹⁹ MATES provides a live mobility pathway; the mutual recognition mechanism provides a framework for portable qualifications; and the operating GIFT City campuses provide proof of concept for onshore delivery. The Centre for Australia-India Relations and GATI, meanwhile, provide platforms for wider institutional and workforce engagement on each side.

The task is therefore less to create new bodies than to connect existing mechanisms into a single, accountable pipeline—with clear ownership at each stage from skilling through recognition to employment.

THE WAY FORWARD

The next phase of the Australia–India people and skills partnership should be judged not primarily by student numbers, new campuses or mobility places, but by whether these instruments produce stronger workforce, research and innovation outcomes. The bilateral architecture is already substantial. The priority now is to connect its different components so that education, skills recognition, professional mobility and employment form a coherent pathway rather than separate areas of cooperation.

This will require greater concentration on sectors where workforce demand and bilateral capability clearly intersect, including healthcare, engineering, clean energy, critical minerals, artificial intelligence and advanced manufacturing. Education partnerships should be designed with employers and industry needs in mind, while mobility arrangements should be linked more closely to qualification recognition, workplace experience and professional development.

The partnership should ultimately operate as a two-way capability system. Indian talent and scale can contribute to Australia’s workforce and innovation needs, while Australian institutions, qualifications and industry partnerships can support capability development in India. Success would be visible when students, researchers and professionals can move more readily from education and training into recognised employment, research collaboration or entrepreneurship without having to navigate a series of disconnected institutions.

¹¹⁸ Government of India, Ministry of Skill Development and Entrepreneurship, “India and Australia reaffirm deepening skills and mobility partnership”, published December 8 2025, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2200529®=48&lang=2>

¹¹⁹ Chapter 9 of the Australia–India Economic Cooperation and Trade Agreement (ECTA) establishes a Working Group on the Temporary Movement of Natural Persons. Its functions include reviewing implementation of the chapter and considering opportunities to facilitate temporary entry for business purposes. (See, <https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/australia-india-ecta-official-text/chapter-9-temporary-movement-natural-persons>)

INVESTMENT

INVESTMENT: OPPORTUNITIES, BARRIERS AND EXECUTION



KEY RECOMMENDATIONS

- **Create a strategic investment facilitation framework.**
Provide major bilateral projects with named case managers, clear escalation pathways and stronger Commonwealth–state coordination to address procedural and last-mile execution barriers.
- **Align regulatory sequencing earlier in the investment process.**
Clarify approvals, land tenure and environmental triggers upfront so projects do not lose momentum after commitments have been made.
- **Reduce policy and legal uncertainty.**
Use the ECTA architecture and ongoing bilateral economic negotiations to improve regulatory clarity, while strengthening mechanisms for resolving tax and investment disputes on both sides.
- **Shift investment conversations from price to value.**
Compare inputs by productivity, reliability and long-term performance rather than headline cost alone.
- **Promote localisation for sustained investment.**
Encourage firms to establish a physical presence, local servicing and local sourcing where competitiveness depends on operating inside the market.
- **Expand institutional investor engagement in India through liquidity-friendly vehicles.**
Use Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) to better match the liquidity needs of Australian superannuation funds and other institutional investors.
- **Take Indian listed companies directly to Australian capital markets.**
Use roadshows, investor meetings and regular outreach to close information gaps and build trust with institutional investors.

- **Support SME internationalisation with stronger finance tools.**
Expand access to export credit, banking services and credit guarantees so smaller firms can scale across the bilateral market.
- **Treat capital collaboration as a shared strategic priority.**
In a tighter global capital environment, Australia and India should work together to attract and deploy scarce capital rather than simply compete for it.

CURRENT LANDSCAPE

Despite trade momentum, two-way investment lags. Australia's investment stock in India sits at around A\$17.6 billion against Indian investment in Australia of roughly A\$34.5 billion.¹²⁰

On the Australian side, foreign investment screening runs through the Treasury's Foreign Investment Review Board (FIRB) framework: the statutory decision period for a no-objection notification is 30 days from payment of the filing fee, though Treasury can extend this by up to a further 180 days via interim and final orders.¹²¹ On May 19 2026 the Treasurer announced a further package of reforms, setting a firm target of a 30-day decision for all low-risk applications from January 1 2027 and expanding the Treasurer's power to issue flexible Exemption Certificates from July 1 2026, the most substantial revision to the regime in several years.¹²²

On the Indian side, inbound portfolio capital is governed by SEBI's Foreign Portfolio Investors Regulations, 2019, which sort investors into Category I (low-risk, including sovereign wealth and pension funds) and Category II (other entities), each carrying different compliance and disclosure obligations. A further 2025 amendment created the SWAGAT-FI (Single Window Automatic & Generalised Access for Trusted Foreign Investors) fast-track for trusted long-term investors such as pension funds, notified on 1 December 2025 and effective 1 June 2026.¹²³

For unlisted infrastructure assets, the natural destination for Australian superannuation capital, India's main vehicle is the National Monetisation Pipeline. NMP 2.0, covering

¹²⁰ Australian Government Department of Foreign Affairs and Trade, "Australia-India Comprehensive Economic Cooperation Agreement (CECA)," 2026, <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-comprehensive-economic-cooperation-agreement>.

¹²¹ Foreign Investment Review Board / Australian Treasury, "Foreign Investment Review Board," 2026, <https://foreigninvestment.gov.au/investing-in-australia/about-us/firb>.

¹²² The Treasurer of the Commonwealth of Australia, "Extensive Reforms to Strengthen Australia's Foreign Investment Framework," 2026, <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases>.

¹²³ Securities and Exchange Board of India, "Securities and Exchange Board of India (Foreign Portfolio Investors) (Second Amendment) Regulations, 2025," 2025, https://www.sebi.gov.in/legal/regulations/dec-2025/securities-and-exchange-board-of-india-foreign-portfolio-investors-second-amendment-regulations-2025_98147.html.

FY26–FY30, carries an indicative pipeline value of approximately ₹16.72 lakh crore and is expected to attract around ₹5.8 lakh crore in new private capital, channelled substantially through InvITs and REITs.¹²⁴ The scale of potential Australian capital is significant, total Australian superannuation assets stood at \$4.4 trillion as at March 2026, though APRA's prudential settings constrain how much regulated funds can hold in illiquid offshore infrastructure.¹²⁵



FROM THE DIALOGUE

The investment gap

Stronger trade alone will not generate investment. At the end of 2025, Australia's investment stock in India stood at A\$26.8 billion, while Indian investment in Australia was A\$45.3 billion. Yet direct investment remains a small share of these totals: Australian direct investment in India was around A\$2 billion, while Indian direct investment in Australia was under A\$0.5 billion.¹²⁶ Indian data similarly shows that Australian FDI inflows remain modest and uneven, accounting for only around 0.2 per cent of India's

¹²⁴ NITI Aayog, Government of India, "National Monetisation Pipeline 2.0," 2026, <https://www.niti.gov.in/sites/default/files/2026-02/National-Monetisation-Pipeline.pdf>. Also see, Press Information Bureau, Government of India, "Union Finance Minister Smt. Nirmala Sitharaman Launches National Monetisation Pipeline 2.0 (NMP 2.0)," 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2231900®=3&lang=1>.

¹²⁵ Australian Prudential Regulation Authority, "Quarterly Superannuation Performance Statistics Highlights – March 2026," 2026, <https://www.apra.gov.au/quarterly-superannuation-performance-statistics-highlights-march-2026>.

¹²⁶ Australian Bureau of Statistics, "International Investment Position, Australia: Supplementary Statistics", 2025, Tables 2 and 5, <https://www.abs.gov.au/statistics/economy/international-trade/international-investment-position-australia-supplementary-statistics/latest-release>

cumulative FDI equity inflows.¹²⁷ Participants also noted that bilateral statistics may understate underlying investment where capital is routed through third-country holding structures.

The gap is notable given the scale of opportunity: India anticipates around US\$1.7 trillion in infrastructure investment between 2024 and 2030¹²⁸, while Australia's superannuation system holds more than A\$4.4 trillion in assets.¹²⁹ The potential for greater capital mobilisation is substantial, but bilateral direct investment remains modest relative to the size of the relationship.

Why investment still lags

Several factors explain the gap between trade and investment performance. By design, ECTA left out several investment-related provisions, including investment protection and certain services commitments, on the expectation that these would be addressed under CECA. In their absence, investors remain subject mainly to domestic laws rather than a predictable bilateral framework.

In practice, deals rarely fail for a single reason; instead, multiple issues accumulate over the course of the investment process. Poor coordination between Commonwealth and state approvals, along with mismatches between investor expectations and Australia's regulatory and commercial environment, remains a recurring challenge. Delays arise when investors misunderstand approval sequencing, with regulatory triggers, land tenure, and environmental requirements emerging only after significant commitments. Transactions also lose momentum due to weak early alignment on project structure, returns, governance, and risk allocation, especially as Australian frameworks place more risk on the private sector than many investors expect.

Tax and investment disputes on both sides have also affected investor confidence. In Australia, the Tech Mahindra case, arising from tax authorities seeking to classify offshore income as royalties, created uncertainty for Indian technology firms, before being addressed through legal proceedings and subsequent legislative amendments associated with ECTA. India has experienced similar episodes, including the Devas–Antrix case, Vodafone's retrospective taxation dispute and the Cairn Energy arbitration, all of which shaped perceptions of policy stability, although most have since been resolved.

Regulatory complexity is another factor. Australian institutional investors frequently cite concerns over India's SEBI regulations, participatory notes and the treatment of

¹²⁷ Australian FDI equity inflows into India totalled US\$1.52 billion between 2000 and 2024, with annual flows fluctuating considerably. (See, Government of India, Department for Promotion of Industry and Internal Trade, "Country-wise/Year-wise FDI Equity Inflow", January 2000–December 2024, <https://www.dpiit.gov.in/static/uploads/2025/07/c4b7492cbfeb924444df9911f8873074.pdf>)

¹²⁸ Invest India, "India's Opportunities, 2026", https://static.investindia.gov.in/s3fs-public/2026-04/Invest%20India%20Brochure_15.04.2026.pdf

¹²⁹ Australian Prudential Regulation Authority, "Quarterly Superannuation Performance Statistics", March 2026, <https://www.apra.gov.au/quarterly-superannuation-performance-statistics-highlights-march-2025>

sovereign wealth funds, while Indian investors point to Australia's Foreign Investment Review Board process, which generally operates within a 41-day timeline but can take considerably longer for sensitive sectors such as critical minerals, a priority area for India. There is also a perception gap. Australia's economy is often viewed by Indian investors as smaller and more concentrated than destinations such as the US, the Middle East and Southeast Asia, despite its strengths in resources, critical minerals, education and advanced technology.

Commercial models also help explain why investment has lagged. In some sectors, exporting alone is not sufficient to remain competitive. Commodities such as energy are traded against global benchmarks like Brent¹³⁰, leaving little scope for bilateral price adjustments. In many other sectors, however, costs fall only through localisation, making a physical presence in India an important part of the commercial model, particularly where initiatives such as the Production Linked Incentive (PLI) scheme support local investment and manufacturing. LNG illustrates the pricing challenge. Despite discounts under long-term contracts, a gap has persisted between the prices India seeks and those producers consider commercially viable. Although Australian producers have remained engaged, the opportunity to supply a larger share of India's LNG demand has not fully materialised, even as India has diversified imports and increased purchases from the US, including from Australian companies' US operations.

What governments and businesses can do

Practical transaction facilitation through named case management for strategic investments; stronger coordination between central and state governments; and clearer regulatory sequencing with effective escalation mechanisms for major projects can support the investment ecosystem. Stronger governance, better-aligned decision-making, more realistic commercial assumptions, local capability, rigorous partner selection and greater operational clarity are also essential to support the industry.

