



## Benefits for Australia

Over the next 20 years, a growing India will need many of Australia's goods and services, including agriculture, critical minerals, education and skills training, and healthcare. From 29 December 2022, the Australia-India Economic Cooperation and Trade Agreement (ECTA) will open new markets for exporters and service suppliers in many sectors and bring us closer to one of our most important Indo-Pacific partners.

ECTA will secure Australia's foothold in the world's fastest growing major economy and enable Australian businesses to unlock or expand their operations in a market of nearly one and a half billion people.

ECTA is a stepping-stone towards a full Australia-India Comprehensive Economic Cooperation Agreement (CECA). It provides for competitive tariff elimination or tariff reduction on a wide range of key Australian goods exports and opens new services markets for suppliers in sectors that complement India's domestic reform priorities.

India is one of Australia's most important trading partners, currently our seventh largest, and our economies are highly complementary. Australian resources and other commodities such as wool and cotton are important inputs that drive Indian industry. India is also a growing market for Australia's world leading critical minerals and resources sectors. Australian services are increasingly sought after in India, with Australian services exports nearly doubling in value over the past decade, and many untapped opportunities remain.

ECTA builds on this strong foundation, delivering new opportunities for trade diversification for Australian businesses and providing important first mover advantages in this burgeoning market, ahead of our competitors.



Australian Government

December 2022. More information on the Australia-India Economic Cooperation and Trade Agreement is available at

[dfat.gov.au/ceca](https://dfat.gov.au/ceca)





## Goods exports

ECTA will enable Australian goods exporters to obtain preferential access to the enormous untapped Indian market. Indian tariffs on over 90 per cent of Australia's goods exports to India by value will be eliminated. Tariffs on over 85 per cent of our exports will be eliminated on 29 December 2022, and tariffs on a further 5 per cent of our exports will be phased to 0 per cent over 2, 4 or 6 years. In addition, high tariffs will be substantially reduced for some key agriculture products.

These results are commercially significant for up to \$14.8 billion worth of Australia's current merchandise trade destined for India each year and will open the door for Australian goods exports and create new opportunities, including where trade was previously not economically feasible due to high tariffs. Lower Australian tariffs could lower the price of imported products from India and increase the variety of goods available to Australian consumers.

Key Australian goods that will enter duty free as soon as the agreement enters into force include:

- sheep meat, wool, barley, oats, hides and skins, fresh rock lobster, LNG, metallic ores such as manganese, copper and zirconium, coal, alumina, titanium dioxide, certain critical minerals, certain non-ferrous metals, cosmetics and railway equipment.

Australia will have elimination or reduction of tariffs over 2, 4 or 6 years for:

- nuts such as macadamias, cashews in-shell, shelled pistachios and hazelnuts, fruit and vegetables such as avocados, onions, garlic, cherries, blueberries, strawberries, raspberries and blackberries, sandalwood chips, infant formula, certain peas and beans, wine, certain oilseeds and oils, seafood, certain food preparation such as malt, pasta and breakfast cereals, petroleum oils, certain non-ferrous metals, wood and paper products, pharmaceutical products, cosmetics and cochlear implants.

Australia will also have immediate access to a duty free quota for cotton; immediate access to a 50 per cent tariff reduction in-quota for almonds, lentils, oranges, mandarins and pears.





