



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalsivam Kamarajar"

India Australia Economic Cooperation and Trade Agreement

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Why is in news? India Australia Economic Cooperation and Trade Agreement: A Win-Win for India and Australia

The India Australia Economic Cooperation and Trade Agreement was signed last year, on 2nd April, 2022; after Ratification and Exchange of Written Instruments, the Agreement has come into force on 29th December 2022.

It helps matters that Australia exports largely raw materials to India, while India exports finished goods. The ECTA builds on this complementarity, creating win-win opportunities for the two countries.

India's imports from Australia amount to 17 US \$ billion while its exports to Australia amount to 10.5 US \$ billion.

However, what we need to realize that **India's imports from Australia are primarily (96%) raw materials & intermediate goods**

They are highly concentrated in **Coal** (74% of Australia's exports to India) out of which 71.4% is coking coal.

On the other hand, **India's exports to Australia** are broad-based and **dominated by finished products** (consumer goods). India also spends \$ 4 bn approx. each year on **education of students** in Australia.

Total India – Australia trade **expected to cross US \$ 45-50 billion by 2035.**

Governments of both India and Australia have worked together to achieve this milestone and are optimistic about its consequences not only for the trade between the two countries but also for further strengthening the bilateral relations.

Benefits under Trade in Goods:

Indian goods on all tariff lines to get access to Australian market with zero customs duty

Cheaper Raw Materials, Faster Approval for Medicines

90% of Australian exports by value to get zero duty access to Indian market

10 Lakh More Jobs, 10 Billion Dollar More Exports in Five Years

Benefits under Trade in Services:

More than 1 lakh Indian students in Australia to benefit from post-study work visa

Australian services to get Negative List Treatment after 5 Years (Negative listing - Under the negative listing approach, a country treats imported and locally produced goods / services equally in all areas, and areas where this is not done are listed – in the negative list - as exceptions. So, in this case, India would provide this treatment to services exports from Australia, after a period of 5 years.)

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Protective Features to guard against Unintended Consequences

End to Double Taxation - Double Taxation Avoidance Agreement