Focusing on value rather than price alone can help overcome several constraints. Comparing coal from Queensland, Mozambique and the US by productivity rather than headline price, for example, can demonstrate the superior value of a higher-cost input.

Localisation offers another route. Participants cited L&T's long-standing servicing of Komatsu equipment in India as an example of how local presence can reduce servicing and maintenance costs. Education illustrates the broader point. India now has nearly 1,300 universities, including more than 550 private universities, creating an increasingly competitive market in which foreign branch campuses must compete not only on fees but also on graduate outcomes. Dedicated placement offices are a standard feature of Indian universities and an increasingly important part of their value proposition. Similar localisation pressures exist in advanced manufacturing, where sourcing decisions are shaped by industry standards and local policies. These examples suggest that long-term

¹³⁰ Brent crude is the principal global benchmark for crude oil pricing, used directly or indirectly to price a large share of internationally traded oil.

success and sustained investment increasingly depend on localisation, supported by government policies that reduce barriers to market entry and expansion.

Risk management is equally important. Just as Australian businesses routinely plan for weather-related disruptions, supply chains require diversification and stronger resilience. Common data standards, particularly in IT, could further reduce operational risks across both countries.

Queensland's experience illustrates both the opportunity and the work still required. Dialogue participants from Trade and Investment Queensland noted that India has become a strategic priority and, on internal measures, one of TIQ's strongest-performing markets. This shift is reflected in the *Queensland–India Trade and Investment Strategy 2025–2028*¹³¹ and a growing pipeline of Indian investment, including Adani's Bravus

Mining and Resources, Infosys and Mahindra¹³². The relationship is increasingly two-way. Queensland-linked firms including Populous, Mineral Technologies, Heat and Control and Frosty Boy have established substantial operations in India, ranging from project delivery and local offices to manufacturing and regional expansion.¹³³ India is therefore becoming not just an export market, but an important base for localisation and growth.

Queensland's experience suggests the challenge is not a lack of commercial opportunity but the need for a clearer, more coordinated and predictable investment process. Greater transparency over regulatory pathways, stronger coordination across government and earlier alignment of commercial expectations would go a long way towards converting investor interest into completed projects. Most barriers are procedural rather than structural, arising from gaps in coordination, transparency and early-stage alignment that can be addressed through practical reforms.

A strategic investment facilitation framework, developed jointly by Australian states and the Commonwealth, would support this by providing a coordinated, transaction-focused mechanism complementary of existing regulations and laws, rather than relying solely on promotion-based investment attraction that leaves states competing with one another. In practice, this would involve dedicated case managers for strategic investments, clear escalation pathways, and nominated officials to resolve sub-national regulatory issues across both countries. Responsibility for these recommendations would rest with government representatives from both countries, named case management with government representatives, sub-treaty level processes with nominated officers, and the facilitation framework itself with bodies such as Trade and Investment Queensland.

¹³¹ Queensland formalised India as a priority market through the *Queensland–India Trade and Investment Strategy 2025–2028*, focused on energy and resources, food and agriculture, health, sport, research and education. (See, <https://www.tiq.qld.gov.au/news-and-events/news/new-strategy-strengthens-queensland-india-partnership>)

¹³² The Adani Group's Australian businesses include Bravus Mining and Resources, which operates the Carmichael Mine in central Queensland; Infosys maintains a Brisbane office, while Mahindra Automotive Australia is headquartered in Queensland.

¹³³ Populous operates in India from New Delhi; Mineral Technologies has an established India operation; Heat and Control manufactures in Chennai; and Frosty Boy manufactures locally and is developing India as a regional hub.

The remaining challenge is final-stage implementation. Investors continue to encounter friction in the final stages of project execution, making these last-mile issues critical to further improving the ease of doing business. Encouragingly, most of these barriers that are procedural can be addressed through clearer rules and stronger institutional coordination.

Capital, institutional investors and the next frontier

Australian institutional investors, particularly superannuation funds, have long invested in India, though structural differences from comparable pools such as Canadian pension funds shape their approach. Australian super funds are contribution-based and require relatively high liquidity, unlike the defined-benefit models common elsewhere. They also face tax-related constraints. Even so, long-standing efforts to attract greater Australian superannuation capital into India are beginning to produce tangible results. AustralianSuper became a direct investor in India's National Investment and Infrastructure Fund in 2019 with an initial A\$240 million commitment. During Prime Minister Modi's July 2026 visit to Australia, the fund announced a further A\$500 million investment in NIIF, taking its cumulative commitment to A\$740 million and demonstrating the potential for institutional partnerships to channel long-term Australian capital into Indian infrastructure.¹³⁴ Macquarie's long-standing infrastructure investments in India provide another example of what is possible, including major investments in toll roads and successful exits from mature assets.

The key challenge is to demonstrate India's risk-adjusted returns within a global opportunity set while recognising funds' obligations to members. This also requires improved communication on investment flows, pricing, standards alignment and supply-chain resilience. India's Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs), which provide the liquidity required under Australian Prudential Regulation Authority (APRA) regulations, offer a practical avenue to expand Australia's still limited presence in India's foreign portfolio investment market.

Information asymmetry remains a significant barrier. Many Australian institutional investors, including large superannuation funds, have limited direct engagement with Indian listed companies and are often unfamiliar with their opportunities, governance standards and growth prospects. If India wants to attract greater Australian institutional investment, building investor confidence must also become a strategic priority. One of the most effective ways to do so is by encouraging Indian listed companies to include Australia in their regular global investor outreach. This is a task specifically identified for the National Stock Exchange (NSE) to lead.

Direct engagement between companies seeking capital and the investors allocating it is indispensable. Indian corporates should actively engage Australia's institutional

¹³⁴ "AustralianSuper invests another \$500 million in India's National Investment and Infrastructure Fund", AustralianSuper Newsroom, published July 9 2026, <https://www.australiansuper.com/about-us/newsroom/2026/07/australiansuper-indian-investment-infrastructure-fund>

investment community through roadshows, conferences and meetings with portfolio managers in centres such as Sydney. Australian listed companies have long followed this model, regularly meeting investors in London, New York, Hong Kong and Singapore to explain their strategies and governance, helping attract global capital. Indian companies could adopt the same approach while gaining a better understanding of the investment criteria of Australian superannuation funds and institutional investors.

More broadly, capital has become increasingly contested. Since the pandemic, tighter monetary conditions, central-bank balance-sheet normalisation and rising government and corporate financing needs have placed greater pressure on global capital markets.¹³⁵ At the same time, demand for capital has risen as governments invest in defence, supply-chain diversification, semiconductors, digital infrastructure and industrial policy. In this environment, participants argued that like-minded countries are better served collaborating to attract and deploy capital than competing with one another. For India, attracting greater long-term foreign investment remains a strategic priority, particularly as global value chains account for around 70 per cent of international trade, making trade and investment increasingly intertwined.

Beyond the large multinationals already established in India, small and medium enterprises represent the next frontier for internationalisation. Often the source of innovation and specialised manufacturing capability, they require better access to finance, banking services, export credit and credit guarantees to reduce risk and support cross-border expansion.

Macroeconomic stability, particularly exchange rate stability, also remains central to investor confidence. A stable rupee, supported by coordination between the Government of India and the Reserve Bank of India, helps sustain long-term investment. Australia remains underinvested not only in India but across Asia, partly because strong returns from US markets have delayed broader regional diversification. Currency stability is equally important for Australian investors, for whom exchange-rate risk is a key consideration in overseas investment. Maintaining the policy settings, governance and regulatory certainty that support free capital flows and long-term investment therefore matters well beyond the bilateral relationship.

¹³⁵ Gross government and corporate borrowing in OECD markets is projected to reach around US\$18 trillion in 2026, while annual refinancing requirements are expected to rise to around US\$14 trillion. (See, OECD, “Global Debt Report 2026: Sustaining Debt Market Resilience under growing pressure”, published March 4 2026, https://www.oecd.org/en/publications/2026/03/global-debt-report-2026_59d2d627.html)

THE WAY FORWARD

The next phase of Australia–India investment cooperation should proceed along two connected tracks. The first is to increase long-term corporate investment by helping firms move from market exploration to an operating presence, local partnerships and sustained expansion. The second is to increase institutional capital flows by presenting opportunities in forms that match the liquidity, governance, return and risk requirements of major investors. Treating these as distinct investment pathways would allow policy support to respond more closely to how different forms of capital are actually deployed.

For corporate investors, market opportunity alone will not be sufficient. Successful investment will depend on commercially realistic operating models, informed partner selection and a willingness to adapt to local regulatory, pricing and business conditions. Local presence, sourcing and servicing can create advantages that cannot be achieved through exports alone, particularly in sectors where competitiveness depends on proximity to customers and integration with domestic supply chains.

Institutional investment requires a different proposition. Australian superannuation funds assess India alongside opportunities across global markets and must meet obligations relating to liquidity, governance and risk-adjusted returns. Greater capital mobilisation will therefore depend on making Indian opportunities easier to evaluate, compare and access, while building sustained relationships between Indian companies, asset managers and Australian investors. The recent expansion of AustralianSuper's investment through NIIF demonstrates the potential of this approach, but the broader opportunity lies in making such capital flows more regular and diversified rather than dependent on a small number of institutions or transactions.

A more mature investment relationship would connect these two tracks. Institutional capital can finance infrastructure and industrial growth, while stronger corporate investment can create the projects, supply chains and commercial ecosystems into which that capital can flow. The objective should be a bilateral investment corridor in which credible opportunities are identified earlier, capital is matched more effectively with suitable projects, and successful investments generate confidence for subsequent entrants.

ENERGY SECURITY

ADVANCING THE ENERGY SECURITY AGENDA



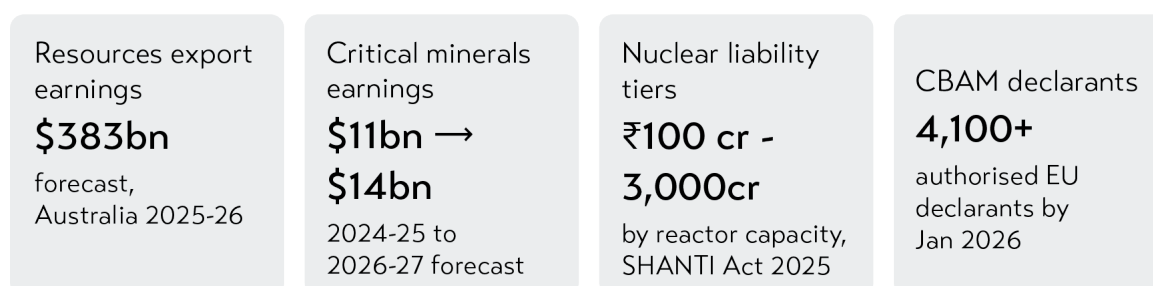
KEY RECOMMENDATIONS

- **Accelerate India's electrification.**
Prioritise a solar-heavy grid and industrial electrification over continued reliance on imported fossil fuels, squeezing out seaborne coal and gas trade dependency.
- **Pursue Japan-style strategic resource equity.**
India should take direct equity stakes in global resource basins, including Australian uranium and LNG assets, rather than relying solely on trade relationships.
- **Direct Australian capital into Indian solar manufacturing.**
Superannuation and pension funds could fill the gap left by shrinking US development financing, supporting India's solar hardware diversification for domestic and third-country markets.
- **Collaborate on EU CBAM readiness.**
Australia and India should cooperate on emissions measurement, carbon-accounting standards and verification to help Indian exporters, particularly in steel and aluminium, navigate EU Carbon Border Adjustment Mechanism requirements.
- **Expand green steel partnerships.**
Build on bilateral industrial experience, including the former Tata BlueScope joint venture, to develop new Australia–India partnerships in green and low-emissions steel.
- **Use Export Finance Australia to underwrite strategic supply.**
Leverage the expanded EFA authority (granted March 2026) to secure fuel and fertilizer cargoes during supply disruptions, offering a template for more durable supply arrangements.

