TAKSHASHILA INSTITUTION

India-Australia Free Trade Agreement: Learnings and Prospects

Anisree Suresh

Takshashila Discussion Document 2024-23
Version 1.0, December 2024

The India-Australia Economic Cooperation and Trade Agreement (ECTA) holds potential to boost bilateral trade, but challenges remain. India's regulatory complexities, high import tariffs, and underutilisation of trade agreements limit its effectiveness. To maximise the ECTA's impact, clearer investment rules and resolution of non-tariff barriers, such as technical trade regulations and rules of origin, are essential for success.

Recommended Citation:
Anisree Suresh, "India-Australia Free Trade Agreement: Learnings and Prospects," Takshashila Discussion Document No. 2024-23, December 2024, The Takshashila Institution.

Executive Summary

This discussion document examines the India-Australia Economic Cooperation and Trade Agreement (ECTA) and its prospects for future trade relations between the two nations. This study argues that while the ECTA holds significant promise in boosting bilateral trade and economic cooperation, its success will depend on addressing key challenges and leveraging the lessons learned from its implementation.

Despite the promising benefits, several challenges may impede the full realisation of the ECTA's potential. India's regulatory complexity, opacity, and bureaucratic hurdles might create barriers for businesses seeking to capitalise on the agreement. Additionally, India's historical underutilisation of its free trade agreements, coupled with high import tariffs, limits the effectiveness of such deals.

Stronger and clearer investment rules are needed to attract export-oriented investments, particularly in critical sectors like technology and minerals. Addressing non-tariff barriers—such as technical trade regulations and rules of origin—should be prioritised. While the ECTA represents a significant step forward in India-Australia trade relations, the future success of such agreements will hinge on addressing the regulatory, procedural, and market access barriers identified in this document.

Author
Anisree Suresh is a Research Associate with the Geoeconomics Programme at the Takshashila Institution, Bengaluru, India.

She can be reached at anisree@takshashila.org.in

Acknowledgments
The Author would like to thank Sarthak Pradhan for his research support.

Table of Contents

I. Introduction

Early harvest is a precursor to a Free Trade Agreement, to help the partner countries identify the goods and services for liberalisation before the actual FTA.

India and Australia signed an early harvest Free Trade Agreement in April 2023 to open new markets for exporters and service suppliers from both countries. The Australia-India Economic Cooperation and Trade Agreement (ECTA) is considered one of the critical pre-Free Trade Agreements signed between two key markets in the Indo-Pacific region with strong economic complementarities. The ECTA provides competitive tariff elimination and tariff reduction on a wide range of goods and services for both countries. It is expected to improve the economic integration of both countries and supply chain resiliency in the Indo-Pacific region.

The ECTA is expected to enhance India-Australia relations, which have been growing on a positive trajectory for many years. India is Australia's 7th largest trading partner, and both nations have certain common interests in a liberalised economic order that triggered policymakers to move towards a comprehensive free trade agreement. While India offers a vast market for Australian exports, such as critical minerals and natural resources, Australia offers India comprehensive business, finance and various service sector opportunities.

Under the ECTA,

- Indian tariffs on over 90 per cent of Australian goods exports to India by value were eliminated
- tariffs on over 85 per cent of Australian exports were eliminated
- tariffs on a further 5 per cent of Australian exports will be phased to 0 per cent over 2, 4 or 6 years
- high tariffs will be substantially reduced for some essential agriculture products, which are also considered sensitive to Indian and Australian markets.[1]

While further negotiations are ongoing to move towards the Comprehensive Economic Cooperation Agreement (CECA), there needs to be a thorough cost-benefit analysis to see whether the benefits offered by ECTA outweigh its costs. This study provides a cost-benefit analysis based on trade creation and trade diversion for the Indian economy through ECTA. It also details the learnings from the ECTA and suggests future pathways for India's approach to Free Trade Agreements.

Specific Barrier	**Reduction under ECTA**
1. Tariffs	
High import duties on over 90% of Australian goods exports to India by value.[2]	Eliminated upon ECTA entering into force.

