

AIR Spotlight: India-Australia Economic Cooperation and Trade Agreement

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation.

This article is about the discussion on **India-Australia Economic Cooperation and Trade Agreement**.

Participants:

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Context: Australian parliament recently approved a free trade agreement with India.

Introduction:

- The India-Australia Economic Cooperation and Trade Agreement (AI-ECTA) was recently approved by the Australian parliament. In India, such pacts are approved by the Union Cabinet.
- India and Australia will soon implement the FTA on a mutually agreed date. The agreement was signed by both sides in April 2022.
- This will further strengthen the India-Australia Comprehensive Strategic Partnership.

Significance of AI-ECTA:

Significance for India:

- It is the first FTA that India has signed with a major developed country in over a decade.
- Under the agreement, Australia will offer India duty-free access to about 96 percent of its exports.
- This agreement is expected to benefit a number of industries in India, including textiles and apparel, agricultural and fish products, leather, footwear, furniture, sports goods, jewellery, machinery, and electrical goods.

Significance for Australia:

- India is the world's largest democracy with a strong market.
- Education, agriculture, energy, resources, tourism, healthcare, financial services, infrastructure, science and innovation, and sport are all areas where India's youthful

population, diversified economy, and growth trajectory present significant opportunities for Australian businesses.

Key Sectors that will be benefitted primarily:

- Once implemented, the trade agreement will provide duty-free access to the Australian market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.
- Labour-intensive sectors would gain immensely include textiles and apparel, few agricultural and fish products, leather, footwear, furniture, sports goods, jewellery, machinery, electrical goods and railway wagons.
- The agreement will benefit the Indian pharmaceutical industry in particular because of simplified regulatory processes in Australia.
 - The Australian government has agreed to the Annex on Pharmaceutical Products. This will benefit all Indian pharmaceutical companies and medicines that have received FDA approval in the EU or Canada
- An estimated 10 lakh jobs is expected to be created as a result of the ECTA.
 - Additional employment of 40,000 people per year is expected to be created as a result of increased capacity and investment in textile export.