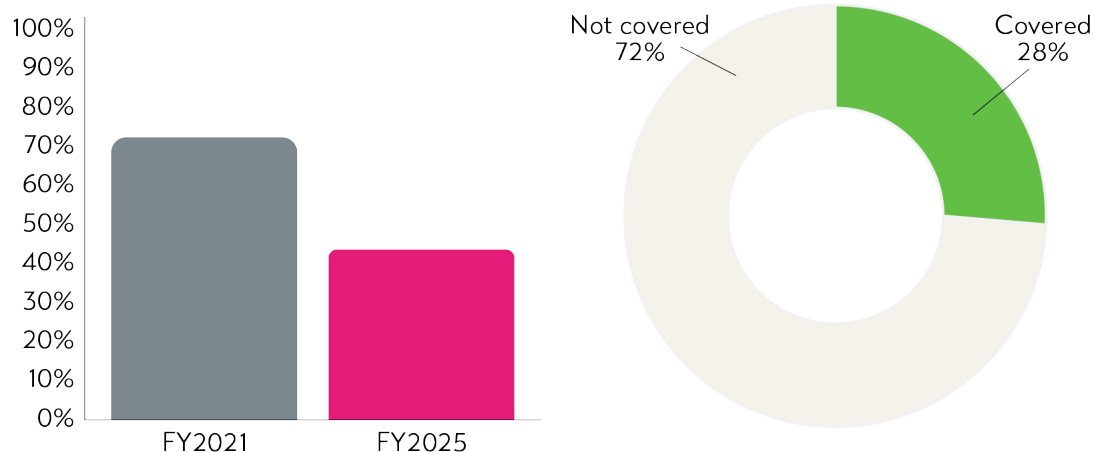
CURRENT LANDSCAPE

Australia's exposure to disruptions in Middle Eastern energy flows had already been recognised in official forecasts. In its June 2025 Resources and Energy Quarterly, the Department of Industry, Science and Resources warned that "rising tensions in the Middle East could result in gas price spikes, particularly if shipping through the Strait of Hormuz is affected."¹³⁶ The department's December 2025 quarterly subsequently forecast Australian resource and energy export earnings of AUD 383 billion in 2025–26, while projecting critical-minerals export earnings to rise from around AUD 11 billion in 2024–25 to AUD 14 billion in 2026–27.¹³⁷

India's own import diversification away from Australian coking coal and the limits of that diversification are documented in an IEEFA research note, which finds Australia's share of India's coking coal imports fell from approximately 72 per cent in FY2021 to around 43 per cent in FY2025,¹³⁸ while cautioning that Australia's dominant global export share means any supply disruption there raises prices for all importers, regardless of their own sourcing diversity.¹³⁹



Australia's share of India's coking coal imports Global emissions under carbon pricing, 2025



Source: Australian Department of Industry, Science and Resources (2025a, 2025b); IEEFA (2026); Government of India, SHANTI Act 2025 / PRS Legislative Research (2025); European Commission (2025, 2026).

¹³⁶ Australian Government, Department of Industry, Science and Resources, Resources and Energy Quarterly: June 2025, June 2025, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-june-2025>.

¹³⁷ Australian Government, Department of Industry, Science and Resources, Resources and Energy Quarterly: June 2025, June 2025, <https://www.industry.gov.au/publications/resources-and-energy-quarterly-june-2025>.

¹³⁸ Institute for Energy Economics and Financial Analysis, "US Met Coal Offers Limited Relief for India's Steel Energy Security," April 23, 2026, <https://ieefa.org/resources/us-met-coal-offers-limited-relief-indias-steel-energy-security>.

¹³⁹ Institute for Energy Economics and Financial Analysis, "US Met Coal Offers Limited Relief for India's Steel Energy Security," April 23, 2026, <https://ieefa.org/resources/us-met-coal-offers-limited-relief-indias-steel-energy-security>.

Nuclear cooperation has been reformed through formal legislation. According to the Gazette of India, the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Act, 2025 received Presidential assent on 20 December 2025, replacing the Atomic Energy Act 1962 and the Civil Liability for Nuclear Damage Act 2010.¹⁴⁰ The Act's substantive change is that where licences for nuclear generation and fuel handling were previously restricted to central government entities or government companies, the Act now empowers the central government to also grant licences to private Indian companies and joint ventures with government entities.¹⁴¹ On liability, the Act retains a tiered liability structure ranging from ₹100 crore to ₹3,000 crore based on reactor power capacity, and removes the operator's prior right of recourse against suppliers on the ground of defective equipment or materials.¹⁴²

In critical minerals, the International Energy Agency's policy database records that the March 2022 memorandum of understanding between Australia's Critical Minerals Office and India's Khanij Bidesh India Limited (KABIL) established a partnership to identify and support potential Indian investment in Australian projects. By March 2023, ministers from both countries announced that the partnership had identified five projects—two lithium and three cobalt—for detailed due diligence and further assessment.¹⁴³

Participants suggested that Australia and India could explore how India's emerging carbon-pricing architecture might be recognised under the European Union's Carbon Border Adjustment Mechanism (CBAM). The European Commission's own Carbon Border Adjustment Mechanism (CBAM) review confirms that CBAM's definitive regime took effect on 1 January 2026, with more than 4,100 economic operators obtaining authorised declarant status across the EU before and immediately after that date, and over 10,483 import customs declarations validated in the first reporting week alone.¹⁴⁴ The Commission's official review report to the Council and Parliament further notes that since CBAM's transitional phase began, the number of carbon pricing instruments in operation worldwide has risen to 80 instruments across 95 jurisdictions, covering about 28 per cent of global greenhouse gas emissions in 2025. This broader trend provides the context for India's emerging carbon-pricing architecture and any future Australia–India effort to seek recognition under CBAM.¹⁴⁵

140 Government of India, The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Act, 2025, Act No. 39 of 2025, Gazette of India, Legislative Department, December 21, 2025, https://prsindia.org/files/bills_acts/acts_parliament/2025/The_SHANTI_Act_2025.pdf.

141 PRS Legislative Research, "PRS Bill Summary: The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Bill, 2025," December 15, 2025, <https://prsindia.org/billtrack/prs-products/prs-bill-summary-1766036475>.

142 PRS Legislative Research, "PRS Bill Summary: The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Bill, 2025," December 15, 2025, <https://prsindia.org/billtrack/prs-products/prs-bill-summary-1766036475>.

143 International Energy Agency, "Australia-India Critical Minerals Investment Partnership – Policies," accessed July 2, 2026, <https://www.iea.org/policies/17873-australia-india-critical-minerals-investment-partnership>.

144 European Commission, Directorate-General for Taxation and Customs Union, "CBAM Successfully Entered into Force on 1 January 2026," January 14, 2026, https://taxation-customs.ec.europa.eu/news/cbam-successfully-entered-force-1-january-2026-2026-01-14_en.

145 European Commission, Directorate-General for Taxation and Customs Union, "CBAM Successfully Entered



FROM THE DIALOGUE

Crisis as Catalyst

India has historically undertaken major structural reform in response to crises, and the current Gulf conflict—by exposing vulnerabilities in the country’s dependence on imported energy—could provide a similar impetus for reform. Both countries face a parallel structural challenge: Australia needs to diversify away from China, India away from the Gulf. Near-term diversification options, such as existing Fujairah-routed supply bypassing the Strait of Hormuz or a proposed Australia-to-Gujarat energy link, will only shift volumes at the margin, but the marginal shift matters because it builds structural capacity against future shocks. Near-term resilience requires more than diversifying suppliers. It also depends on adequate strategic reserves, alternative shipping and logistics routes, and selective investment in storage and import infrastructure. This is particularly important for LNG, LPG and refined fuels, where infrastructure constraints and limited short-term substitutability make it harder to respond quickly to disruptions.

into Force on 1 January 2026,” January 14, 2026, https://taxation-customs.ec.europa.eu/news/cbam-successfully-entered-force-1-january-2026-2026-01-14_en.

The Risk-Reward-Resilience Framework

Resilience can be understood across three temporal stages:

1. The ability to absorb a shock in real time (largely occurring in trading hubs like Singapore, not in either country's capital).
2. The medium-term ability to adapt.
3. The long-term ability to transform in line with net-zero commitments.

Australia's 2050 net-zero deadline¹⁴⁶ and India's 2070 deadline¹⁴⁷ create very different investment conditions. India's longer runway gives it more flexibility to invest in longer-payback infrastructure without that investment conflicting with its transformation goals, whereas Australia has less room to build anything with a long asset life. Short-term crisis responses cannot be assumed to bridge smoothly into long-term transformation strategy. The two require separate planning.

Electrification as the Core Security Strategy for India

Accelerated electrification, rather than continued reliance on imported fossil fuels, offers India its most effective long-term lever for improving energy security. A solar-heavy grid can reduce dependence on seaborne coal imports, even though India has abundant, albeit lower-quality, domestic coal reserves. Industrial electrification and the displacement of coal in sectors where gas is more commonly used elsewhere represent a particularly large untapped opportunity. Gas is likely to remain a relatively minor part of this trajectory given India's limited domestic gas endowment.

The Japan Model: Strategic Resource Equity

Japan's global strategy of taking equity stakes across nearly every major resource basin worldwide—with Central Africa identified by participants as the principal remaining gap—offers a model that India might emulate by 2050.¹⁴⁸ Genuine resource security requires strategic equity ownership, not just trade relationships. India's current emphasis on regional trade is efficient but leaves the country exposed to external disruptions. Several complementary opportunities stand out: India's substantial refining capacity aligns with Australia's dependence on imported refined fuels, including diesel; reliable Australian LNG could help address India's limited industrial gas supply; and Australia's uranium resources complement India's expanding civil nuclear programme,

¹⁴⁶ Australian Government, Department of Climate Change, Energy, the Environment and Water, "Net Zero", last updated November 25 2025, <https://www.dcccew.gov.au/climate-change/emissions-reduction/net-zero>

¹⁴⁷ Government of India, "India's Nationally Determined Contribution 2031–35", published April 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2245209®=3&lang=1>

¹⁴⁸ Dialogue participants pointed to Japan's extensive global resource-equity strategy, with Central Africa identified as a remaining geographic gap. More broadly, Japan has long used state-backed equity participation, loans and guarantees through the Japan Organization for Metals and Energy Security (JOGMEC) to support Japanese companies acquiring and developing overseas oil, gas and mineral assets. (See, <https://www.jogmec.go.jp/english/activities/oil/financial-assistance.html>)

made more feasible by the December 2025 reforms to India's nuclear framework, which enabled private-sector participation alongside plans to expand small modular reactors.¹⁴⁹

Participants also flagged the Lombok Strait as one of the strategic sea lanes connecting Australian exports with Indian Ocean markets, underscoring the importance of maintaining strong relations with Indonesia.

Coal Still Anchors the Relationship

Coal remains the most durable pillar of the bilateral energy relationship. India's steel-driven demand for coking coal is expected to continue growing, with Australia remaining its largest supplier despite increasing efforts to diversify towards sources including the United States, Indonesia and Russia.¹⁵⁰

LNG is considerably more uncertain. During the current crisis, India has diversified replacement sourcing towards suppliers including the United States, Oman, Nigeria and Angola¹⁵¹, highlighting the highly competitive nature of the LNG market and suggesting that Australia–India LNG trade has not proved sufficiently competitive even under acute supply stress. One structural reason is the importance of price-sensitive sectors such as fertiliser, which remains one of India's largest consumers of natural gas. India therefore tends to prioritise competitively priced cargoes rather than rely on a stable long-term relationship with any single supplier.