Tariffs on 85% of Australian exports to India.	Eliminated upon the signing of ECTA.
Tariffs on a further 5% of Australian exports to India.	Phased to 0% over 2, 4, or 6 years
High tariffs on some essential agricultural products.	Substantially reduced.
Tariffs on over 96% of Indian goods exports to Australia by value (98% of traded tariff lines).	Eliminated upon ECTA entering into force.
Tariffs on 113 remaining tariff lines (amounting to 3% of Indian exports to Australia).	To be Phased out over five years.
Previously, Indian exports faced a tariff disadvantage of 4-5% in many labour-intensive sectors relative to competitors with FTAs with Australia, such as China, Thailand, and Vietnam.	This barrier was removed under the ECTA.
High import duties on Australian wine (previously 150%).[3]	Reduced to 100% upon entry into force, reducing to 50% over ten years (based on India's wholesale price index for wine) for wines with a minimum import price of US$ 5 per bottle. Reduced to 75% upon entry into force, phasing down to 25% over ten years (based on India's wholesale price index for wine) for

	wines with a minimum import price of US$ 15 per bottle.
Tariffs on Australian coal, alumina, metallic ores (including manganese, copper, nickel), and critical minerals (including titanium and zirconium).[4]	Eliminated upon ECTA entering into force
Tariffs on Australian LNG	Bound at 0% upon entry into force
2. Non-Tariff Barriers	
Complex Rules of Origin (ROO) requirements	Simplified with provisions for "wholly produced" goods and a "quality value content" (QVC) calculation for goods with inputs from multiple countries.
Stringent technical barriers to trade	This is addressed to a greater extent, with the ECTA providing a platform for further negotiations.
Sanitary and Phyto-sanitary measures	Some of these measures are under negotiation (under ECTA and CECA)
Import-related non-tariff measures previously accounted for over 75% of the total non-tariff measures.	The ECTA has addressed these issues to a greater extent.

Table 1. The author summarised the key reduction in goods barriers under ECTA.

Specific Barrier	**Reduction under ECTA**
1. Restrictions on Movement of Professionals	
Limited entry of Indian chefs and yoga instructors into Australia	Allows 1,800 Indian traditional chefs and yoga teachers to enter Australia as contractual service suppliers.[5]
Restrictions on the movement of professionals as intra-corporate transferees	Enhanced commitments to facilitating the movement of professionals.[6]
Recognition of professional qualifications - Barriers to recognising Indian professional qualifications in Australia	Pursuing a mutual recognition agreement on professional qualifications.
Visa restrictions for Indian service providers	Addressed a few difficulties in obtaining visas for Indian professionals working in Australia (Includes provisions for granting visas for service providers in areas like IT and traditional Indian services.)

Table 2. Key reduction in service barriers under ECTA, summarised by the author.

II. Does ECTA Create Trade for India?

To understand the net implications of India-Australia ECTA, we must try to answer the following questions. What market opportunities does ECTA open up for India? Has India been successful in tapping into the Australian market? Are there any bottlenecks that hinder greater market integration?

Economic complementarities, reciprocal market access, trade creation, and trade liberalisation are critical parameters for assessing the success of an FTA, as they directly impact trade flows and economic growth. Economic complementarities ensure that countries involved in an FTA produce different goods and services, reducing competition and fostering specialisation. Reciprocal market access and trade creation focus on reducing trade barriers to generate new market opportunities and increase bilateral trade. Trade liberalisation brings medium-to-long-term economic benefits, including higher exports, foreign investment, and innovation.[7] It can reduce consumer prices, diversify commodities, and increase productivity.[8] Evaluating FTAs with these parameters helps policymakers understand the broader impact on trade, global value chains, and overall economic competitiveness, ensuring the long-term success of the agreement. Through this, we look at whether ECTA/CECA engender enhanced economic liberalisation of the Indian economy by analysing the prospects for increases in domestic production, resulting in an increase in exports while prices continue to fall.

The critical determinants for a successful FTA, considered here, are

- Economic and Strategic Complementarities
- Reciprocal Market Access and Trade Creation
- Trade Liberalisation: medium to long-term benefits to an economy

Economic and Strategic Complementarities

India and Australia's economic relationship is on a significant growth trajectory, with merchandise trade reaching approximately US$ 24 billion in 2023-2024.[9] The increasing business and economic partnership, coupled with synergies and complementarities in various sectors, particularly Australian natural resources and energy exports, presents substantial opportunities for growth.

Talent and Natural Resources

India's growing consumer class and substantial market offer Australia many export opportunities. By 2025, one-fifth of the world's working-age population will be Indian. By 2030, there will be over 850 million internet users in India. Since household consumption accounts for 60 per cent of India's GDP and with improvements in human development indicators, an aspirational consumer class has emerged, making India among the most attractive markets globally. The structural complementarity here is that a growing Indian economy will need more things Australia might be able to supply, from education to energy, from food to tourist destinations, with services being one of the critical sectors of the growing future economic relationship between India and Australia.[10] On the other hand, ECTA also opens up one of the largest markets in the Pacific region to Indian businesses, exports, skilled IT professionals, engineering and other services.[11]

De-risking from China

The deepening trade and economic relations between India and Australia are significant for the two countries individually and for the broader Indo-Pacific region. This growing partnership is accompanied by an increasing geopolitical convergence between New Delhi and Canberra, both of which share an interest in a rules-based international order. The two countries are mutually interested in establishing regional economic and strategic institutions that promote economic integration and peace. Australia Group was one such initiative in this regard, acting as a framework to regulate the transfer of dual-use materials. Strategic efforts such as establishing the Quad and the Supply Chain Resilience Initiative have further strengthened the ties between India and Australia.

