



## India-Australia Economic Cooperation and Trade Agreement

**For Prelims:** Location of Australia and the Neighbourhood, Economic Cooperation and Trade Agreement, Free Trade Agreement, CEPA, CECA, Supply Chain Resilience Initiative, QUAD, UNCLOS

**For Mains:** International Treaties & Agreements, Groupings & Agreements Involving India and/or Affecting India's Interests, Economic Cooperation and Trade Agreement, Free Trade Agreement and its Significance.

### Why in News?

Recently, the Australian Parliament approved the India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA).

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## What is Ind-Aus ECTA?

- It is the first [Free Trade Agreement \(FTA\)](#) that India has signed with a major developed country in over a decade.
- The **Agreement encompasses cooperation across the entire gamut of bilateral economic and commercial relations** between the two friendly countries, and covers areas like:
  - 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 provides for an **institutional mechanism to encourage and improve trade** between the two countries.
- The **ECTA between India and Australia covers almost all the tariff lines** dealt in by India and Australia respectively.
  - India will benefit from preferential market access provided by Australia on 100% of its tariff lines.
  - This 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 will be offering 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 \(Science, Technology, Engineering and Mathematics\)](#)** 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 instituted for India Yoga teachers and Chefs.
- It is also **estimated that 10 lakh jobs will be created** as a result of ECTA.

## How has been the India- Australia Relation so far?

- India and Australia enjoy excellent bilateral relations that have undergone transformational evolution in recent years, developing along a positive track, into a friendly partnership.
- This is a special 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 multi-faceted bilateral relations.
- Growing 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 important trading partners.**
  - Australia is the 17<sup>th</sup> largest trading partner of India and 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 135% between 2019 and 2021. India's exports consist primarily 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 largely of raw materials, minerals and intermediate goods.
- India and Australia are 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](#).
- Further, 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 Forward

- The India-Australia ECTA will further 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 or coercive actions.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Q. Consider the following countries: (2018)

1. Australia
2. Canada
3. China
4. India
5. Japan
6. USA

**Which of the above are among the 'free-trade partners' of ASEAN?**

- (a)** 1, 2, 4 and 5
- (b)** 3, 4, 5 and 6
- (c)** 1, 3, 4 and 5
- (d)** 2, 3, 4 and 6

**Ans: (c)**

[Source: PIB](#)

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