Goods	Highlights
Wool	Elimination of tariffs on 29 December 2022
Sheep meat	Elimination of 30% tariff on 29 December 2022.
Wine	Tariffs reduced from 150% to 50% over 9 years for bottles valued over US\$5 and tariffs reduced from 150% to 25% over 9 years for bottles valued over US\$15. India will extend any market access improvements to future FTA partners to Australia.
Seafood	Elimination of 30% tariff on 29 December 2022 for fresh rock lobsters and elimination of tariffs over 7 years for most other fresh, frozen and processed seafood products including Atlantic salmon, tuna and frozen rock lobster.
Infant formula	Elimination of 50% tariff over 6 years.
Lentils	Immediate 50% tariff reduction within a quota of 150,000 tonnes per year.
Nuts	Elimination of tariffs over 6 years for macadamias, shelled pistachios, cashews in shell and hazelnuts. Immediate 50% tariff reduction on almonds within a quota of 34,000 tonnes per year.
Fruits and vegetables	Elimination of 30% tariffs over 6 years for avocados, cherries, raspberries, blueberries, blackberries, currants, onions, shallots, leeks, cabbage, lettuce, asparagus, spinach and certain peas and beans. Reduction of tariffs over 6 years for garlic, apricots, figs, pineapples, kiwifruit and strawberries. Immediate 50% tariff reduction on oranges and mandarins within a quota of 13,700 tonnes per year and pears within a quota of 3,700 tonnes per year.
Barley and oats	Tariffs bound at 0% on 29 December 2022.
Oilseeds and vegetable oils	Elimination of 30% tariffs on crude canola oil (low eruc acid), olive oil, crude sesame oil, crude palm oil, wool grease and safflower, sesame, linseed and poppy seeds over 6 years. Reduction of tariffs on seed quality sunflower seeds and elimination of tariffs on other sunflower seeds, both over 6 years.



Goods	Highlights
Hides and skins	Elimination of tariffs on raw and processed hides and skins on 29 December 2022.
Cotton	Immediate access to duty free quota of 300,000 bales of minimum length of 28 mm.
Critical minerals	Elimination of tariffs on 29 December 2022 for most critical minerals such as zirconium and titanium.
Metallic ores	Elimination of tariffs on 29 December 2022 for manganese, copper, nickel, cobalt, aluminium and tin ores.
Coal	Phased elimination of tariffs on 29 December 2022, or over 4 years for bituminous coal.
Crude petroleum	Phased elimination of tariffs over 4 years.
LNG	Tariffs locked at 0% on 29 December 2022.
Alumina	Elimination of 5% tariff on 29 December 2022.
Titanium dioxide	Elimination of 10% tariff on 29 December 2022.
Non-ferrous metals	Elimination of tariffs on 29 December 2022 for copper alloys and most nickel products.
Pharmaceutical products	Phased elimination of 10% tariff over 4 years.
Wood and paper products	Phased elimination of 20% tariff on wood and wood products and of 15% tariff on sandalwood chips over 6 years.



## Services

India is Australia's third largest services export market. Over the last decade, our services exports to India have nearly doubled to reach \$6.9 billion in 2020. ECTA will provide increased certainty for Australian service suppliers already doing business in India by binding existing market access, broadly in line with current settings or commitments India has made in other trade agreements. . Australian services suppliers will benefit from full or partial access across more than 85 Indian services sectors and subsectors. India has also committed to extend to Australia any future services market access improvements India agrees to give any future FTA partner in 31 sectors and subsectors. By confirming access to these sectors, Australian services suppliers will always be on par with new international competitors and will have the predictability they need to trade more with India.

These sectors include:

- higher education and adult education
- business services (tax, medical and dental, architectural and urban planning)
- research and development
- communication, construction and engineering
- insurance, banking
- hospital, audiovisual and tourism and travel.

Australia has been able to capitalise on India's recent liberalisation in the banking and insurance sectors where India has increased foreign participation in commercial banks, insurance and fund managers. India has agreed to lock in 49 per cent foreign equity for a range of Australian banking and insurance services in the ECTA, higher than the foreign equity limit India provided in other significant free trade agreements with Japan, the Republic of Korea and Singapore.

Financial service providers will also have greater certainty and transparency on the rules that will apply to them when providing services in India.

India will provide market access for single-brand retailing and franchising, as well as commitments regarding wholesale distribution services. Australian internet services businesses in India will also have more opportunities to expand their portfolio with a foreign equity limit of 74 per cent for commercial presence.

The level of access to Australia's services market that India will gain from the AI-ECTA is consistent with the approach taken in other free trade agreements. This includes scheduling market access commitments at the state and territory level.

## Mobility

ECTA includes a mobility outcomes that will foster people-to-people links, support trade and business and contribute to cultural exchange between Australia and India.