Geopolitics Is Reshaping LNG Contracts

LNG is increasingly shaped by geopolitically managed trade rather than open-market dynamics alone. The United States has increasingly incorporated energy-purchase commitments into broader trade and economic agreements, as seen in its engagement with Malaysia.¹⁵² India, meanwhile, has expanded long-term LNG arrangements with the

¹⁴⁹ Australia holds the world's largest identified economic uranium resources. India's SHANTI Act 2025, which received presidential assent in December 2025, modernised the country's nuclear legal framework and enabled greater private-sector participation, while India's Nuclear Energy Mission supports the development of small modular reactors. (See, <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2294817®=5&lang=1>)

¹⁵⁰ India imported 66.3 million tonnes of coking coal in FY2025–26, reflecting its continuing dependence on imported metallurgical coal as steelmaking capacity expands. Australia remains the largest supplier, accounting for more than half of Indian coking-coal imports in recent years. (See, Government of India, Ministry of Coal, Production and Supplies; Ministry of Steel, <https://coal.gov.in/major-statistics/production-and-supplies>)

¹⁵¹ Following disruptions to Qatari LNG supplies during the 2026 Gulf crisis, Indian buyers increased purchases from the United States, Oman, Nigeria and Angola. Fertiliser accounted for around 28% of India's natural-gas consumption in FY2025–26. (See, Petroleum Planning & Analysis Cell, India's Oil & Gas Ready Reckoner FY2025–26, <https://ppac.gov.in/>)

¹⁵² The 2025 US–Malaysia trade agreement was accompanied by Malaysian commitments for up to US\$3.4 billion annually in US LNG purchases through multi-year agreements. (See, White House, President Donald J. Trump Secures Peace and Prosperity in Malaysia, 26 October 2025, <https://www.whitehouse.gov/fact-sheets/2025/10/fact-sheet-president-donald-j-trump-secures-peace-and-prosperity-in-malaysia/>)

UAE and explored potential supply arrangements with Russia.¹⁵³ This raises the question, as participants noted, of whether India could eventually emerge as a clearing market for a major commodity, as Japan increasingly has for LNG and China for bulk commodities, drawing on its growing demand and capacity to absorb spare cargoes. Achieving this would require substantial investment in trading capability and storage infrastructure. Coal, particularly metallurgical coal, may offer a more plausible pathway to such a role than LNG.

Solar Manufacturing as a Third-Country Opportunity

India's push to diversify solar hardware manufacturing away from China is exemplified by TP Solar's 4.3 GW solar cell and module manufacturing facility in Tamil Nadu, supported by up to US\$425 million in financing from the U.S. International Development Finance Corporation (DFC).¹⁵⁴ The project forms part of a broader expansion in Indian solar manufacturing that has coincided with a sharp rise in photovoltaic exports. This is an area where participants saw scope for Australian capital, particularly superannuation and pension funds, to invest, with opportunities extending beyond domestic Indian or Australian demand to third-country markets. With U.S. development-finance priorities shifting under the current administration, participants argued that Australian capital could play a larger complementary role.

Vertical Integration and Risk-Absorption Debates

The discussions raised two unresolved questions about clean-energy industrial policy. The first concerns where vertical integration is commercially viable. In battery and electric-vehicle supply chains, upstream and downstream firms are increasingly integrating around precursor materials. Participants noted that such models may work where capital requirements and technological barriers are high, but can compress margins in segments with lower barriers to entry.

The second concerns the effectiveness of government risk-absorption tools, including subsidies, tax rebates and production incentives. Participants argued that these instruments are not equally effective across the value chain. In exploration and some midstream activities, subsidies alone may be insufficient to overcome weak demand, technological uncertainty or underlying competitiveness challenges.

¹⁵³ India and the UAE signed a ten-year agreement in January 2026 for ADNOC Gas to supply HPCL with 0.5 million tonnes of LNG annually, while India and Russia subsequently explored renewed direct LNG supply arrangements amid Gulf supply disruptions. Reuters, 19 January and 27 March 2026. (See, <https://www.reuters.com/world/india/india-uae-agree-boost-trade-defence-ties-finalise-lng-deal-leaders-meeting-2026-01-19/>) Also see, <https://www.reuters.com/business/energy/trumps-iran-war-pushes-india-rekindle-old-friendship-with-russia-2026-03-27/>)

¹⁵⁴ "U.S. agency approves USD 425 million financing for Tata Power's solar cell, module manufacturing plant in T.N.," The Hindu Bureau, published September 11 2023, <https://www.thehindu.com/news/national/tamil-nadu/us-agency-approves-usd-425-million-financing-for-tata-powers-solar-cell-module-manufacturing-plant-in-tn/article67294474.ece>

Carbon Border Mechanisms as an Emerging Collaboration Area

Carbon-border measures present an underexplored area for Australia–India cooperation. India and Australia could collaborate on how India's carbon-pricing architecture might be recognised within the European Union's Carbon Border Adjustment Mechanism (CBAM). India's emerging carbon market uses emissions-intensity targets, while the EU's CBAM allows carbon prices effectively paid in third countries to be reflected in determining CBAM liability.¹⁵⁵ Such cooperation could reduce the potential burden on Indian steel, aluminium and other emissions-intensive exports entering the European market. Green-steel partnerships, drawing on bilateral industrial models such as the former Tata BlueScope joint venture¹⁵⁶, offer a related avenue for cooperation.

Government Tools for Supply Resilience

Australia has also expanded the financial tools available to respond to supply disruptions. Legislative changes passed on 1 April 2026 gave Export Finance Australia (EFA) greater authority to secure additional fuel cargoes and supplies of strategic materials, including fertiliser.¹⁵⁷ This provides a potential mechanism for managing immediate shortages while longer-term diversification and infrastructure measures are developed.

¹⁵⁵ European Commission, "Carbon Price Paid in Third Countries", published May 13 2026, https://taxation-customs.ec.europa.eu/news/carbon-price-paid-third-countries-2026-05-13_en

¹⁵⁶ Tata BlueScope Steel was established in 2005 as a 50:50 joint venture between Tata Steel and Australia's BlueScope Steel, developing coated and painted steel products in India. In November 2025, BlueScope agreed to sell its 50 per cent interest to Tata Steel. (See, <https://www.bluescope.com/news/50-per-cent-sale-of-Tata--BlueScope-Steel-venture>)

¹⁵⁷ The Export Finance and Insurance Corporation Amendment (Strategic Reserve) Bill 2026 established a Strategic Reserve and expanded EFA's powers to finance and secure fuel, critical minerals, fertiliser and other strategic materials vulnerable to supply-chain disruption. The powers have since been used to secure additional fuel and fertiliser supplies. (See, <https://www.exportfinance.gov.au/strategic-reserve/>)

THE WAY AHEAD

The next phase of Australia–India energy cooperation should move beyond a commodity-by-commodity approach towards a broader portfolio of supply, investment and resilience arrangements. Immediate crisis management, medium-term diversification and long-term energy transformation serve different purposes and should be planned separately. Measures that help absorb a temporary disruption may not support either country’s longer-term industrial and transition objectives, while investments intended for the coming decades must account for their different energy systems and net-zero timelines.

This portfolio will necessarily contain different forms of cooperation. Metallurgical coal is likely to remain a durable part of the relationship, whereas LNG will be more opportunistic and sensitive to price and contract conditions. India’s role as a supplier of refined petroleum products to Australia also demonstrates that bilateral energy interdependence is not one-directional. Cooperation should therefore build on areas where the two countries offer one another genuine resilience rather than attempting to impose the same commercial model across every energy source.

A more mature partnership would give both countries a wider range of options during periods of disruption and structural change. For India, this means combining diversified imports with strategic investment, adequate storage and reduced exposure to individual suppliers and chokepoints. For Australia, it means broadening export and investment relationships while recognising India’s value as a refining, industrial and capital partner. The objective is not for either country to replace existing energy relationships, but to strengthen their ability to manage shocks and make longer-term choices with greater confidence.



DIGITAL DEVELOPMENT

BUILDING A TRUSTED
DIGITAL PARTNERSHIP



KEY RECOMMENDATIONS

- **Create a bilateral DPI and AI delivery group.**
Give it a limited portfolio of priority projects, clear institutional ownership and the authority to move initiatives from discussion through procurement and adoption.
- **Treat AI-on-DPI as a foundation-layer strategy.**
Use trusted identity, consent-based data sharing and interoperable records to support scalable applications in health, agriculture, finance and public-service delivery.
- **Back a small number of adoption-ready projects.**
Prioritise areas such as digital credentials, privacy-preserving health diagnostics and AI-enabled agriculture or climate services, with milestone-based funding and a clear decision on adoption at the end.
- **Build on India's digital infrastructure and Australia's standards strengths.**
Align projects with India's existing digital rails, AI capacity and cloud infrastructure, while drawing on Australian expertise in cybersecurity, health, biotechnology, governance and standards.
- **Build a sustainable digital-infrastructure partnership.**
Connect data-centre operators, energy providers, technology companies, researchers and state governments to address the energy, water, cybersecurity and skills demands of expanding AI and data-centre capacity. An initial demonstration project in India could combine Australian investment and technology with stronger sustainability standards for future digital infrastructure.
- **Establish a trusted framework for repeat collaboration.**
Agree standing arrangements for data governance, assurance, privacy, security and procurement so successful pilots can move into regular use without having to renegotiate the underlying rules each time.
- **Create a Pacific-led DPI facility.**
Support willing Pacific countries to design and implement digital public infrastructure while keeping data ownership, institutional control and priority-setting local.

CURRENT LANDSCAPE

India has built, in little more than a decade, the largest digital public infrastructure in the world. Aadhaar enrolments passed 1.44 billion by March 2026, and accounts opened under the Pradhan Mantri Jan Dhan Yojana rose from around 147 million in 2015 to some 578 million by February 2026.¹⁵⁸ The Unified Payments Interface now accounts for roughly 85 per cent of India's digital retail payments by volume and processes more than 20 billion transactions a month — the first real-time payment system anywhere to cross that threshold — with India contributing close to half of all global real-time payment transactions.¹⁵⁹ Over the same period, the share of Indian adults holding a bank account rose from approximately 53 per cent in 2014 to around 87 per cent. This is the fastest large-scale financial inclusion transition on record, and it was achieved through open, interoperable public rails rather than proprietary platforms.

