

India-Australia early FTA set to Cover Half of Goods Trade

As part of a Comprehensive Economic Cooperation Agreement (CECA), India and Australia are looking to conclude an early harvest scheme — covering tariff cuts on items that account for nearly half the trade as well as easier rules for service sectors — by December, over a decade after talks first started.

If the negotiations go as per plan, this will be the first among a set of trade deals that India is looking to clinch, with talks with the European Union, the United Kingdom, Canada and the UAE being pursued. While negotiations on many of them had started almost a decade ago, they are being pushed more aggressively after India exited a dialogue to be part of RCEP, the trade grouping with China, Japan, Korea, Australia, New Zealand the Asean countries.

There are, however, gaps that need to be narrowed down with Australia. For instance, when it comes to trade facilitation, India is unwilling to go beyond what it has committed at the WTO. Plus, it has had concerns over allowing agriculture and processed food items. India is hoping that the agreement will open the doors for its professionals, such as those in the IT sector, to get better access in Australia. Both sides are, however, confident of narrowing the differences. The December target was agreed upon during a meeting between commerce and industry minister Piyush Goyal and his Australian counterpart Dan Tehan.

During the meeting, sources said, Goyal set a mid-September deadline for finalising the overall scope of the early harvest scheme. “The ministers appreciated the progress made in three rounds of talks between the chief trade negotiators of both sides and discussed the way forward for an early conclusion of a bilateral CECA... the ministers directed officials to speed up the negotiations and

to meet as often as required to achieve an early harvest announcement by December 2021 on an interim agreement to liberalise and deepen bilateral trade in goods and services, and pave the way for a comprehensive agreement,” a joint statement issued on Friday said.

Since the Covid-19 outbreak, India along with Japan has also been working closely with Australia on a resilient supply chain initiative, which seeks to reduce dependence on China. In recent months, Australia, which had signed a trade agreement with China a few years ago, has seen massive trade tension with Beijing.

Source: The World Trade Scanner