

INDIA-AUSTRALIA DEAL TO DOUBLE BILATERAL TRADE

Relevant for: International Relations | Topic: India - Australia

Mr. Morrison said the deal “opens a big door into the world’s fastest growing major economy for Australian farmers, manufacturers, producers and so many more”.

Indian exports to Australia have been growing at a rapid clip and the agreement, which may be expanded further after its implementation in the current form, will facilitate zero duty access “on over 96% of Indian exports, including several labour-intensive industries,” Mr. Goyal said.

India will, in turn, offer preferential access to Australia on over 70% of its tariff lines on goods imports, including ‘lines of export interest to Australia which are primarily raw materials and intermediaries such as coal, mineral ores and wines, etc.’, the Commerce Ministry said.

In a joint statement with Mr. Morrison, Australia’s Trade, Tourism and Industry Minister Dan Trehan said, “Tariffs will be eliminated on more than 85% of Australian goods exports to India (valued at more than \$12.6 billion a year), rising to almost 91% (valued at \$13.4 billion) over 10 years.”

Talks with Australia for a possible trade and economic partnership pact had begun about a decade ago, but were aborted after a previous regime in Canberra asked India to join the Regional Comprehensive Economic Partnership instead.

After India refused to join the Regional Comprehensive Economic Partnership, negotiations were stalled. Fresh parleys between the two sides began last September after Mr. Trehan visited India.

Amending laws

Australia, which goes to polls this year, has agreed to amend its tax laws to resolve India’s long-standing complaint that its firms providing technical services in the country are taxed on their offshore income. Both trade ministers said the electoral cycle will not impact the trade pact.

With a rich repertoire of vineyards in Yarra Valley and beyond, Australia will now be able to export wine bottles of 750 ml, costing over \$5 dollars, to India at a concessional import duty and the countries have agreed to set up a joint dialogue to work together on wine-related trade issues. A working group will also be set up to resolve issues related to bilateral trade in whisky and other alcoholic beverages.

The Commerce Ministry said the agreement provides adequate safeguards to prevent circumvention and protect against a sudden surge in import of goods. It also said this is the first trade deal which includes a compulsory review mechanism after 15 years.

This is the second economic partnership pact signed within a week, following a similar deal with the UAE last week. Mr. Goyal said more such deals are in the offing.

“We are in very active dialogue with the U.K., Canada, and have agreed to work on an interim agreement with both that can be done faster, followed by a comprehensive arrangement,” he said.

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