The architecture is layered and deliberate. An identity layer, built from 2010 onwards, was followed by a paperless layer enabling reusable digital credentials — degrees, licences, certificates — through electronic know-your-customer processes, and then by a payments layer in UPI. Collectively known as India Stack, the model is open-source, low-cost and designed as a public good rather than a private monopoly, allowing start-ups and public agencies alike to build services without depending on the infrastructure of a handful of global technology firms¹⁶⁰. It is also beginning to travel: UPI acceptance now operates in Singapore, the United Arab Emirates, Bhutan, France and Sri Lanka, and India joined the Bank for International Settlements' Project Nexus initiative in 2024 to link real-time payment systems across borders.¹⁶¹

¹⁵⁸ Government of India, Press Information Bureau, "India's Digital Public Infrastructure", published March 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2235812®=3&lang=2>

¹⁵⁹ Press Information Bureau, From Queues to QR Codes: India's Payment Revolution, published April 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2251058®=48&lang=2>

¹⁶⁰ India Stack is described as a collection of open APIs and digital public goods spanning identity, data and payments and inspired by principles of open-source software and interoperability. (See, <https://indiastack.org/>)

¹⁶¹ PIB, "India has signed MOUs/ agreements with 23 countries on Digital Public Infrastructure", published February 6 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2224505®=48&lang=2>

DPI partner countries

23

MoUs as of Feb 2026

UPI live countries

8+

incl. UAE, Singapore, France

AICCTP fund

\$12.7M

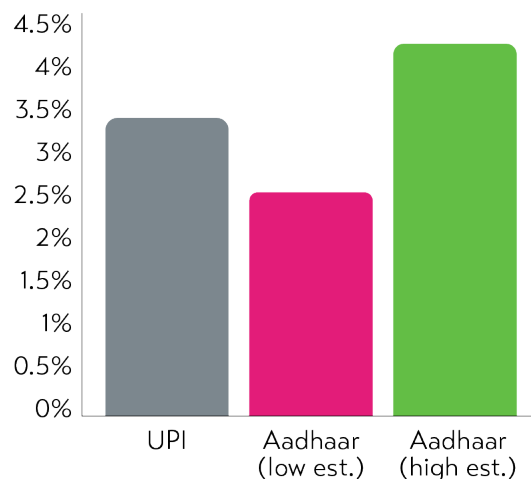
19 projects across 4 grant rounds

5th grant round

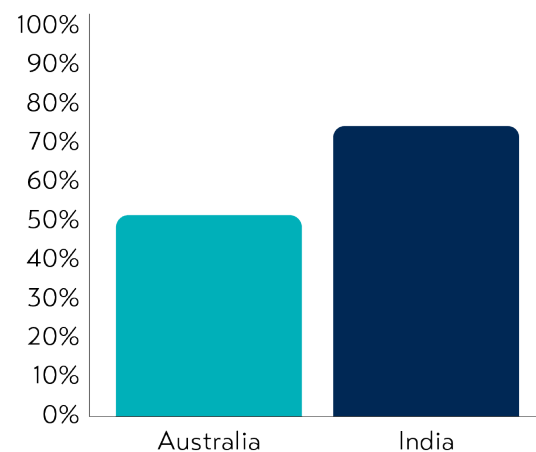
\$1.6M

2025-26, AI/quantum/DPI standards

Estimated GDP contribution (% of India's GDP)



Enterprise AI adoption, 2024



Source: GDP-contribution regression — *Journal of Emerging Investigators* (2025); DPI MoU/UPI-country count — PIB (2026a, 2026b); AICCTP — DFAT (n.d.-a); AI adoption — Department of Industry, Science and Resources (2026).

Australia's position is different in kind rather than degree. It is still building the national frameworks — a national digital identity system among them — that India has already deployed at scale, and its model is a mixed public-private one rather than a public rail on which private services are built. Its comparative strengths lie elsewhere: in regulation, cybersecurity, privacy governance, public-sector assurance and long-standing implementation relationships across the Pacific. The two systems are also governed differently, with India's Digital Personal Data Protection Act 2023 and Australia's privacy and digital identity legislation reflecting divergent approaches to consent, data localisation and cross-border flows.¹⁶² These differences are the substance of the interoperability problem, and they are the reason a shared assurance baseline matters more than a shared architecture.

Australian engagement with India's digital economy has, meanwhile, moved from interest to material investment. In April 2026, AirTrunk — the Sydney-founded hyperscale data centre operator — entered the Indian market by acquiring Lumina CloudInfra, gaining a development pipeline of around 600 megawatts across Mumbai, Chennai and Hyderabad. In June 2026 the company announced plans to invest more than

¹⁶² Australia's Digital ID Act 2024 establishes the legislative and regulatory framework for the Australian Digital ID system, while the Australian Privacy Principles govern matters including cross-border disclosure of personal information. India's Digital Personal Data Protection Act 2023 and Digital Personal Data Protection Rules 2025 establish India's corresponding personal-data framework.

US\$30 billion in India by 2030, supporting up to five gigawatts of new capacity. India's installed data centre capacity is projected to grow from roughly 1.5 gigawatts in 2025 to around ten gigawatts by 2030, driven by cloud adoption, data localisation requirements and the compute demands of the IndiaAI Mission.¹⁶³ Australian capital is already building the physical layer of India's AI economy; the policy relationship has yet to catch up with it.



FROM THE DIALOGUE

DPI as the Foundation for AI

The session's central argument was that digital public infrastructure is not separate from the AI agenda; it is what makes AI usable at scale. Trusted digital identity, secure and consent-based data sharing, and interoperable records provide the foundation on which AI systems can operate effectively and gain public confidence.

India's comparative advantage lies in building "AI on DPI"—applying AI to verified, real-world data in areas such as health, agriculture, finance and public-service delivery.¹⁶⁴ This differs from competing to develop the most advanced frontier models and offers a more practical pathway to widespread adoption. It also builds on India's experience in creating low-cost digital systems that can operate across multiple languages, uneven connectivity and very large populations.

¹⁶³ "AirTrunk Acquires Lumina CloudInfra", AirTrunk Media Release, published April 20 2026, <https://airtrunk.com/airtrunk-acquires-lumina-cloudinfra/>

¹⁶⁴ India's emerging AI strategy increasingly builds on its Digital Public Infrastructure (DPI), using interoperable platforms and consent-based data systems to support population-scale AI applications in sectors including health, agriculture, finance and public-service delivery. NITI Aayog's 2026 DPI@2047 roadmap identifies the combination of DPI, AI and trusted data flows as a structural advantage for India, while the India AI Impact Summit highlighted DPI as the foundation for scalable AI deployment across healthcare, agriculture and public services. (See, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2256122®=48&lang=2>)

Principles, not a technology package

An important distinction drawn in the Dialogue was that DPI is not a ready-made system to be transferred from one country to another. Its value lies in the principles beneath it — interoperability, inclusion, privacy, security, and the ability to build new services on shared digital rails. Countries adopting these principles need not adopt Indian systems, and the bilateral opportunity is therefore to co-design trusted systems around specific use cases rather than to transplant an architecture. That distinction also disciplines the regional agenda: what Australia and India can most usefully offer partners is an approach and a set of standards, not a finished platform.

Complementary rather than competing capabilities

The partnership was framed throughout as complementary rather than symmetrical. India brings scale, software engineering depth and population-scale experience in identity, payments and document systems; Australia brings regulatory and governance experience, cybersecurity capability, regional relationships and implementation capacity. Australia is not attempting to build frontier models, and participants were candid about that. Its realistic positions are as a shaper — using early access and standards work to influence how frontier systems handle cybersecurity, health, biotechnology and Pacific languages — and as a user and creator at the applied level. That division of labour is a strength, provided each side is clear about which role it is playing. In practice, this points towards collaboration in areas such as health diagnostics, agricultural services, digital credentials, climate applications and trusted public-service delivery.

Applied collaboration is already working

Practical collaboration is further advanced than the policy conversation suggests. One example raised in the Dialogue involved an Indian company drawing on consented health-locker data to build cardiac diagnostic AI that was subsequently deployed with Australian cardiovascular systems within roughly a year. The significance lies not in the individual case but in what it demonstrates: Indian data scale and engineering, combined with Australian clinical systems and regulatory rigour, can produce deployable products quickly. Participants also noted the reverse need—better data reflecting Australia's multicultural population. The constraint on repeating such collaborations is not technical capability but the absence of standing arrangements for data governance, assurance and procurement. This suggests that bilateral collaboration can move relatively quickly when data access, clinical validation, regulatory requirements and procurement pathways are considered from the outset.

Trust is the binding constraint

Participants were consistent that the risks are as significant as the opportunities, and that they are principally about trust rather than technology. Concerns raised included the concentration of citizen data, surveillance potential, the governance of AI systems, cybersecurity exposure, and dependence on foreign frontier models over which neither country has control. Equally emphasised was that technical and legal controls are not sufficient where communities do not understand or trust the system being introduced. Any joint offering to third countries will be adopted only if it is demonstrably safe and publicly accepted, and the credibility of a trusted-technology partnership rests entirely on that demonstration. The credibility of an Australia–India trusted-technology partnership will therefore depend on whether both countries can demonstrate that the systems they develop are safe, accountable and publicly accepted.

A Pacific Partnership Opportunity

The Pacific emerged as a practical test of what an Australia–India trusted-technology partnership could deliver beyond the bilateral relationship. Participants saw a clear complementarity: India can bring experience in building affordable digital systems at scale, while Australia brings long-standing Pacific relationships, implementation capacity and expertise in governance, cybersecurity and assurance. The objective would not be to export an Indian technology package, but to support Pacific countries in designing systems around their own priorities and institutions. Any such cooperation would need to keep data ownership, institutional control and priority-setting with Pacific governments, while combining Indian technical capability with Australian standards and implementation support.

Government Mechanisms Already in Motion

A number of foundations are already established. India's DPI stack operates at national scale and is being extended internationally through bilateral acceptance arrangements and Project Nexus. The IndiaAI Mission provides a funded national programme for sovereign AI capability, while India's February 2026 budget introduced a long-term tax concession for foreign technology firms using Indian data centres to provide global cloud services.¹⁶⁵ On the Australian side, AirTrunk's investment programme is expanding hyperscale capacity in India, while Australian institutions bring experience in privacy, consumer data rights, digital identity, cybersecurity and AI assurance.

The bilateral relationship also has existing channels through which this cooperation can proceed. Australia's development partnerships in the Pacific provide potential

¹⁶⁵ The IndiaAI Mission, approved in 2024, is building domestic AI capability across compute infrastructure, datasets, foundation models, skills, applications, start-up financing and safe and trusted AI. The Union Budget 2026–27 additionally introduced a tax holiday until 2047 for foreign companies providing global cloud services through India-based data centres, alongside a safe-harbour arrangement for related Indian data-centre entities. (See, Government of India, "Union Budget 2026–27, Budget Speech", paras 130–131, https://www.indiabudget.gov.in/doc/budget_speech.pdf)

pathways for jointly designed systems, while the bilateral cyber and critical-technology architecture already brings officials together. The remaining gap is not another forum for discussion, but a mechanism capable of selecting a limited number of projects, assigning institutional responsibility and carrying them through testing, procurement and adoption.

THE WAY FORWARD

The next phase of Australia–India digital cooperation should be defined by whether jointly developed systems can move beyond experimentation and become trusted, widely used public and commercial infrastructure. The partnership's advantage does not lie in competing with major powers in frontier-model development, but in combining India's capacity to build affordable systems at scale with Australia's strengths in governance, assurance, cybersecurity and sectoral application.

This will require digital cooperation to be approached as an integrated ecosystem rather than as a series of standalone technologies. Identity, data governance, AI applications, cloud capacity, cybersecurity, energy use and public acceptance are closely connected. A technically successful system will have limited value if it cannot satisfy regulatory requirements, secure institutional adoption or maintain public confidence. Trust must therefore be demonstrated through how systems are designed, governed and used, not simply asserted through bilateral declarations.

The wider regional opportunity should follow the same principle. Australia and India can offer partners practical alternatives that combine affordable technology with strong safeguards, but these systems must be shaped around local needs and institutions. A mature digital partnership would be one in which bilateral cooperation produces technologies that are scalable without being prescriptive, commercially viable without weakening public accountability, and adaptable across different social, linguistic and regulatory environments.



DEFENCE INDUSTRY

ADVANCING DEFENCE AND STRATEGIC TECHNOLOGY COOPERATION



KEY RECOMMENDATIONS

- **Establish an Australia–India defence industry delivery mechanism.**

Create a joint ministerial-level process to manage a small portfolio of projects, resolve obstacles and assign responsibility across acquisition, licensing, security clearances and export controls.

- **Create a bilateral co-development fund.**

Support promising projects through matched industry investment and milestone-based funding, enabling them to move from concept to acquisition, licensing or co-production.

- **Build a requirements-led industry gateway.**

Start with clearly defined defence needs and connect firms directly with end users, acquisition agencies, prime contractors and investors rather than relying on general industry outreach.

- **Combine India's manufacturing scale with Australia's niche technology strengths.**

Use iDEX¹⁶⁶, India's defence corridors and Australian expertise in autonomous systems, edge AI and sustainment to move bilateral projects from prototype to production.

- **Strengthen pathways for small and medium firms.**

Give SMEs clearer access to Indian procurement opportunities, local partners and wider defence supply chains.

- **Concentrate co-development in underwater, autonomous and counter-drone systems.**

Prioritise areas with immediate operational relevance, dual-use applications and realistic pathways to industrial collaboration.

