

# Aus Parliament clears path for FTA with India

Both nations prepare for New Year roll-out; DTAA with New Delhi amended, too

ASIT RANJAN MISHRA  
New Delhi, 22 November

The Australian Parliament on Monday ratified the Economic Cooperation and Trade Agreement (ECTA) with India, paving the way for implementing the deal as early as January 1, 2023.

This will be India's first trade deal with a developed country in more than a decade, after the Comprehensive Economic Partnership Agreement was signed with Japan in 2011.

"The (Anthony) Albanese government has worked hard to expeditiously advance all processes necessary, to ensure Australia is in a position to implement both (India and the UK) free trade agreements before the end of 2022," the Australian trade ministry said in a statement. The Australian Parliament on Tuesday also

ratified its pending deal with the UK.

"There is a good chance that the deal will be implemented starting January 1, 2023, though the Christmas holidays are coming," said a senior Indian government official requesting anonymity.

The deal will now need approval from the Australian Cabinet and the President of India. The ECTA will enter into force 30 days after an exchange of written notifications on the completion of domestic processes.

The Australian Parliament also amended the double tax avoidance agreement (DTAA) with India to stop taxing the offshore income of Indian information technology companies operating in Australia. This will resolve a long pending issue and lead to savings of more than \$200 million for IT companies per year.

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## A WIN-WIN

- Australia to eliminate Customs duties on 100% of tariff lines
- India will do away with import duties on 70.3% of traded goods
- India can every year send 1,800 yoga teachers and Indian chefs to Australia
- Post-study work visa up to 4 years for Indian students
- 1,000 work-cum-holiday visas for young Indian professionals



"AUSTRALIA IS OPENING 100 PER CENT OF ITS TARIFF LINES FOR THE FIRST TIME FOR ANY COUNTRY. IT REFLECTS THE CONFIDENCE AND TRUST BETWEEN THE TWO COUNTRIES"

**PIYUSH GOYAL**  
Commerce and industry minister



"INDIA'S YOUTHFUL POPULATION, ECONOMIC DEMAND, AND GROWTH TRAJECTORY PRESENT UNPARALLELED OPPORTUNITIES FOR AUSTRALIAN EXPORTERS"

**DON FARRELL**  
Australian Trade minister

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### FTA...

Under the deal, Australia has agreed to eliminate Customs duty immediately on 98.3 per cent of the traded goods and on 100 per cent tariff lines over a period of five years. India, on the other hand, will do away with Customs duties on 40 per cent of products immediately and on 70.3 per cent of tariff lines over a period of 10 years. Major labour-intensive sectors in India that will benefit from the elimination of 5 per cent Customs duty at present include textiles and apparel, agricultural products, leather, furniture, jewellery, and pharmaceuticals.

Thanking his Australian counterpart Albanese, Prime

Minister Narendra Modi said: “The entry into force of Ind-Aus ECTA will be greatly welcomed by our business communities, and will further strengthen that India-Australia comprehensive strategic partnership.”

Trade minister Piyush Goyal said it is indeed a landmark moment for Australia and India. “Australia opens 100 per cent of its tariff lines without even any quota restriction. It is the first time Australia has done this for any country. It reflects the confidence and trust between the two countries,” he added. Under the trade deal, India can every year send 1,800 Yoga teachers and Indian chefs to Australia, and 1,000 work-cum-holiday visas will be available for young professionals. Post-study work visas up to four years will benefit over 100,000

Indian students.

On 750 ml bottles of Australian wine, India has agreed to reduce tariff over 10 years, from 150 per cent to 50 per cent if the value of the bottle is between \$5 to \$15. For bottles above \$15, a reduction of tariff from 150 per cent to 25 per cent will be carried out over a period of 10 years. However, on wine bottles priced below \$5, the existing Customs duty of 150 per cent will not be reduced.

India had a trade deficit of \$8.5 billion with Australia in FY22, with \$8.3 billion worth of exports and \$16.8 billion worth of imports. Total bilateral trade is expected to cross \$45-50 billion in five years from \$25 billion at present after the trade deal comes into force.

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