Trade Prospects

While India missed out on not being part of mega-regional FTAs such as the Regional Comprehensive Economic Partnership (RCEP), New Delhi is trying to abridge the loss through bilateral FTAs with markets like Australia. India has been trying to integrate with Asia-Pacific markets to take advantage of the friendshoring trends in global value chains. China has dominated a large proportion of Australia's exports, leading to market concentration. While this reduced the compliance cost of exporters, it also posed a considerable threat to the Australian economy as it was exposed to economic, political, and security risks. Hence, Australia is also seeking an economic partnership with India to diversify its export basket.

Figure 1. India's exports to Australia. Data visualisation adapted from Trading Economics[12].

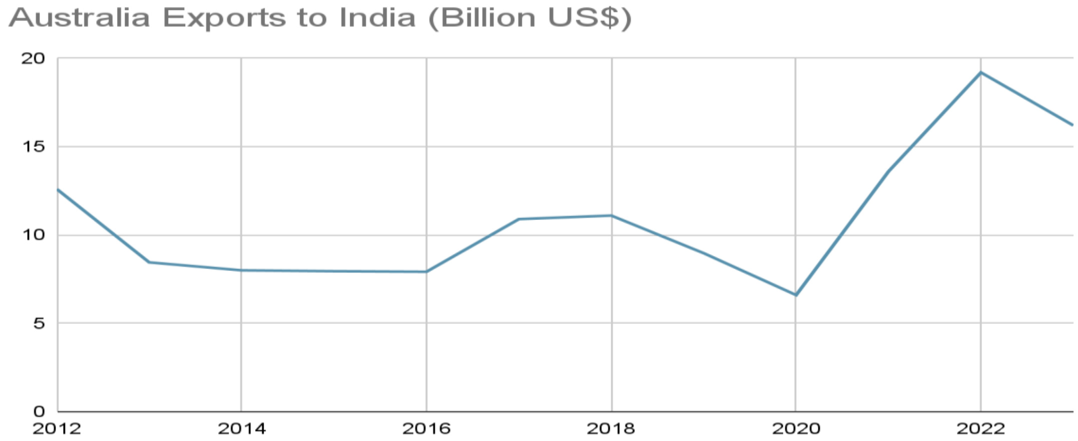

Figure 2: Australia's exports to Australia. Data visualisation adapted from Trading Economics[13]

Reciprocal Market Access and Trade Creation

ECTA's reduction of trade barriers and provision of reciprocal market access will significantly enhance bilateral trade between India and Australia, fostering new opportunities for exports, investment, and long-term economic growth. Market access refers to the ability of a country to sell goods and services across borders, while free trade means that goods and services flow across borders without any extra costs imposed by the governments.[14] Market access involves addressing many factors, including trade barriers, compliance with regulations and customs procedures. From an exporter's perspective, market access depends not only on the disadvantages that exporters face versus domestic producers but also on the relative advantages or disadvantages that exporters have over other external competitors.[15] Regional trade agreements are a common form of reciprocal preferential access in which lower or zero tariffs are applied to products originating among members to foster trade cooperation.

Under ECTA, duty-free access is available to Indian exporters in over 6,000 broad sectors, including textiles, leather, furniture, jewellery, and machinery in the Australian market.[16] Australia is offering zero-duty access to India for about 96.4 per cent of its exports (by value) or 98 per cent of the traded tariff lines from the start. Tariffs on the remaining 113 export lines – amounting to three per cent of Indian exports – will be phased out over the next five years. India has successfully negotiated protection terms for its dairy sector and sensitive agricultural items like chickpeas, wheat, rice, bajra, sunflower oil and sugar. In the non-agricultural sector, items like silver, platinum, jewellery and iron ore are excluded.

The agreement also gives about 85 per cent of Australia's exports zero-duty access to the Indian market — including coal, sheep meat and wool — and lower-duty access to Australian almonds, lentils and certain fruits like oranges, mandarins, pears, apricots and strawberries.[17] Zero duty access for Australia is set to increase to cover 91 per cent of its exports by value and over 70 per cent of India's tariff lines over ten years. Australian liquefied natural gas, alumina and metallic ores will also not attract any tariff. In contrast, tariffs on Australian avocados, onions, pistachios, macadamia nuts, cashews in shell, blueberries, raspberries and blackberries will see tariffs eliminated over seven years. Import duties on Australian wines will be significantly slashed but not eliminated and gradually brought down over ten years as per price per bottle. With Australia eliminating customs duties on many Indian exports, including labour-intensive and employment-generating ones like textiles and garments, India should look forward to getting goods access to the Australian market.

