

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

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**In news**– Recently, the Parliament of Australia has approved the India- Australia ECTA.

## **India-Australia ECTA-**

- It is the first Free Trade Agreement(FTA) that India has signed with a major developed country in over a decade.
- The ECTA needed ratification by the Australian parliament before its implementation. In India, such pacts are approved by the Union Cabinet.
- Under the India-Australia ECTA, duties on 100 percent tariff lines will be eliminated by Australia, covering 6,000 broad sectors. Meanwhile, India's tariffs on 90 percent of Australian goods exports, including meat, wool, cotton, seafood, nuts, and avocados, will be removed.
- It may be noted that 10 lakh jobs are estimated to be created as the result of the ECTA
- Annual Visa quota of 1800 is to be instituted for India Yoga teachers and Chefs.
- The Agreement encompasses cooperation across the entire gamut of bilateral economic and commercial relations between the two friendly countries.
- This will also **connect with more than seven lakhs of Australia's Indian diaspora, second highest taxpaying diaspora.**
- ECTA provides for an institutional mechanism to encourage and improve trade between the two countries.
- For the first time, decisions completely based on extensive stakeholder consultations with every industry,

Ministries, trade associations etc unlike the previous FTAs was undertaken.

- It is expected that with this agreement, the **total bilateral trade will cross US\$ 45-50 bn in 5 years from existing US\$ 31 bn.**
- India's Merchandise Exports is likely to increase by 10 billion by 2026-27. Moreover, since the labour-intensive sectors will be benefitted, it is expected to create an additional employment of at least 10 lakhs jobs in India, create ample opportunities for investment, promotion of start-ups.
- Around 96% of Australia's exports are raw materials and intermediate products which will allow many Indian industries to get cheaper raw materials and make them competitive.
- As regards trade in services, Australia has offered wide ranging commitments in around 135 sub sectors. which cover key areas of India's interest like IT, ITES, Business services, Health, Education, and Audio visual.
- **Moreover, the long pending issue under Double taxation related to IT/ITES has been resolved under this Agreement** which will provide a financial savings of more than US\$ 200 million per year as per the estimates received from the Industry Associations.
- India and Australia both are Commonwealth countries, and parliamentary democracies with similar legal systems.
- Besides, **India and Australia also are members of the Quad, a trilateral Supply Chain Resilience Initiative (SCRI) and the Indo-Pacific Economic Framework (IPEF).**

**Note: China is Australia's largest trade partner** with a 33 per cent share in its exports and a 27 per cent share in its imports, compared to India's 3.7 per cent share in its exports and a 2.4 per cent share in its imports as of 2021.