

Virtual Signing Ceremony

Saturday, 2 April 2022

India-Australia ECTA

Strengthening the Indo-Pacific engagement through an Economic Cooperation and Trade Agreement



ASSOCHAM FTA Update



India and Australia are strengthening relations aligned with the vision of an open, free, rules-based Indo-Pacific region. The Quad partnership between Australia, India, Japan, and the US is a testament to this Indo-Pacific agenda.

Over the years, both countries have outlined strategies to boost economic cooperation. In June 2020, India and Australia elevated their bilateral Strategic Partnership to a Comprehensive Strategic Partnership (CSP), reflecting the strong commitment of both countries to strengthening global cooperation in addressing critical issues like COVID-19. In April 2021, India, Australia, and Japan launched a Trilateral Supply Chain Resilience Initiative to create resilient supply chains by utilizing digital technologies and promoting trade and investment diversification. In February 2022, the Australia-India Infrastructure Forum was launched to encourage two-way infrastructure investments. In March this year, the government of Australia also announced a landmark investment package worth \$280 million with India to bolster bilateral economic relations further.

The India-Australia Economic Co-operation and Trade Agreement (IndAus ECTA), signed on April 2, 2022, deepens the relationship further as it seeks to double bilateral trade between the two countries and ensure easy movement of people, goods, and services across borders. Bilateral trade between the two democratic nations is expected to reach \$100 billion by 2030 from the current \$27.5 billion. Additionally, the agreement also encompasses strict rules of origin to prevent products from being redirected from other countries and become a safeguard mechanism in case sudden spikes in imports.

After surpassing its export target of \$400 billion in 2021–2022, India is engaged in active dialogues with the UK, European Union, Canada, Israel, and Gulf Cooperation Council to expand its exports. ASSOCHAM lauds the IndAus ECTA that will have far-reaching impact on both economies and bring substantial multiplier benefits to stakeholders across sectors and boost employment generation in both countries.

Key features

The agreement would help in taking bilateral trade from \$27.5 billion at present to USD 45-50 billion in the next five years and \$100 billion by 2030

Over 6,000 tariff lines would be available for Indian exporters at zero duty, from day one of the implementation of the Agreement

India will benefit from preferential market access provided by Australia on 100% of its tariff lines, including the labour-intensive sectors of export interest such as Gems and Jewellery, Textiles, leather, footwear, furniture, food, medical devices, etc.

Australia offers wide ranging commitments in around 135 sub sectors and Most Favoured Nation (MFN) in 120 sub sectors, including IT, ITES, Business services, Health, Education, etc.

The ECTA is expected to create a minimum of 10 lakh jobs for Indian citizens, over the next 5 years

The agreement provides for a post-study work visa of 2-4 years for Indian students on reciprocal basis and the mutual recognition of Professional Services and Other licensed/regulated Occupations

"It is an historic agreement between two strong economies and robust democracies, which aims to double bilateral trade over the next five years. This trade pact creates multiple trade diversification opportunities; enables greater flows of investments both ways; hugely expands job creation; and boosts exports. We, at ASSOCHAM, welcome this agreement wholeheartedly and look forward to working closely with the Indian and the Australian governments, as well as the business communities of both nations, to put this partnership in action."

Sumanth Sinha

President, ASSOCHAM
Chairman & CEO, ReNew Power



"The India Australia ECTA will open doors for deeper Indo-Pacific engagement. This agreement is well-aligned with India's growth vision as it offers a level playing field to Indian exporters across sectors and an opportunity to forge deeper ties with the raw-material rich nation. The global focus on increasing the resilience of supply chains is well reflected in the pact, which aims to double the trade between India and Australia in the next five years. ASSOCHAM applauds the Government on both sides for this agreement with strategic and economic significance."

Deepak Sood

Secretary General, ASSOCHAM



"With the India-Australia ECTA, both the countries have shown unity of mind, unity of purpose, strengthening of the political partnership, and a shared commitment to come together to expand our people-to-people relations and B2B relations"

Vineet Agarwal

Immediate Past President, ASSOCHAM
Managing Director, Transport Corporation of India Ltd



"The Indo-Australian ECTA is a new age agreement given its scope and areas of cooperation. It is a happy overlap of geo-political alliances and business opportunities between long time friends. Undoubtedly it will benefit the people of both countries."

Suhail Nathani

Chairman, ASSOCHAM National Council on WTO,
Trade and Investment
Managing Partner, Economic Laws Practice