The agreement will support access for a range of Australian and Indian skilled service providers, investors, and business visitors, facilitating investment and providing business with greater certainty. Australia's commitments to India on mobility maintain the integrity of our visa system and are consistent with existing visa settings and our previous free trade agreements. This includes equivalent commitments on categories of entrant, length of stay, spouses and dependents.

ECTA does not include a waiver of labour market testing, so a potential employer in Australia will still need to provide evidence they have tested the local labour market where necessary.

Australia has secured clarity around visa pathways and application procedures like periods of stay and other visa conditions from India to support outward mobility for businesses and professionals. Commitments include that the processing of an application must be reasonable and not unduly delay the supply of a service or trade in a good. These commitments are more extensive than India has made in a previous FTA or at the World Trade Organization.





## **Professional services**

ECTA will support the establishment of a Professional Services Working Group for the future facilitation of the streamlining of the recognition of qualifications, licensing and registration procedures, including through the mutual recognition arrangements between professional services bodies. Australia and India have agreed to engage their respective professional services bodies to negotiate mutual recognition or similar arrangements for qualifications, licensing and registration procedures across professional services and services in regulated or licensed occupations. This provides a useful platform to encourage professional bodies to collaborate and negotiate mutual recognition or similar agreements and to encourage them to reach out to their counterparts.

The Trade in Services Chapter also seeks to address red tape in India's domestic regulatory system to help Australians, including Small and Medium Sized Enterprises, seeking to provide a professional service in India. ECTA mandates transparent and reasonable fees, reasonable timeframes, status updates upon request, acceptance of electronic and authenticated applications, and not requiring physical presence to take forward an application.

Australia has also provided new market access for culturally significant occupations for a combined total of 1,800 per year of qualified professional traditional chefs and yoga instructors entering as contractual service suppliers of India.

## **Tourism and education**

ECTA has the potential to contribute significantly to the Australian tourism sector's bounce-back as soon as it enters into force. For Australian hotel and other lodging services, and for travel agency and tour operator services wanting to operate in India, India has committed to no restrictions on market access via cross-border supply and commercial presence. Education-related travel services, which is Australia's largest overall services export, stands poised for recovery and will benefit from the 'head turning' effect of concluding ECTA, a new Work and Holiday maker program and incentives to study in Australia through the Post-study work visa outcome.

Australia will provide new access for young Indians to participate in working holidays in Australia. Places in Australia's Work and Holiday program will be set at 1,000 per year and Australia will have two years to implement the outcome in this new location. The outcome is expected to contribute to both work force requirements and to tourism in regional Australia.

To promote the reciprocal exchange of knowledge, Australians who have successfully completed their studies and wish to supplement their training will be able to gain professional experience in India. At the same time, former Indian students will also be able to live, study and work in Australia temporarily upon completion of their studies.

The Post-study work visa outcome for Indian students will apply upon completion of a diploma or trade qualification (stays of up to 18 months); a bachelor degree (stays of up to two years); a masters degree (stays of up to three years); and a doctoral degree (stays of up to four years). In addition, the length of stay for a bachelor degree graduate with first class honours will be extended from two to three years post-study in Science, Technology, Engineering or Mathematics and information and communications technology sectors.

In addition, India will provide a reciprocal work-based immigration route for Australians who successfully complete their studies and who wish to supplement their training with professional experience in India.

## **Transparency and reducing non-tariff barriers to trade**

Australia and India have agreed to ensure transparency in the application of any non-tariff measures and to ensure that any such measures do not create unnecessary obstacles to trade. Australia and India's commitment on non-tariff barriers is useful in strengthening our trading relationship, as non-tariff measures had previously affected the smooth flow of Australian exports to India.

ECTA contains commitments for both countries to make publicly available their laws, regulations, decisions and rulings with regards to the Trade in Goods chapter, making it easier for Australian businesses doing business in India.

ECTA also contains commitments to strengthen the bilateral trade relationship with India. Consultations on trade issues will be undertaken via a Committee on Trade in Goods that will be established under the agreement. The Committee will consider ways to accelerate tariff elimination and address non-tariff barriers to trade, with a view to enhancing two-way trade in goods.