¹⁶⁶ iDEX (Innovations for Defence Excellence) is the Indian Ministry of Defence's flagship defence-innovation initiative, launched in 2018 and implemented through the Defence Innovation Organisation (DIO). It supports start-ups, MSMEs and other innovators to develop and commercialise defence and aerospace technologies through challenge-based funding, co-development and procurement pathways. (See, <https://idex.gov.in/>)

- **Test jointly developed capabilities through bilateral exercises.**
Use exercises and operational engagements to identify technical and procedural gaps, develop common operating standards and inform acquisition and deployment decisions.
- **Expand ship repair, maintenance and sustainment cooperation.**
Build on existing precedents to generate practical industrial activity without requiring the development of an entirely new platform.
- **Prepare for quantum-safe defence systems.**
Build crypto-agility into current procurement so platforms can be upgraded as existing encryption becomes vulnerable.

CURRENT LANDSCAPE

Defence cooperation is among the most developed pillars of the Australia–India relationship, and the Melbourne summit strengthened it further. The Joint Declaration on Defence and Security Cooperation, issued on 9 July 2026, commits both countries to “undertaking to consult on defence-related developments in the Indo-Pacific that affect shared interests,” “increasing the complexity of our defence exercises,” “accelerating efforts to build interoperability and information sharing between defence forces,” and “expanding aircraft deployments from each other’s territories.”¹⁶⁷

On defence industry, the declaration commits both governments to “embrace the growing potential of defence industries on both sides through encouraging integration, industry engagement, and building supply chain resilience.” It also states that they will deepen collaboration between their defence innovation ecosystems and develop arrangements for advanced defence science and technology collaboration.¹⁶⁸ For two countries that are not allies, this is notably forward-leaning language and provides a stronger political basis for industrial cooperation that has so far remained limited.

The industrial context on the Indian side has changed substantially. India’s defence production reached a record ₹1.78 lakh crore in FY2025–26, an increase of roughly 16 per cent on the previous year and more than double the figure of five years earlier. Defence exports rose 63 per cent to ₹38,424 crore and now reach more than eighty countries. The structure of that output matters for any partner: defence public sector undertakings

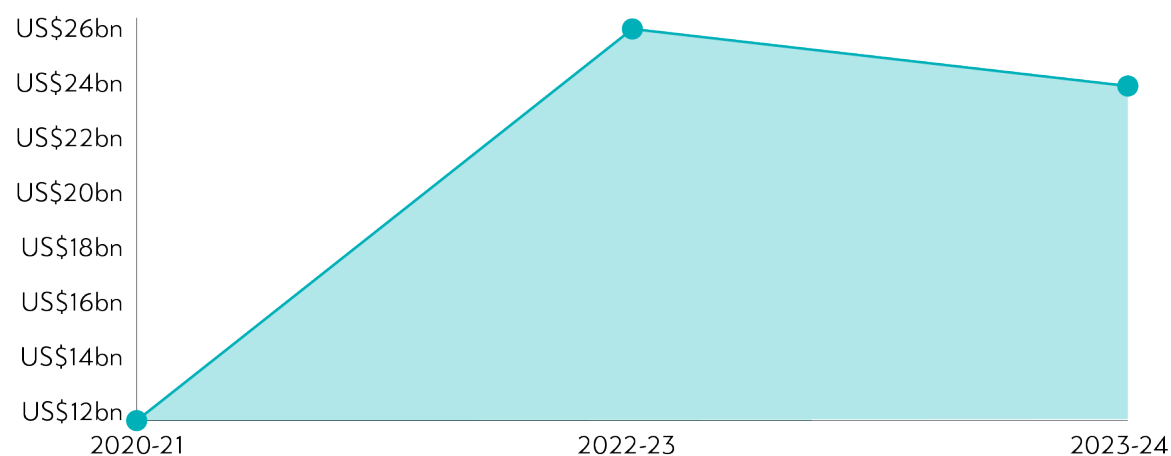
¹⁶⁷ Australian Government, Prime Minister of Australia, Australia–India Joint Declaration on Defence and Security Cooperation (2026), published July 9 2026, <https://www.pm.gov.au/media/australia-india-joint-declaration-defence-security-cooperation>

¹⁶⁸ Ibid.

and other public entities account for roughly three-quarters of production, with private firms supplying the remaining quarter — yet private companies contribute close to half of all exports.¹⁶⁹ India's private defence sector is smaller but disproportionately outward-facing, which makes it the more natural counterpart for Australian firms.

India defence production ₹1.5 lakh cr record, FY2024-25	Defence Policy Talks 10th round New Delhi, May 2026	Ministers' Dialogues 2 Oct 2025 Canberra; Jun 2026 Delhi	DFAT two-way trade AUD 54.4bn goods + services, FY2024-25
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India-Australia merchandise trade, PIB estimate (USD bn)



Source: Department of Defence, Australia (2025,2026); Ministry of Defence, Government of India (2026); DFAT (n.d.); PIB (2024). Note: the document itself flags that DFAT's AUD 54.4bn goods-and-services figure and PIB's narrower merchandise-only series aren't directly comparable — shown as two separate metrics rather than one reconciled trend.

Policy settings are also in flux. The draft Defence Acquisition Procedure 2026, released to replace the 2020 framework, is designed to accelerate acquisition timelines and strengthen the indigenous manufacturing base through higher local content requirements and new procurement categories.¹⁷⁰ Alongside it, the Innovations for Defence Excellence programme has drawn some 676 start-ups, small firms and individual innovators into the defence ecosystem since 2018, with 45 procurement contracts signed.¹⁷¹ Australia's industrial structure is close to the mirror image: production is concentrated in a small number of large prime contractors, most of them

¹⁶⁹ Government of India, Ministry of Defence, "Defence production soars to a record Rs 1.78 lakh crore in Financial Year 2025–26", published June 17 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2273824&lang=1®=48>

¹⁷⁰ Government of India, Ministry of Defence, "DAP 2026 proposes transformative leap in India's defence procurement framework", published February 13 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2227775®=3&lang=1>

¹⁷¹ Ibid.

subsidiaries of global defence firms, with a comparatively small domestic supplier base.¹⁷² Bilaterally, a Joint Working Group on Defence Industry, Research and Material already exists, and the June 2026 Defence Ministers' Dialogue agreed to develop an MoU on the Provision of Defence Articles and Defence Services and explore new defence science and technology cooperation.¹⁷³

FROM THE DIALOGUE

Strong at the policy level, thin at the industrial one

The dominant assessment in the session was that defence cooperation is well developed politically and militarily but has not translated into industrial partnership. The two countries now exercise more frequently, use each other's logistics facilities, share information and are building practical interoperability across maritime and air operations. Agreements are numerous — the 2+2 ministerial dialogue, logistics arrangements, Quad, and now the Joint Declaration — yet joint production, co-development and integrated supply chains remain minimal. Participants were direct that advocacy alone has run its course, and that the next phase requires commercial transactions rather than further statements of intent.

Structurally different defence economies

A central analytical point emerging from the Dialogue was that the two defence industries are built on different models, and that this mismatch creates an underlying obstacle to cooperation. Roughly three-quarters of Indian defence production sits with state-owned enterprises, while participants characterised Australian output as concentrated among a relatively small number of large prime contractors, many linked to global defence companies. The two systems therefore have different procurement logics, different intellectual property expectations and different tolerances for risk. An Australian small or medium firm approaching the Indian market encounters a state-dominated ecosystem it does not know how to navigate; an Indian private firm seeking Western partnerships must satisfy standards and clearance regimes designed for allied supply chains. Neither problem is insurmountable, but neither resolves itself.

¹⁷² Australia's defence-industrial model centres heavily on major prime contractors and their global supply chains. Defence's Global Supply Chain Program currently works with 13 primes—including BAE Systems, Boeing, Lockheed Martin, Northrop Grumman, Raytheon Australia, Rheinmetall, Saab and Thales—while the 2026 Defence Industry Development Strategy places renewed emphasis on expanding Australian supplier and SME participation in defence supply chains. (See, Australian Government, Department of Defence, 2026 Defence Industry Development Strategy, <https://www.defence.gov.au/about/strategic-planning/2026-defence-industry-development-strategy>, Also see, <https://www.defence.gov.au/business-industry/industry-capability-programs/global-supply-chain-program>)

¹⁷³ Australian Government, Department of Defence, "Joint Statement on the Second India–Australia Defence Ministers' Dialogue", published June 1 2026, <https://www.minister.defence.gov.au/statements/2026-06-01/joint-statement-second-india-australia-defence-ministers-dialogue>

The barriers are procedural, not strategic

Participants identified a consistent set of practical blockages: export controls, protection of intellectual property, security clearances, and the absence of a bilateral defence industrial framework. Several were raised repeatedly. One concern was the lack of a straightforward reciprocal industrial-security pathway: Australia operates the Defence Industry Security Program (DISP), while India has a separate security framework for licensed defence industries, leaving no obvious mechanism by which an Australian firm's security status translates into equivalent standing in India.¹⁷⁴ Participants also raised uncertainty about how existing government-to-government information-sharing arrangements translate into industry-level access. The higher indigenous-content requirements and technology-transfer provisions in the draft Defence Acquisition Procedure 2026, while understandable in the context of India's self-reliance agenda, were also seen as potentially deterring foreign firms concerned about protecting proprietary technology.¹⁷⁵ A recurring theme was that political direction often weakens as it moves through the layers of two large bureaucracies, and that government and industry work on different timelines.

Where co-development is realistic

Rather than broad cooperation, participants pointed to a small number of domains where genuine co-development is plausible. Underwater and autonomous systems attracted the most interest, including small, long-endurance autonomous underwater vehicles with dual civilian and military applications and the integration of edge artificial intelligence for undersea domain awareness — an area where Australian firms hold capability and Indian manufacturing scale is attractive, provided intellectual property can be protected under manufacturing-under-licence arrangements. Ship repair, maintenance and sustainment was a second area. Counter-drone systems, resilient communications, space and surveillance, and semiconductor and quantum-enabled technologies completed the list.

Quantum security as a shared deadline

One technical discussion carried unusual urgency. Current public-key encryption is expected to become vulnerable to quantum computation around the end of this decade, while defence systems typically operate on replacement cycles of two decades or more. Systems being specified now will therefore still be in service when the cryptography protecting them fails. The requirement identified was “crypto agility” — designing

¹⁷⁴ Australia's Defence Industry Security Program (DISP) provides a membership and assurance framework for companies working with Defence. India separately applies the Security Manual for Licensed Defence Industries 2025 to defence public-sector undertakings and licensed defence companies. (See, Government of India, Ministry of Defence, Department of Defence Production, “Security Manual for Licensed Defence Industries 2025”, published March 2025, https://www.ddpmod.gov.in/en/security_manual_for_licensed_defence_industries)

¹⁷⁵ The draft Defence Acquisition Procedure 2026 strengthens indigenous-content requirements, including increases of up to 60 per cent in some procurement categories, while retaining pathways involving local manufacturing and technology transfer. (See, Government of India, Ministry of Defence, “Draft Defence Acquisition Procedure 2026”, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2273854®=48&lang=2>)

systems so that cryptographic components can be replaced without rebuilding the platform — and the point was made that transition must begin immediately rather than when the threat materialises. This is a rare area where the two countries face an identical problem on an identical timeline, and where standards work could proceed without any of the industrial obstacles that constrain other cooperation.

Interoperability is already being demonstrated

Against these constraints, operational cooperation continues to advance. Exercises have grown in frequency and complexity; the General Rawat India–Australia Young Officers’ Exchange Program is ongoing; and joint operations involving the two countries’ maritime patrol aircraft — India’s P-8I and Australia’s P-8A — offer a concrete demonstration of interoperability in a domain of shared strategic importance.¹⁷⁶ These examples matter because they establish that the two systems can work together in practice, and because the operational relationship provides a ready-made environment in which jointly developed equipment could be tested.

