



# India International Chamber of Knowledge & Commerce (IICKC)

*Empowering Global Trade Through Knowledge Partnerships*

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## India-Australia ECTA 2025: Key Highlights

**Name: Australia-India Economic Cooperation & Trade Agreement (ECTA)**

Signed: April 2022 In force: 29 December 2022

This is the first major trade agreement India signed with a developed economy in over a decade.

### 1. Tariff Liberalisation

#### Benefits for Indian Exporters

- There is zero duty on 98.3% of Australia's tariff lines, which covers 96% of India's exports by value from day one.
- Key sectors benefiting include textiles and apparel, leather and footwear, gems and jewellery, engineering goods, pharmaceuticals, auto parts, and agricultural products.
- The remaining 1.7% of tariff lines will be eliminated within five years, allowing India to achieve 100% tariff elimination.

#### Benefits for Australian Exporters

- Australia will see immediate tariff elimination on over 85% of its exports to India by value.
- This is expected to expand to 90% by 2026.
- Key gains are in metals, coal, alumina, wool, sheep meat, wine, horticulture, and some dairy inputs.



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## 2. Sensitive Sectors (Protected by India)

India excluded dairy, wheat, rice, chickpeas, beef, sugar, apples, toys, and iron ore from concessions to protect farmers and small businesses.

## 3. Specific Tariff Concessions

- For wine, tariff cuts will reduce from 150% to 50% for bottles costing more than USD 5 and from 150% to 25% for bottles over USD 15, phased over nine years.
- For cotton, the duty is waived within a tariff rate quota of 300,000 bales per year.
- For lentils, there is a tariff rate quota of 150,000 tonnes per year at 50% of the most favored nation tariff.

## 4. Services & Mobility

- Indian Students in Australia:
- Post-study work visas have been extended to 18 months for Diploma/Trade students, 2 years for Bachelor degree holders, 3 years for Master's degree holders, and 4 years for PhD graduates. Will benefit over **100,000 students**
- STEM graduates with First Class Honors can stay for 3 years.
- Australia has created visa quotas for Indian yoga instructors and chefs.
- There are commitments for the movement of business visitors, intra-corporate transferees, and contractual service suppliers.

## 5. Rules & Facilitation

- Certificates of Origin (CoO) are mandatory through India's electronic CoO system.
- Customs cooperation will allow for faster clearance and dispute resolution.



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- SPS and TBT chapters will cooperate to reduce non-tariff barriers while maintaining quality standards.

## **6. Economic Impact**

- The agreement boosts bilateral trade, which is currently over USD 30 billion and expected to exceed USD 50 billion soon.
- It helps Indian small businesses access a high-income market for labor-intensive exports.
- It also supports Australian resource exports while deepening cooperation in education, critical minerals, and services.
- Estimates show creation of up to 1 million jobs in India

## **7. Future Outlook**

- ECTA is just the first stage and will be upgraded to a Comprehensive Economic Cooperation Agreement (CECA).
- The CECA will cover deeper services trade, investment rules, and broader tariff elimination.

## **Takeaway for MSMEs:**

- Indian exporters in textiles, gems, pharmaceuticals, and engineering should explore the Australian market right away.
- Australian exporters will gain access to wine, resources, and agricultural inputs, but Indian farmers will remain protected.
- Both professionals and students will benefit, making this agreement more than just a goods trade pact.