

India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA)

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The India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA) has come into effect.

Key Highlights

- The ECTA was signed on April 2, 2022, and it was ratified on November 21, 2022.

Significance of the IndAus ECTA

- **Trade:**
 - The agreement is expected to double trade between the two nations to \$50 billion.
 - The Ind-Aus ECTA provides an institutional mechanism in order to encourage and improve trade between the two countries.
 - It covers almost all the tariff lines dealt by both India and Australia.
- **Benefits for India:**
 - India will benefit from preferential market access provided by Australia on 100% of the tariff lines, including all the labour-intensive sectors of export interest to India, such as Gems and Jewellery, Textiles, leather, footwear, furniture among others, the commerce ministry said.

- **Benefits for Australia:**

- India will be offering preferential access to Australia on over 70% of its tariff lines, including lines of export interest to Australia, that are primarily raw materials and intermediaries such as coal, mineral ores and wines

- **Protection to few products:**

- Products such as agricultural products and the dairy sector – which were very sensitive for India and without which Australia has never done an agreement before – have been protected.

- **Employment generation:**

- It is also estimated that an additional 10 lakh jobs would be created in India under ECTA.

- **Visa Quotas:**

- Indian yoga teachers and chefs are set to gain the annual visa quota.

- **Post-study work visa:**

- Over 1 lakh Indian students would benefit from a post-study work visa i.e. for 18 months to 4 years under the ECTA.

- **Double Taxation Avoidance Agreement (DTAA):**

- The Australian Parliament has approved an amendment to the Double Taxation Avoidance Agreement (DTAA), a move which would help the Indian IT sector in operating in that market.
- It would stop the taxation on the offshore income of Indian firms that provide technical support in Australia.

- **The agreement is likely to increase**

- Investment opportunities,
- Promotion of exports,
- Creation of significant additional employment and
- Facilitation of strong bonding between the two countries.

India-Australia Relations

- India and Australia have established diplomatic relations in the pre-Independence period, with the establishment of India Trade Office in Sydney in 1941.
- With the passage of time, the relationship has gained momentum towards a strategic relationship, alongside the existing economic engagement.

- **Strategic partnership:**

- Australia looks at India as a significant partner in promoting regional security and stability.
- This led to upgradation of the bilateral relationship to a Strategic Partnership, including a Joint Declaration on Security Cooperation signed in

2009.

- **Bilateral Engagement:**

- Bilateral mechanisms include high-level visits, Annual Meetings of Prime Ministers, Foreign Ministers' Framework Dialogue, Joint Trade and Commerce Ministerial Commission, India-Australia '2+2' Foreign Secretaries and Defence Secretaries Dialogue, Defence Policy Talks, Australia-India Education Council, Defence Services Staff Talks, etc.

- **Multilateral Engagement:**

- Both of the countries have close cooperation in multilateral fora like Food and Agriculture Organization (FAO) and G20.
- The Quadrilateral Framework (QUAD) of India and Australia with the US and Japan emphasize the collective resolve to maintain a free, open and inclusive Indo-Pacific region.
- They are part of the Trilateral Supply Chain Initiative and the Indo-Pacific Economic Forum.

- **Bilateral Trade:**

- India is the 5th largest trade partner of Australia with trade in goods and services at A\$ 29 billion which represents 3.6% share of the total Australian trade in 2017-18, with export at A\$ 8 billion and import at A\$ 21 billion.

- **Indian exports:**

- India's major exports to Australia are Refined Petroleum, medicaments, Railway vehicles including hover-trains, Pearls & Gems, Jewellery, and made-up textile articles.

- **Indian imports:**

- Imports include Coal, copper ores & concentrate, Gold, vegetables, wool & other animal hair, fruits and nuts, lentils and education-related services.

- **S&T:**

- An Australia-India Strategic Research Fund (AISRF), that was established in 2006, supports scientists in India and Australia to collaborate on leading-edge research.
- AISRF consists of India Australia Biotechnology Fund; India-Australia Science & Technology Fund as well as Grand Challenge Fund and Fellowship Schemes.

- **Civil Nuclear Cooperation Agreement:**

- The agreement was signed between the two countries in September 2014 during the visit of the Australian Prime Minister to India.
- The Australian Parliament passed the Civil Nuclear Transfer to India Bill 2016 that ensures that Uranium mining companies in Australia may fulfil contracts to supply Australian uranium to India for civil use.

- **Defence:**

- In 2014, both countries decided to extend defence cooperation to cover research, development and industry engagement and agreed to hold regular meetings at the level of the Defence Minister to conduct regular maritime exercises and convene regular service-to-service talks
- **AUSINDEX:**
 - The first-ever Bilateral Maritime Exercise, AUSINDEX, was conducted in Visakhapatnam in Bay of Bengal in September 2015.
- **Exercise Pitch Black:**
 - In 2018, the Indian Air Force participated for the first time in Exercise Pitch Black in Australia.
- **Exercise of the Australian Navy:**
 - INS Sahyadri participated in Kakadu, the biennial exercise of the Australian Navy held in 2018, in which 27 countries participated.
- **AUSTRAHIND:**
 - The 4th edition of AUSTRAHIND, which is a Special Forces of Army Exercise, was held in September 2019.
- **Indian Community:**
 - The Indian community in Australia continues to grow in size and significance, with a population of nearly half seven lakhs.
 - India has now become the third-largest source of immigrants to Australia, after the UK and New Zealand and the largest source of skilled professionals for Australia.
 - There is also a constant flow of students and tourists from India.
 - The growing importance of the community is reflected in the large-scale celebration of Indian festivals in Australia, especially Deepawali.