Government Mechanisms Already in Motion

Several instruments are already available. The Joint Declaration provides political authority for industrial integration and for advanced defence science and technology collaboration. The Joint Working Group on Defence Industry, Research and Material offers a standing bilateral forum, and the June 2026 Defence Ministers’ Dialogue directed that it be used more actively. On the Indian side, the iDEX programme provides a route through which small firms and start-ups can enter the defence market, and India’s defence industrial corridors offer physical locations for joint manufacturing. Australia’s Defence Industry Security Program offers one model for industrial-security assurance, while India operates a separate security framework for licensed defence industries; participants noted the absence of a straightforward reciprocal pathway between the two. Australia’s defence science and innovation organisations also offer counterparts for the arrangements the declaration envisages.

¹⁷⁶ Australia and India have progressively increased the frequency and complexity of bilateral defence exercises and exchanges, with the July 2026 Annual Summit welcoming the continuation of the General Rawat India–Australia Young Officers’ Exchange Program. Australian and Indian P-8 crews have also undertaken joint maritime surveillance and anti-submarine warfare training, including reciprocal flying aboard each other’s aircraft, to strengthen interoperability and maritime domain awareness. (See, Australian Government, “Third Australia–India Annual Summit Joint Statement”, published July 9 2026, <https://www.pm.gov.au/media/joint-media-statement-melbourne>)

THE WAY FORWARD

The next phase of Australia–India defence cooperation should be judged by whether growing political trust and operational familiarity begin to produce sustained industrial partnerships. The strategic rationale is already established, and the bilateral relationship has several forums through which cooperation can be advanced. The priority now is to concentrate attention on a limited number of areas where shared capability needs, commercial interest and the strengths of both defence industries clearly align.

Progress will require realistic expectations about the differences between the two defence systems. India's industry is shaped by a large public sector, expanding private participation and an emphasis on domestic manufacturing, while Australia relies more heavily on major international contractors and a specialised local supplier base. These differences need not prevent cooperation, but they do require greater clarity about market access, technology protection, government involvement and the respective roles of firms on both sides.

A stronger defence industrial relationship would be reflected in Australian and Indian firms participating more regularly in each other's supply chains, jointly developed technologies finding users in both countries, and maintenance and sustainment creating lasting commercial ties. Operational cooperation can reinforce this process by building confidence in shared capabilities, but durable progress will ultimately depend on predictable policy settings and opportunities that make commercial as well as strategic sense.

RENEWABLE ENERGY

ACCELERATING THE CLEAN ENERGY PARTNERSHIP



KEY RECOMMENDATIONS

- **Channel Australian institutional capital into India.**
Direct superannuation funds towards Indian renewable-energy initial public offerings (IPOs), Infrastructure Investment Trusts (InvITs), municipal bonds and instruments such as Contracts for Difference (CfDs) for storage projects.
- **Diversify Australia's module supply chain towards India.**
Since modules are a small share of project costs, shifting some sourcing from China to India would meaningfully reduce strategic dependence at modest cost.
- **Export Australia's Environmental, Social and Governance (ESG) compliance and traceability approaches to India.**
Apply Australian experience in renewable-energy supply-chain due diligence, provenance tracking and modern-slavery compliance to India's solar sector, helping it meet rising international provenance requirements.
- **Apply Australian pumped-hydro engineering expertise in India.**
Use Australian site-selection and planning methodologies to help Indian states prioritise high-quality projects over rapid concession allocation.
- **Exchange grid-management expertise bidirectionally.**
Australia shares distributed generation and rooftop-solar regulation know-how; India shares utility-scale deployment and cost-reduction lessons.
- **Focus joint R&D on mid-stage commercialisation.**
Prioritise adapting and scaling proven technologies (solar, hydrogen, batteries) for industrial production over early-stage research.
- **Extend cooperation into third countries via multilateral platforms.**
Use existing development bank programmes as a base to jointly deploy financing and technology across South Asia and the Pacific Islands.

CURRENT LANDSCAPE

India and Australia have made renewable energy a central pillar of their expanding economic partnership. The flagship instrument is the India-Australia Renewable Energy Partnership (REP), welcomed by Prime Ministers Modi and Albanese at the G20 Summit in Rio de Janeiro on November 19 2024 to guide climate and energy cooperation across eight areas: solar PV, green hydrogen, solar supply chains, energy storage, the circular economy for renewables, two-way investment, capacity building, and other areas of mutual interest.¹⁷⁷ Complementing this, both governments accepted the recommendations of the India-Australia Green Hydrogen Taskforce on October 16 2025 and are now implementing them.¹⁷⁸

On the Australian side, the domestic policy backbone is the Capacity Investment Scheme (CIS), a revenue-underwriting mechanism for renewable generation and dispatchable storage that, after a July 2025 uplift, now targets 40 GW of new capacity and around \$73 billion in electricity-sector investment by 2027.¹⁷⁹ Sitting alongside the CIS is the Net Zero Economy Authority, an independent statutory body in the Prime Minister's portfolio, resourced with \$189.3 million over four years, tasked with catalysing investment, coordinating policy, and supporting workers and regions through the transition, which formally commenced on 11 December 2024.¹⁸⁰

India's principal lever for distributed solar is PM Surya Ghar: Muft Bijli Yojana, approved by Cabinet with a total outlay of ₹75,021 crore to deliver rooftop solar and up to 300 free units of electricity monthly to one crore households, with subsidies tied to ALMM-listed (domestically approved) modules.¹⁸¹ On manufacturing, the Ministry of New and Renewable Energy reports that India's cumulative solar capacity crossed 150.26 GW by 31 March 2026, with non-fossil capacity reaching 283.46 GW, underpinning ambitions to scale module and cell manufacturing towards export-ready capacity through Production-Linked Incentive support.¹⁸²

The investment scale required is substantial. The International Energy Agency estimates that, to reach net zero by 2070, India needs roughly \$160 billion per year of energy-sector

¹⁷⁷ Department of Climate Change, Energy, the Environment and Water, "New India-Australia Renewable Energy Partnership Launched," November 20, 2024, <https://www.dccew.gov.au/about/news/new-india-australia-renewable-energy-partnership-launched>.

¹⁷⁸ Department of Climate Change, Energy, the Environment and Water, "Australia's International Climate and Clean Energy Partnerships," 2026, <https://www.dccew.gov.au/climate-change/international-climate-action/international-partnerships>.

¹⁷⁹ Department of Climate Change, Energy, the Environment and Water, "Capacity Investment Scheme," 2026, <https://www.dccew.gov.au/energy/renewable/capacity-investment-scheme>.

¹⁸⁰ Department of the Prime Minister and Cabinet, "Net Zero Economy Authority," 2024, <https://www.pmc.gov.au/domestic-policy/net-zero-economy-authority>.

¹⁸¹ Prime Minister of India, "Cabinet Approves PM-Surya Ghar: Muft Bijli Yojana for Installing Rooftop Solar in One Crore Households," 2024, https://www.pmindia.gov.in/en/news_updates/cabinet-approves-pm-surya-ghar-muft-bijli-yojana-for-installing-rooftop-solar-in-one-crore-households/.

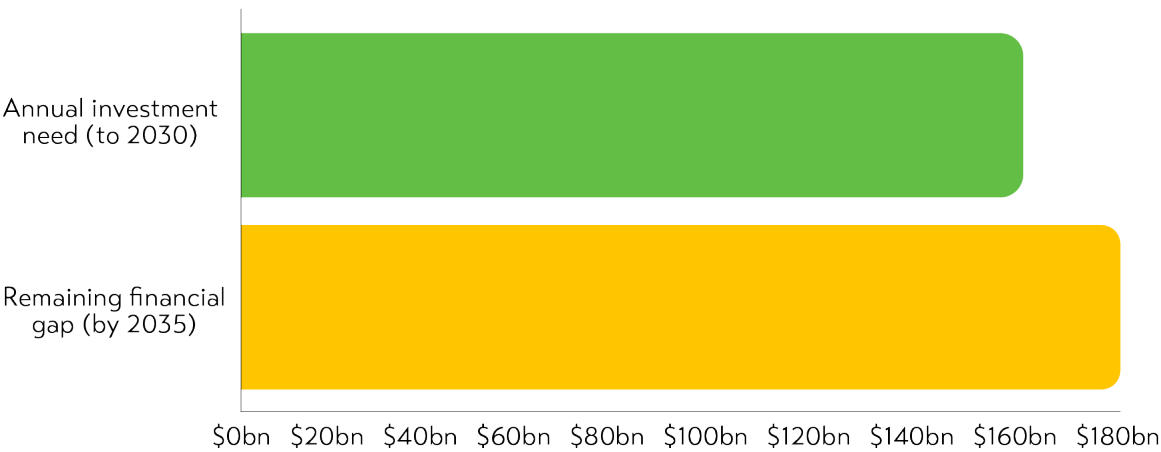
¹⁸² Press Information Bureau, Government of India, "India Ranks Third Globally in Renewable Energy Installed Capacity," 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2250039>.

investment between now and 2030—three times current levels,¹⁸³ with a remaining financing gap of USD 180 billion by 2035 despite clean energy already attracting 83% of power-sector investment in 2024.¹⁸⁴

Regional connectivity work predates the REP: DFAT’s \$32 million South Asia Regional Infrastructure Connectivity (SARIC) program, running from 2019, provides technical assistance for hydropower and power trading across India, Nepal, Bhutan, and Bangladesh, delivered with Hydro Tasmania’s Entura among others.¹⁸⁵

India solar capacity 150.26 GW as of 31 Mar 2026	India non-fossil capacity 283.46 GW as of 31 Mar 2026	Australia CIS target 40 GW ~\$73bn investment by 2027	PM Surya Ghar outlay ₹75,021 cr 1 crore households
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India’s clean energy investment: need vs. gap (USD bn)



Source: PIB (2026, renewable energy installed capacity); DCCEEW (2026, Capacity Investment Scheme); Prime Minister of India (2024, PM Surya Ghar); IEA (2022, 2025).

183 International Energy Agency, “India’s Clean Energy Transition Is Rapidly Underway, Benefiting the Entire World,” 2022, <https://www.iea.org/commentaries/indias-clean-energy-transition-is-rapidly-underway-benefiting-the-entire-world>.

184 International Energy Agency, “India – World Energy Investment 2025,” 2025, <https://www.iea.org/reports/world-energy-investment-2025/india>.

185 Department of Foreign Affairs and Trade, “South Asia Regional Program,” accessed July 2, 2026, <https://www.dfat.gov.au/geo/south-and-central-asia/development-assistance/australias-regional-partnership-south-asia/south-asia-regional-program>.

FROM THE DIALOGUE

Different Systems, Shared Challenges

The two countries are approaching similar problems from opposite directions.

Australia's electricity system must manage an increasingly decentralised supply. Nearly one-third of Australian households now generate rooftop solar electricity, requiring sophisticated grid integration, virtual power plant regulation, workforce training, and distributed energy management.¹⁸⁶ India, by contrast, has excelled in rapidly deploying utility-scale solar generation while only beginning to expand rooftop installations. Its principal challenge lies in scaling deployment across vastly larger populations while integrating renewable generation into an expanding electricity network.¹⁸⁷

These contrasting experiences create opportunities for reciprocal learning. Australia can share expertise in distributed generation, consumer participation, and regulatory frameworks for rooftop solar, while India offers valuable lessons in utility-scale renewable deployment, cost reduction, and rapid infrastructure execution.

Electrification similarly presents complementary challenges. Australia's focus increasingly centres on integrating distributed generation, while India's rising electricity demand, driven by urbanisation, air-conditioning, and industrial growth, requires balancing expanding consumption with renewable supply. Rather than competing models, these represent different stages of the same transition.

Financing the World's Largest Energy Transition

If technology is one pillar of India's energy transition, finance is the other.