Before ECTA, of the nearly 12,000 lines in India's tariff schedule, Australia only traded on 1,628 (approximately 14 per cent) of India's tariff lines, primarily due to the high tariff barriers to entry.[18] Imports of Australian wine to India used to attract a standard import duty of 150%, which the Australian wine sector identified as a significant disincentive to market development. Similarly, associations representing the horticulture and grain sectors also identified high import duties as a significant impediment.

For India's energy sector, ECTA has significant implications. The continued import of coal from Australia for its energy demands is critical for India's developmental aspirations.[19] At the same time, India has a proven track record of investment in renewables. Collaboration with universities carrying out high-end research in photovoltaics and other areas would help address the deficit in areas of critical interest to India. India's focus would also be on trade in critical minerals with Australia, considering its long-term requirements.

Trade Liberalisation: Medium to Long-Term Benefits

The ECTA is not just about immediate benefits but also about future opportunities. The agreement is expected to trigger export-oriented investments, with Indian and Australian products gaining preferential access to each other's domestic markets.[20] India and Australia can leverage the current narrative on restructuring regional supply chains and position themselves as complementary locations in major supply chains, especially in pharmaceuticals, energy, garments, precious metals, and critical minerals.

ECTA offers several medium-to-long-term benefits for the Indian economy. The market access provided by ECTA will make Indian products more competitive in the Australian market, potentially leading to increased exports, economic growth, and job creation. Additionally, reduced tariffs on Australian raw materials and intermediate products, such as coal and minerals, can lower production costs for Indian industries, further boosting competitiveness, especially in sectors like steel and aluminium. From India's perspective, the ECTA is expected to grow further the existing trade in sectors like minerals, cosmetics and wine and give a big boost to several other sectors of the Indian economy, especially textiles, gems, jewellery and pharmaceuticals.

Another crucial aspect of the ECTA is its focus on promoting trade in services, a sector where India has a comparative advantage. The agreement includes provisions for recognising professional qualifications, facilitating the movement of professionals, and granting visas for service providers in areas like IT and traditional Indian services. This liberalisation of the services sector can lead to increased investment, knowledge transfer, and the development of new markets for Indian businesses.[21] Moreover, the agreement's impact extends beyond just tariffs. It addresses non-tariff barriers, such as complex rules of origin and customs procedures, simplifying trade processes and making it easier for Indian companies to participate in global value chains.

Australia-India-ECTA provides for trade facilitation by ensuring that non-tariff measures do not create unnecessary obstacles to trade. The AI-ECTA contains commitments for both countries to make any proposed new or amended standards, technical regulations and conformity assessment procedures publicly available. The agreement also provides for mutual recognition agreements for mutual acceptance of each other's conformity assessment certifications and trade facilitation measures. Also, India has a consistent policy of moving towards comparable East Asian tariff rates to improve its position in the global value chains. ECTA will further fasten India's effort towards liberal markets.

In the long run, the ECTA can contribute to a more integrated and diversified Indian economy. The agreement is part of India's broader national pursuits, strengthening ties with developed economies like Australia, the

UAE, and potentially the EU and UK in the future.[22] These agreements signify a shift in India's approach to trade, moving away from protectionist policies towards a more open and globally integrated economy. By engaging in FTAs with countries like Australia, where agricultural sectors are not as sensitive, India can negotiate fairer and more reciprocal agreements. This strategic alignment with developed economies can help attract foreign direct investment, enhance technological collaboration, and contribute to India's long-term economic growth and development.

III. What are the challenges to India’s trade with Australia?

A 2018 report to the Australian government by Peter N Varghese, An India Economic Strategy to 2035,[23] argued that India’s "*economic progress will be uneven and incremental, constrained by the political compromises demanded by a diverse democratic federation, held back by thinly resourced institutions, burdened by a bureaucracy too susceptible to arbitrary interference, dented by endemic corruption and shaped by a political tradition which puts much greater faith in government intervention than the efficiency of markets*".

In this section, the challenges facing India’s trade with Australia are identified, particularly in the context of the ECTA, such as

- Regulatory Barriers, which examine the complexities hindering trade despite recent liberalisations;
- Low utilisation of existing FTAs, addressing the missed opportunities in leveraging structural complementarity;
- Import Tariffs, which highlight the impact of India’s high tariffs on trade dynamics and

- Concerns on obstacles faced by Indian exporters and the potential for further negotiations to enhance trade relations.

