

India-Australia CECA talks may get delayed



TRADE SNAPSHOT

- India's exports to Australia surged 64.4% year-on-year to \$643.7 million in November on account of growth in textiles, chemicals and agricultural products
- Talks launched in February 2023; 10 rounds taken place until now
- India's commerce department said both sides have made "significant progress" on various aspects of the proposed CECA
- India and Australia have completed two years of interim trade agreement
- Utilisation of the interim trade deal by Indian exporters stands at 79% since its implementation, while import was 84%

Australia's federal election in May likely to extend trade deal negotiations

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The proposed comprehensive trade agreement talks between India and Australia may get delayed despite making substantial progress as Canberra moves closer to the federal election scheduled for May next year, people aware of the matter said.

India and Australia began negotiations on the Comprehensive Economic Cooperation Agreement (CECA) in February 2023. As many as 10 rounds of talks have taken place, and both sides have made "significant progress" on various aspects of the proposed comprehensive trade deal.

"There are issues that still need to be discussed and resolved to finalise the CECA. The Australian side will get into election mode February onwards," one of the persons cited above told *Business Standard*. "As a

result, the agreement talks will go beyond that," the person added.

Earlier this month, during a stocktake meeting of the comprehensive trade agreement, the commerce department said India and Australia had "outlined a path forward for the early conclusion" of the CECA. At the meeting, New Delhi and Canberra discussed several critical aspects of the proposed agreement, including trade in goods, services, mobility, and agri-tech cooperation, among others. Discussions were also held on market access modalities that align with India's food security objectives.

It is unclear if another round of talks has been scheduled for January.

India and Australia have in place an interim trade agreement, Economic Cooperation and Trade Agreement (ECTA). It was signed in April 2022 but came into effect two years ago on December 29, 2022.

ECTA utilisation by Indian exporters at 79%: Commerce dept

When the ECTA was signed, it was decided that the larger idea would be to use the foundation of the interim deal to resume negotiations on the deeper and more ambitious trade deal—the CECA. Since it was only an interim trade deal, several aspects of a comprehensive trade agreement, including new-age trade issues, did not make it to the ECTA.

The utilisation of the ECTA by Indian exporters stands at 79 per cent since its implementation, while the import utilisation is at 84 per cent, the commerce department said on Sunday.

In trade agreements, utilisation rate is one of the key parameters to assess how the pact is faring - whether it is being used to export or import goods.

“This landmark agreement has brought with it

increased market access for Indian exporters, expanded opportunities for MSMEs and farmers, and generated several employment avenues. It has also enabled growth in exports by 14 per cent in 2023-24, a notable boost in IT/ITeS, business & travel services, post-study work & Work Holiday visas,” commerce and industry ministry Piyush Goyal said on microblogging site X on Sunday.

Sectors such as textiles, chemicals, and agriculture have witnessed substantial growth in outbound shipments from India, besides exports of new products, including gold studded with diamonds and turbojets, indicating diversification of exported products enabled by the ECTA.

“Imports of essential raw materials, such as metalliferous ores, cotton, wood, and

wood products have fuelled India’s industries, contributing to the win-win nature of this partnership. Sectors such as electronics and engineering have room for growth,” the commerce department statement said, adding that both countries aim to achieve Australian dollar (AUD) 100 billion in bilateral trade by 2030.

However, the commerce department data showed that in the current financial year, bilateral trade declined. During the first seven months of the current financial year, merchandise exports to Australia contracted 10 per cent year-on-year (Y-o-Y) to \$4.9 billion.

According to the data, imports also contracted nearly 14 per cent to \$8.4 billion. Total trade stood at \$13.3 billion in the April-October period against \$24 billion in FY24.