One widely cited estimate suggests India will require approximately US\$10 trillion in investment to achieve net zero by 2070, with annual financing requirements rising sharply over the coming decades. Between now and 2030 alone, annual investment needs substantially exceed current capital flows.¹⁸⁸

The good news is that green industries have become an increasingly significant source of capital formation in India. Participants pointed to the growing presence of renewable-energy developers, battery manufacturers, climate-technology firms, electrical-equipment producers and solar manufacturers in public markets as reflecting investor confidence in India's clean-energy economy.

¹⁸⁶ More than one in three Australian homes now have rooftop solar, the highest household uptake globally. Australia is consequently developing mechanisms to integrate distributed energy resources, including rooftop solar and batteries, into the grid and virtual power plants. (See, Australian Government, DCCEW "Australia hits rooftop solar milestone", published November 14 2024, <https://www.energy.gov.au/news/australia-hits-rooftop-solar-milestone>)

¹⁸⁷ India had around 162 GW of installed solar capacity by mid-2026, of which approximately 121 GW was ground-mounted and 30 GW rooftop solar, illustrating the continued dominance of utility-scale deployment even as rooftop capacity expands. (See, Ministry of New and Renewable Energy, "Physical Progress", <https://mnre.gov.in/en/physical-progress/>)

¹⁸⁸ Council on Energy, Environment and Water, "Mobilising Private Finance for Climate Investment in India", <https://www.ceew.in/gfc/publications/mobilising-private-finance-for-climate>

This creates opportunities extending beyond traditional foreign direct investment.

Australian institutional investors, including superannuation funds seeking long-duration assets, could participate across multiple financial instruments: public offerings by renewable-energy companies, Infrastructure Investment Trusts (InvITs), municipal bonds financing urban energy infrastructure, and emerging financial products such as Contracts for Difference (CfDs) supporting battery storage, pumped hydro, and clean electricity markets.

India's challenge is therefore less the absence of investment opportunities than the scale of capital required. Mobilising international institutional investors through transparent financial instruments could significantly narrow that financing gap.

The ecosystem in India is catching up to meet these needs, with increasingly sophisticated financial institutions that are better prepared to absorb incoming investment. Its capital markets rank among the world's largest, supported by millions of retail investors, growing institutional participation, and consistently active equity markets.

Policy Stability as an Investment Strategy for Australia

Australia's experience shows that predictable policy, not subsidies alone, drives investment. It treats its climate targets as an investment roadmap, using instruments like the Capacity Investment Scheme (CIS) — which provides an agreed revenue floor while sharing returns above an agreed ceiling — to reduce risk for private investors.¹⁸⁹ It has also institutionalised engagement with workers and regional communities through bodies like the Net Zero Economy Authority (NZEA), recognising that energy transitions are fundamentally regional.¹⁹⁰ These principles increasingly inform Australia's international partnerships, including with India, though they cannot be directly transplanted given different contexts.

Manufacturing Beyond China

Renewable energy cooperation increasingly intersects with industrial policy.

India's solar manufacturing strategy has shifted from demand creation towards integrated domestic production. Government incentives initially stimulated deployment before expanding towards manufacturing support, encouraging firms to move beyond module assembly into solar cells, wafers, upstream components, batteries and broader supply chains.

¹⁸⁹ The Capacity Investment Scheme (CIS) is an Australian Government revenue-underwriting mechanism for renewable generation and clean dispatchable capacity. Selected projects receive long-term agreements with an agreed revenue floor and ceiling, reducing investor risk while providing for revenue sharing when returns exceed the ceiling. (See, <https://www.dcccew.gov.au/energy/renewable/capacity-investment-scheme>)

¹⁹⁰ The Net Zero Economy Authority (NZEA) supports workers, industries and regional communities affected by Australia's transition to net zero, including through regional economic diversification, workforce transition and investment facilitation. (See, <https://www.directory.gov.au/portfolios/industry-science-and-resources/net-zero-economy-authority>)

India is also beginning to build circular-economy capabilities. Solar module recycling — recovering critical materials from damaged or end-of-life panels — has emerged as an increasingly important segment as installed capacity grows.

Australia presents a complementary market. Although Chinese modules currently dominate installations, module costs are only one component of total installed project costs, alongside labour, engineering and other balance-of-system expenses. Diversifying supply chains could therefore impose relatively modest increases in overall project costs while reducing strategic dependence on a single source.

However, competitiveness alone will not determine future market access.

Environmental, Social and Governance (ESG) standards, particularly around supply-chain transparency, labour standards and product provenance, are becoming increasingly important procurement criteria. Transparent supply chains may ultimately become as important as low manufacturing costs.

Australia's experience with digital compliance and verification systems capable of tracking module identity, certification eligibility and installation records, combined with emerging approaches to modern-slavery due diligence and supply-chain traceability, offers valuable lessons for India's rapidly expanding domestic solar sector.

Beyond Solar

Although solar dominates public discussion, the bilateral renewable energy partnership encompasses a much broader agenda.

Pumped hydro storage represents one of the most promising areas of cooperation. Australia possesses decades of expertise in hydropower engineering, reservoir management, and long-duration energy storage, while India is rapidly expanding pumped hydro capacity to complement variable renewable generation.

Australian engineering firms have already supported hydropower projects across South Asia while applying advanced methodologies for site selection, environmental assessment, transmission planning, and project design. Such capabilities could help Indian states prioritise high-quality projects rather than simply accelerating concession allocation.¹⁹¹

Battery storage similarly offers opportunities as both countries confront changing electricity demand patterns. India's rapidly rising cooling demand and Australia's increasingly volatile weather systems underscore the growing importance of storage technologies capable of improving grid resilience.

¹⁹¹ Australian engineering consultancy Entura, part of Hydro Tasmania, has worked on hydropower and pumped-storage projects in India, including its 2025 appointment to prepare the detailed project report for a 1,500 MW pumped-hydro storage project in Odisha. India is simultaneously expanding pumped-storage capacity as part of its renewable-energy integration strategy.

Research partnerships are already extending beyond deployment toward commercialisation. Australian institutions are working with Indian manufacturers on applied innovation across solar photovoltaics, hydrogen production, batteries, industrial heating, cooling technologies, electrolyzers, and advanced manufacturing.¹⁹²

Rather than emphasising early-stage research or capital-intensive infrastructure alone, these initiatives focus on the commercially critical middle stage, where proven technologies can be adapted, scaled, and integrated into industrial production.

Regional Partnerships

Perhaps the greatest unrealised opportunity lies beyond the bilateral relationship itself.

India and Australia increasingly share strategic interests across the Indo-Pacific, particularly among smaller developing economies seeking affordable, resilient energy systems.

Joint financing, technology deployment, and standards-setting in third countries, from South Asia to the Indian Ocean and Pacific Islands, could combine India's implementation capacity with Australia's financing, engineering expertise, and development partnerships.

Existing regional initiatives, including infrastructure and capacity-building programmes supported by multilateral development banks, already provide institutional foundations for such cooperation. Expanding these efforts into renewable energy deployment, transmission infrastructure, workforce development, and regulatory capacity would strengthen both regional energy security and broader strategic partnerships.

Future collaboration could also extend into emerging sectors such as geothermal energy, where Australia's mining and drilling expertise complements India's growing interest in enhanced geothermal systems.

From Bilateral Cooperation to Strategic Partnership

The Australia-India renewable energy relationship is often described through the language of trade: exports, investment, technology transfer, and manufacturing.

That framing is increasingly insufficient.

Both countries occupy an unusual position in the evolving global energy economy. Neither belongs fully to the established fossil fuel order nor to the manufacturing dominance that China has built across clean technologies. Both are middle powers with strong institutions, growing strategic influence, and complementary economic capabilities.

¹⁹² The India–Australia Technology Commercialisation Challenge, delivered by CSIRO under the bilateral Renewable Energy Partnership, connects Australian research organisations with Indian renewable-energy manufacturers to adapt and scale technologies for commercial use, with initial priority areas including solar photovoltaics, batteries, hydrogen and electrification technologies.

Their partnership therefore carries significance beyond individual commercial projects. It offers a model for how countries can jointly build resilient supply chains, mobilise private capital, accelerate technological commercialisation, and extend clean energy cooperation across the wider Indo-Pacific.

The energy transition will ultimately be determined not only by who invents technologies or deploys them fastest, but by who builds durable institutions capable of financing, governing, and scaling them. India and Australia have begun constructing that architecture. The next challenge is transforming scattered collaborations into a coherent strategic partnership capable of shaping the regional energy transition.

THE WAY FORWARD

The next phase of Australia–India clean-energy cooperation should embed the partnership more firmly within each country’s domestic transition. Australia can contribute long-term capital, specialised engineering, regulatory experience and strong environmental and supply-chain standards. India offers manufacturing scale, rapidly expanding demand and experience in deploying renewable technologies at speed and low cost. The partnership’s value lies in combining these capabilities in ways that neither country could achieve as effectively alone.

Greater focus will be important. The bilateral agenda should not expand simply by adding new technologies or initiatives. Priority should be given to areas where cooperation can materially improve commercial viability, reduce supply-chain concentration or help proven technologies reach wider deployment. This would allow the Renewable Energy Partnership to serve as an organising framework for investment and industrial cooperation rather than remain a broad catalogue of possible activities.

The regional dimension should develop from approaches first demonstrated bilaterally. Models that successfully combine finance, technology, standards and local capability could then be adapted with partners across South Asia, the Indian Ocean and the Pacific through existing development and multilateral platforms. The longer-term opportunity is for Australia and India not only to support one another’s energy transitions, but to help shape a more diversified, affordable and resilient clean-energy system across the Indo-Pacific.

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ABOUT THE AUTHORS

Dr Premesha Saha is a Senior Fellow, Asia Insights at Asia Society Australia. Her research focuses on Indo-Pacific geopolitics and regional security, with particular expertise in India's Indo-Pacific strategy, India–Australia relations, minilateral cooperation, maritime security, and India's engagement with Southeast Asia. She also works extensively on Indonesia's foreign and maritime policy.

Previously, she was a Maitri Fellow at Asia Society Australia and a Fellow with the Strategic Studies Programme at the Observer Research Foundation in New Delhi. She has held fellowships and visiting positions with institutions including the Japan Foundation, the Daniel K. Inouye Asia-Pacific Center for Security Studies (DKI APCSS), the Australian Strategic Policy Institute (ASPI), the Centre for Strategic and International Studies (CSIS) Indonesia, the Japan Forum on International Relations (JFIR), and Indonesia's National Research and Innovation Agency (BRIN).

Dr Saha holds a PhD from Jawaharlal Nehru University and has published widely on Indo-Pacific strategic affairs. She is co-editor of *India, South Korea and the ASEAN: Middle Power Diplomacy in the Indo-Pacific* (Routledge, 2024).

Prerna Bountra is Deputy Director, International Relations at Ananta Aspen Centre. She leads Ananta's U.S. portfolio and supports climate-energy diplomacy projects which includes Track 1.5 and Track 2 engagements, research, and publications. She has been the curator of the India US Forum since 2018. Her research interests are U.S. domestic politics and foreign policy, India-US bilateral relations, the intersection of India's economic ambitions and its foreign policy, and the geopolitics of energy. She is a sociology honours graduate from Hindu College, University of Delhi; journalism post-graduate from Xavier Institute of Communication, Mumbai; and has a post-graduate diploma in international law & diplomacy from the Indian Society of International Law.

Richa Kumaria is a Programme Lead at the Ananta Aspen Centre, where she leads the Centre's Australia engagement and the climate and energy portfolio. She curates Ananta's Track 1.5 and Track 2 dialogues on climate and energy, as well as its strategic dialogues with Australia and the United States.

She holds an MSc in International Relations from the London School of Economics and a BSc (Hons) in History and International Relations from Ashoka University, India.

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