Regulatory Barriers

Historically, India's trade has been held back by various structural challenges such as land access, labour market regulations, regulations on the provision of infrastructure, and the application and interpretation of various regulations. Even though India possesses a sizeable comparative advantage in services, several trade restrictions exist. The latest available estimate of the World Bank's services restrictiveness to trade index (STRI) pegs India at 65 per cent – the highest amongst all its current FTA partners. India remains a challenging place to invest and do business. Regulatory barriers, the lack of transparency, difficulties in accessing information, a complex visa system, and the absence of a mutual recognition system for professional qualifications have made it difficult to do business and engage in services trade in India. While the ECTA has significantly liberalised trade between the two countries, regulatory barriers still exist. Although the ECTA simplifies ROO requirements with provisions for "wholly produced" goods and a "quality value content" (QVC) calculation for goods with inputs from multiple countries, navigating these requirements can still be complex. Indian exporters, in particular, need a strong understanding of the ROO provisions to leverage regional value chains effectively. India has traditionally relied heavily on Non-Tariff Measures (NTMs), with import-related NTMs previously accounting for over 75% of all NTMs. The ECTA addresses these to a considerable degree, but outstanding areas remain, particularly in digital trade and investment, that fall outside the scope of the agreement.

Low utilisation of existing FTAs

India's FTA utilisation remains very low, at around 25 per cent.[24] The comparable figure for developed countries is usually 70 to 80 per cent. India's failure to utilise the benefits of its own bilateral and plurilateral trade agreements showcases its failure to accommodate the market and stakeholder perspectives in the negotiation of each FTA. Another major challenge for India's low utilisation of its FTAs is its failure to utilise the economic structural complementarity in traded goods.[25] Despite India's comparative advantage in primary goods, such as vegetables, fruits, cereals, fuel and minerals, the largest share of India's 24 per cent exports to FTA partners consists of metals and semi-manufactured products.[26] While ECTA opens up a bigger market for Indian goods, India will face competition from China and ASEAN nations in semi-manufactured products, which reduces India's scope for trade in the region.

Import Tariffs

Further, India has the highest import tariffs amongst its East Asian and Southeast Asian FTA partners, averaging around 10.21 per cent in 2019.[27] India has significantly reduced its Most Favoured Nation (MFN) rates compared to its pre-FTA, which were higher than those of its neighbours, allowing partner countries to access Indian markets. On the other hand, since most of its partner countries initially had relatively lower MFN and import tariffs, ECTA has not brought significant reductions in their tariff rates. Also, high import tariffs can feed into the cost of exportable products.

Non-tariff barriers remain the primary hurdle for India-Australia trade, which includes labelling requirements and geographical indication-related issues when the supply chain is very fragmented. For instance, Australian bottled-in country-of-origin wine imports face various challenges, such as the ban on bottled-in country-of-origin wines in canteen department stores, state-level taxes and discrimination, and logistics and storage-related issues.[28] While Australian wines are one of Australia's essential exports, India's wine market is comparatively smaller than that of other alcoholic beverages, and domestic wine production is supported through subsidies, incentives, and high import tariffs. The single market is not applied to alcohol in India, and imported wine is consumed less than 1% of the time, probably due to the uncompetitive nature of the market.

India’s trade concerns with Australia

India also faces various challenges in exporting its goods and services to Australia. Despite the vast differences between India and Australia, India's demand for easier visas for its professionals has been taken up in various levels of ECTA and CECA negotiations; however, there needs to be further negotiation and free movement of skilled professionals. While Australian exports to India have gone up, they still have a way to catch up, if at all. Indian exporters / Australian importers have noted the difficulty in securing proper Certificates of Origin. India faces challenges in agricultural trade due to the fragmented nature of the agricultural markets and the inability to bring efficiency to processing food commodities. A section of people are concerned about foreign competition in the food sector. However, foreign competition in the food sector would warrant bringing efficiency to the value chain and probably help India successfully develop a platform for hedging and price discovery in agricultural commodities.[29]

While various issues hampered trade relations historically, ECTA addressed some of them. Non-tariff measures -related regulations (human health, hygiene, sanitation, animal and plant life protection, environmental conservation, security and compliance with domestic and policy requirements) had impacted the trade with Australia.[30] Import-related NTMs account for over 75% of the total, while the remaining NTMs are export-related. However, ECTA offers a platform for further negotiations to enhance the free trade between the two countries and address these challenges, which need to be actively discussed and negotiated. While the majority of areas are captured in the proposed AI ECTA, there are outstanding areas, including digital trade and investment, that remain outside the scope of the proposed AI ECTA.[31]

IV. What are the learnings from ECTA?

The Australia-India Economic Cooperation and Trade Agreement (ECTA) presents valuable lessons for India as it pursues a more active free trade agenda. There are a few key areas where India can improve in this trade agreement with Australia, especially in improving its agreement utilisation, addressing regulatory hurdles, and maximising the benefits of trade integration. These learnings hold significance for India's approach to future FTAs and its overall trade liberalisation strategy.

