

India-Oz pact: Trade may triple to \$70bn in 5 years

TIMES NEWS NETWORK

New Delhi:

As the IndiaAustralia Economic Cooperation and Trade Agreement (ECTA) comes into force from Thursday, industry and trade bodies are upbeat about the prospects of exports from the country with estimates suggesting that bilateral trade could nearly triple up to \$70 billion in five years from \$25 billion currently.

The trade deal is seen to be strategic given the increased engagement between the two countries in recent years. Think tank Global Trade Research Initiative (GTRI) described the ECTA as an “antidote for Australia’s China troubles” as it will give exporters from Down Under duty-free access to India, the second-largest market after China.

“The major boost for India would be in its labour-intensive sectors, which are currently subject to import duty of 4-5% by Australia, and will gain immediate duty-free access,” industry chamber CII said. Exports of textiles and apparel, leather and footwear, furniture, sports goods, jewellery, machinery, railway wagons and select agricultural and marine products are seen to be the top beneficiaries in addition to pharma.

“Australia is the largest importer of garments in the southern hemisphere. While China’s share of import of apparel into Australia is more than 70%, India’s share in imports is less than 5%. With the India-Australia ECTA getting operationalised, India will have a slight duty advantage over Vietnam and Indonesia for imports in the Australian market,” Sudhir Sekhri, vice chairman, AEPC, said at an event ahead of the implementation of the trade deal.

“Coal accounts for threefourths of Indian imports from Australia. LNG, alumina, and manganese are other vital imports. The Indian power sector will gain from cheaper coal. Factories will gain from cheaper minerals and intermediates,” GTRI said in a report.

Besides, there are major gains on the services side too, although it may not be easy to quantify them, it added. Australia has committed to facilitate India’s services in IT, ITeS, business services, health, education and audio-visual, among others. “It has agreed to provide a post-study work visa of 2-4 years for Indian students and a work and holiday visa for youth. It has also offered a quota for entry of 1,800 Indian chefs and yoga teachers.”

COMES INTO FORCE FROM TODAY

No. of years duty will become zero*	India's offer		Australia's offer	
	Tariff lines (%)	Value (%)	Tariff lines (%)	Value (%)
0	40	85.3	98.3	96.4
3	1.6	0.01		
5	7.2	3.3	1.7	3.6
7	21.2	0.3		
10	0.2	0.05		
Tariff rate quota	0.04	0.7		
Total offer*	70.3	89.7	100	100
Exclusion	29.7	10.3	0	0

*For India: On 125 tariff lines, duty will be reduced and not eliminated