

# OPENING STANCE: THE HINDU EDITORIAL ON THE AUSTRALIAN PARLIAMENT RATIFICATION OF TRADE PACT WITH INDIA

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In what would be India's first major free trade deal with a developed economy in over a decade, the first phase of a pact sealed with Australia in April this year is likely to be operationalised soon, paving easier market access for Indian services and goods. Prime Minister Anthony Albanese's administration that assumed office a little over a month after his predecessor and now Leader of Opposition Scott Morrison signed the [Economic Cooperation and Trade Agreement \(ECTA\)](#) with India, has steered its [ratification through Parliament](#). So, the India-Australia partnership enjoys wide, bipartisan support in Canberra — that Australia has been particularly upset with what it called the 'weaponisation of trade' by China, has surely helped galvanise sentiment about India being a more trustworthy partner. While the two countries are already part of recently formed global cliques such as the four-nation [Quad](#), the trilateral Supply Chain Resilience Initiative and the [Indo-Pacific Economic Forum \(IPEF\)](#), the bilateral trade deal is a strong positive signal about India's credentials to a world shuffling its feet away from dodgy supply chains towards a 'China plus one' strategy. Trading partners, some of whom are negotiating similar deals with India, will also be watching the contours of the next phase of talks between the two countries to firm up a more comprehensive treaty.

India expects bilateral trade to rise to about \$50 billion from the current level of \$31 billion in five years, with Indian exports driving half this surge, creating a million new jobs in labour-intensive sectors. Zero duty benefits on 98.3% of Australian tariff lines, from the day the agreement comes into force, will be extended to all Indian products within five years. Australia, in turn, will get zero duty benefits for 90% of its exports (in value terms) to India. With raw materials such as coal, metals and wool dominating its shipments, that means cheaper inputs for Indian firms. Annual visa quotas for Indian chefs and yoga trainers, and a post-study work visa regime for Indian students will bolster ties, as would the approval of a double taxation avoidance agreement by Australia, which is expected to save millions of dollars a year for Indian IT firms. As India pushes to close trade deals with the U.K., the EU and Canada, the wine import clauses with Australia that envisage an industry-level partnership, could also serve as a template for other spirits. It is critical to remember that trade deals open new doors, but do not automatically mean higher exports or better trade balances, as India's past pacts with ASEAN and Japan have shown. There is no shortcut or alternative to fixing India's overall global competitiveness.

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