- Maximise FTA Utilisation: India's track record of utilising FTAs has been limited, with a utilisation rate of only around 25% compared to 70-80% for developed countries.[32] This highlights the need for better awareness campaigns, simplified Rules of Origin (ROO) procedures, reduced documentation burdens, and improved institutional support, especially for Small and Medium Enterprises. For example, Indian exporters have faced challenges securing Certificates of Origin under the ECTA, hindering their ability to benefit from preferential tariffs. FTA utilisation can be improved by simplifying ROOs and possibly adopting self-certification for eligible exporters.

- Address Regulatory Challenges: India's regulatory landscape needs streamlining. Improving trade facilitation initiatives like port infrastructure, customs procedures, regulations, and e-business infrastructure is crucial. Addressing these issues can reduce trade costs, attract foreign investment, and improve India's global competitiveness.
- Strategic FTA Negotiations: The ECTA emphasises the need for a strategic approach for future negotiations, focusing on:
  - Economic Complementarities: Identifying areas where India and potential FTA partners have complementary strengths and weaknesses, as seen with Australia's need for skilled labour and India's need for natural resources.
  - Reciprocal Market Access: Ensuring that both sides gain from reduced tariffs and market access, avoiding scenarios where one side disproportionately benefits.
  - Trade Creation Potential: Focusing on agreements likely to lead to new trade flows rather than diverting existing trade from more efficient partners.
  - Long-Term Benefits: Considering the long-term strategic and economic benefits of FTAs, going beyond immediate gains in trade volumes.
- Focus on Services Trade: The ECTA underscores the importance of services trade, a sector where India holds a comparative advantage.

India needs to prioritise services liberalisation in future FTAs, including:

- Mutual Recognition of Professional Qualifications: Streamlining the process for professionals to have their qualifications recognised across borders.
    - Facilitating Movement of Professionals: Easing visa restrictions and creating pathways for skilled professionals to work in partner countries.
    - Addressing Visa Issues: Finding solutions for smoother visa processing for service providers, particularly in sectors with high demand.
- Learn from Australia's Experience: Analysing Australia's experience with its 16 FTAs can provide valuable lessons for India, as Australia has a more than 80% FTA utilisation rate.[33] India could learn the following from Australia:
    - Rules Of Origin (ROO) Implementation: Understanding how Australia manages ROOs effectively and minimises compliance burdens.
    - Trade Facilitation: Adopting strategies used by Australia to streamline customs procedures and reduce trade costs.
    - Dispute Settlement: Analysing Australia's approach to resolving trade disputes efficiently and fairly.

- Address Trade Deficits: While the ECTA aims to boost bilateral trade, India needs to proactively address potential trade deficits. This involves:
    - Analysing Trade Patterns: Conducting in-depth studies of trade flows to identify potential imbalances and sectors of concern.
    - Identifying Export Opportunities: Focusing on sectors where India has a competitive advantage and can increase exports to FTA partners.
    - Negotiating Reciprocal Market Access: Ensuring that tariff reductions and market opening measures are balanced and mutually beneficial.
- Boost Domestic Competitiveness: The ECTA emphasises that market access alone is insufficient; India must improve domestic competitiveness to fully benefit. This requires:
    - Addressing Structural Bottlenecks: Implementing reforms to improve infrastructure, logistics, and the ease of doing business.
    - Promoting Innovation: Investing in research and development, fostering a culture of innovation, and supporting technology adoption.
    - Enhancing Workforce Skills: Equipping the workforce with the necessary skills and training to adapt to changing market demands and technological advancements.

By incorporating these learnings, India can leverage the ECTA as a stepping stone toward a more open and globally integrated economy. The agreement provides a valuable framework for approaching future FTAs, addressing domestic challenges, and maximising the benefits of trade liberalisation for sustainable economic growth.

