

Trade pact with Australia to benefit MSMEs: Goyal

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Small businesses are set to directly benefit from the elimination of import duties from Australia, Commerce and Industry Minister Piyush Goyal said at the launch of the interim trade pact between both nations.

“Micro, small, and medium enterprises (MSMEs) are one to create jobs and use the benefit of the duty becoming zero as MSME accounts for the majority of our exports,” Goyal said.

The interim pact, also known as the Economic Cooperation and Trade Agreement (ECTA), has the potential to double bilateral trade to \$50 billion in half a decade. The trade deal was signed on April 2 and the negotiations were completed in a record 88 days.

“This is an agreement negotiated with the speed of Brett Lee and the perfection of Sachin Tendulkar,” Goyal said.

Prime Minister Narendra Modi described it as a ‘watershed’ moment. “Glad that IndAus ECTA is entering into force today. It is a watershed moment for our Comprehensive Strategic Partnership. It will unlock the



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enormous potential of our trade and economic ties and boost businesses on both sides. Look forward to welcoming you in India soon,” he tweeted.

Goyal said the deal was a win-win situation for both the nations. India will get cheaper raw materials such as coal, aluminium for Indian industries, which will help the country become more competitive and provide quality goods for Indian consumers at affordable prices. Australia, which largely

imports most of their finished products, will also benefit from the agreement.

India will benefit from the preferential market access provided by Australia on 100 per cent of its tariff lines — 98.3 per cent tariff lines from Day One. The rest tariff reduction will be in a phased manner for five years.

On the other hand, Australia will get preferential access to over 70 per cent of India’s tariff lines. Around

40 per cent of the tariff lines will get zero-duty access immediately.

“ECTA’s entry into force today opens up the world’s largest democracy, with nearly one and a half billion people, to Australian exporters — early entry into force sees Australian exporters receive a tariff cut today, followed by another on January 1,” Australia’s Minister for Trade and Tourism Don Farrell said in a statement.

ECTA will also eliminate the double taxation on IT services. It will come into effect from April 1.

Indian textiles and garments will gain immensely along with opportunities for the handloom sector. A Sakthivel, president of Federation of Indian Export Organisations (FIEO), said referring to the trade deal. Other segments in Tamil Nadu that can gain larger market share in Australia are gems and jewellery, leather and non-leather footwear, handicrafts, automobile parts, and engineering products.

During April-October, Australia was India’s 10th largest trading partner of India worth \$17.04 billion.

(With inputs from Shine.Jacob in Chennai)