

India Australia Economic Cooperation and Trade Agreement

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Topic- International Relations [GS Paper-2]

Context- Recently, the Australian Parliament approved the India-Australia Economic Cooperation and Trade Agreement i.e. Ind-Aus ECTA.

Ind-Aus ECTA

- It is the first Free Trade Agreement (FTA) that India has signed with a developed country in over a decade.
- The Agreement includes cooperation across the entire gamut of bilateral economic and commercial relations between the two friendly countries, and covers areas such as
 - Trade in Goods, Rules of Origin
 - Trade in Services
 - Technical Barriers to Trade (TBT)
 - Sanitary and Phytosanitary (SPS) measures
 - Dispute Settlement, Movement of Natural Persons
 - Telecom, Customs Procedures
 - Pharmaceutical products, and Cooperation in other Areas
- ECTA also provides for an institutional mechanism to encourage and improve trade between the two countries.
- The ECTA between India and Australia covers all the tariff lines dealt in by India and Australia respectively.

- India will benefit from significant market access provided by Australia on 100% of its tariff lines.
- It includes all the labour-intensive sectors of export interest to India such as Gems and Jewellery, Textiles, leather, footwear, furniture etc.
- On the other hand, India is to offer preferential access to Australia on over 70% of its tariff lines, including lines of export interest to Australia which are primarily raw materials and intermediaries such as coal, mineral ores and wines etc.
- Under the agreement, Indian graduates from STEM i.e. Science, Technology, Engineering and Mathematics will be granted extended post-study work visas.
- Australia will also set up a programme to grant visas to young Indians looking to pursue working holidays in Australia.
- Annual Visa quota of 1800 is to be formed for India Yoga teachers and Chefs.
- It is estimated that 10 lakh jobs will be created as a result of ECTA.

India- Australia Relation so far

- India and Australia enjoy a very friendly bilateral relations that have undergone transformational evolution in recent years, developing along a positive track, into a friendly partnership.
- This is a significant partnership characterised by shared values of pluralistic, parliamentary democracies, Commonwealth traditions, expanding economic engagement, long standing people-to-people ties and increasing high level interaction.
- The India-Australia Comprehensive Strategic Partnership initiated during the India-Australia Leaders' Virtual Summit held in June 2020 is the cornerstone of India-Australia bilateral relations.
- Increasing India-Australia economic and commercial relations contribute to the stability and strength of a rapidly diversifying and deepening bilateral relationship between the two countries.
- India and Australia have been each other's significant trading partners.
- Australia is the 17th largest trading partner of India whereas India is Australia's 9th largest trading partner.
- India-Australia bilateral trade for both merchandise and services is valued at USD 27.5 billion in 2021.
- India's merchandise exports to Australia grew to 135% between 2019 and 2021.
- India's exports consist of a broad-based basket largely of finished products and were USD 6.9 billion in 2021.
- India's merchandise imports from Australia were USD 15.1 billion in 2021, consisting of a maximum of raw materials, minerals and intermediate goods.
- India and Australia are also partners in the trilateral Supply Chain Resilience Initiative (SCRI) arrangement along with Japan which seeks to enhance the resilience of supply chains in the Indo-Pacific Region.
- India and Australia are also members of the QUAD grouping (India, the US, Australia and Japan), also comprising the US, and Japan, to further enhance cooperation and develop partnership across several issues of common concern.

Way Ahead

- The India-Australia ECTA will cement the already deep, close and strategic relations between the two countries and will significantly enhance bilateral trade in goods and services, create new employment opportunities, raise living standards, and improve the general welfare of the peoples of the two countries.
- Both India and Australia share a vision of a free, open, inclusive and rules-based Indo-Pacific region and cooperative use of the seas by adherence to international law including the United Nations Convention on the Law of the Sea (UNCLOS) and peaceful resolution of disputes rather than through unilateral actions.