V. Conclusion

ECTA provides a valuable framework to enhance the India-Australia relationship to a more comprehensive economic level. This would be a confidence-building measure as both countries start their negotiations for CECA. While analysing the FTA from the aspects of economic and strategic complementarities, reciprocal market access, trade creation, and medium- to long-term benefits to an economy, ECTA stands promising. However, the success of ECTA and CECA in the future will remain based on key challenges such as regulatory barriers, low utilisation of existing FTAs, and unaddressed mutual concerns on trade. India has to work closely with Australia to address missed opportunities, leverage structural complementarity, address trade deficits, and boost domestic competitiveness. By incorporating what was learned from ECTA, India will secure a greater deal with Australia in CECA while addressing its domestic regulatory hurdles and protectionist measures.

VI. References

1 Australian Department of Foreign Affairs and Trade (DFAT), "Australia-India ECTA Benefits: An Overview," accessed December 3, 2024, https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-benefits-australia-overview.
2 Australian Department of Foreign Affairs and Trade (DFAT), "Australia-India ECTA Snapshot: Benefits," accessed December 3, 2024, https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-snapshot-benefits.
3 Australian Department of Foreign Affairs and Trade (DFAT), "Australia-India ECTA Snapshot: Benefits," accessed December 3, 2024, https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-snapshot-benefits.
4 Australian Department of Foreign Affairs and Trade (DFAT), "Australia-India ECTA Snapshot: Benefits," accessed December 3, 2024, https://www.dfat.gov.au/trade/agreements/in-force/australia-india-ecta/outcomes/australia-india-ecta-snapshot-benefits.
5 India Foundation, "India-Australia Trade Pact: Unlocking the Potential," accessed December 3, 2024, https://indiafoundation.in/articles-and-commentaries/india-australia-trade-pact-unlocking-the-potential/.
6 India Foundation, "India-Australia Trade Pact: Unlocking the Potential," accessed December 3, 2024, https://indiafoundation.in/articles-and-commentaries/india-australia-trade-pact-unlocking-the-potential/.
7 International Monetary Fund (IMF), "The IMF and the World Bank: How Do They Differ?" accessed December 3, 2024, https://www.imf.org/external/np/exr/ib/2001/110801.htm#ii.
8 World Trade Organization (WTO), *Special Study 7: Trade, Income Disparity, and Poverty*, accessed December 3, 2024, https://www.wto.org/english/res_e/booksp_e/special_study_7_e.pdf.
9 Confederation of Indian Industry (CII), *India-Australia Report*, 2024, https://cii.in/International_ResearchPDF/India-Australia%20Report.pdf.
10 Australian Department of Foreign Affairs and Trade (DFAT), *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, Canberra: DFAT, accessed December 3, 2024, https://www.dfat.gov.au/sites/default/files/minisite/static/07db88b0-d450-4887-9c90-31163d206162/ies/pdf/dfat-an-india-economic-strategy-to-2035.pdf.

11 Amita Batra, "Explaining India's Growing Enthusiasm for FTAs," *East Asia Forum*, April 25, 2022, accessed December 3, 2024, https://eastasiaforum.org/2022/04/25/explaining-indias-growing-enthusiasm-for-ftas/.
12 Trading Economics, "India Exports to Australia," accessed December 3, 2024, https://tradingeconomics.com/india/exports/australia.
13 Trading Economics, "Australia Exports to India," accessed December 3, 2024, https://tradingeconomics.com/australia/exports/india.
14 Investopedia, "Market Access," accessed December 3, 2024, https://www.investopedia.com/terms/m/market-access.asp.
15 United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2001: Promoting Linkages*, Geneva: UNCTAD, accessed December 3, 2024, https://unctad.org/system/files/official-document/itcdtab51_en.pdf.
16 Australian Border Force (ABF), *India-Australia Economic Cooperation and Trade Agreement (ECTA): Rules of Origin*, accessed December 3, 2024, https://www.abf.gov.au/free-trade-agreements/files/ECTA-rules-of-origin.pdf.
17 Australian Border Force (ABF), *India-Australia Economic Cooperation and Trade Agreement (ECTA): Rules of Origin*, accessed December 3, 2024, https://www.abf.gov.au/free-trade-agreements/files/ECTA-rules-of-origin.pdf.
18 Department of the Prime Minister and Cabinet (PM&C), *Regulatory Impact Statement: Australia-India Economic Cooperation and Trade Agreement (ECTA)*, Canberra: PM&C, April 2022, accessed December 3, 2024, https://oia.pmc.gov.au/sites/default/files/posts/2022/04/Publish%20Version%20-%20Australia-India%20Economic%20Cooperation%20and%20Trade%20Agreement%20RIS.pdf.
19 *The Economic Times*, "India-Australia Relations: Preparing for CECA," March 23, 2023, accessed December 3, 2024, https://economictimes.indiatimes.com/news/economy/foreign-trade/india-australia-relations-preparing-for-ceca/articleshow/107101205.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.
20 Amitendu Palit, "Economic Cooperation and Trade Agreement: Transformative Impact on India-Australia Trade," *Institute of South Asian Studies (ISAS)*, National University of Singapore, accessed December 3, 2024, https://www.isas.nus.edu.sg/papers/economic-cooperation-and-trade-agreement-transformative-impact-on-india-australia-trade/.
21 Australian Department of Foreign Affairs and Trade (DFAT), *Australia-India Joint Free Trade Agreement: Feasibility Study*, Canberra: DFAT, accessed December 3, 2024, https://www.dfat.gov.au/sites/default/files/Australia-India-Joint-FTA-Feasibility-Study.pdf.

22 Nivedita Prakash, "India: A New Active Free Trade Supporter," *Italian Institute for International Political Studies (ISPI)*, April 16, 2020, accessed December 3, 2024, https://www.ispionline.it/en/publication/india-a-new-active-free-trade-supporter-155720.
23 Australian Department of Foreign Affairs and Trade (DFAT), *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, Canberra: DFAT, accessed December 3, 2024, https://www.dfat.gov.au/sites/default/files/minisite/static/07db88b0-d450-4887-9c90-31163d206162/ies/pdf/dfat-an-india-economic-strategy-to-2035.pdf.
24 Indian Institute of Management Ahmedabad (IIMA), *Multilateral and Bilateral Free Trade Agreements: Key Issues and Challenges*, Ahmedabad: IIMA, March 2023, accessed December 3, 2024, https://www.iima.ac.in/sites/default/files/2023-03/MCFME_FTAs.pdf.
25 Indian Institute of Management Ahmedabad (IIMA), *Multilateral and Bilateral Free Trade Agreements: Key Issues and Challenges*, Ahmedabad: IIMA, March 2023, accessed December 3, 2024, https://www.iima.ac.in/sites/default/files/2023-03/MCFME_FTAs.pdf.
26 Indian Institute of Management Ahmedabad (IIMA), *Multilateral and Bilateral Free Trade Agreements: Key Issues and Challenges*, Ahmedabad: IIMA, March 2023, accessed December 3, 2024, https://www.iima.ac.in/sites/default/files/2023-03/MCFME_FTAs.pdf.
27 World Bank, *World Integrated Trade Solution (WITS)*, accessed December 3, 2024, https://wits.worldbank.org/.
28 Indian Council for Research on International Economic Relations (ICRIER), *Wine Trade: An Overview of Global Trends and India's Position*, accessed December 3, 2024, https://icrier.org/pdf/ES_Wine-Trade.pdf.
29 R. V. Babu, "India-Australia CECA: What Is in Store for Indian Agriculture," *Observer Research Foundation (ORF)*, April 10, 2023, accessed December 3, 2024, https://www.orfonline.org/expert-speak/india-australia-ceca-what-is-in-store-for-indian-agriculture.
30 Indian Council of World Affairs (ICWA), *An Assessment of a Prospective FTA between India and Australia*, New Delhi: ICWA, accessed December 3, 2024, https://icwa.in/pdfs/SHPAassessmentprospectiveFTAIndiaAustraliaweb.pdf.
31 Department of the Prime Minister and Cabinet (PM&C), *Regulatory Impact Statement: Australia-India Economic Cooperation and Trade Agreement (ECTA)*, Canberra: PM&C, April 2022, accessed December 3, 2024, https://oia.pmc.gov.au/sites/default/files/posts/2022/04/Publish%20Version%20-%20Australia-India%20Economic%20Cooperation%20and%20Trade%20Agreement%20RIS.pdf.
32 NITI Aayog, *Free Trade Agreements: A Comprehensive Approach*, New Delhi: NITI Aayog, accessed December 3, 2024, http://164.100.94.191/niti/writereaddata/files/document_publication/FTA-NITI-FINAL.pdf.
33 Australian Department of Foreign Affairs and Trade (DFAT), *Free Trade Agreement Utilisation Study: PwC Report*, Canberra: DFAT, accessed December 3, 2024, https://www.dfat.gov.au/sites/default/files/free-trade-agreement-utilisation-study-pwc-report.pdf.

The Takshashila Institution is an independent centre for research and education in public policy. It is a non-partisan, non-profit organisation that advocates the values of freedom, openness, tolerance, pluralism, and responsible citizenship. It seeks to transform India through better public policies, bridging the governance gap by developing better public servants, civil society leaders, professionals, and informed citizens.

Takshashila creates change by connecting good people, to good ideas and good networks. It produces independent policy research in a number of areas of governance, it grooms civic leaders through its online education programmes and engages in public discourse through its publications and digital media.