

## **India-Australia CECA: Strategic Urgency Overcomes Negotiating Roadblocks**

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### **Summary**

*India and Australia signed a bilateral comprehensive economic cooperation agreement (CECA) on 2 April 2022. Concluded after six months of resumption of negotiations, the CECA will be a major milestone in deepening bilateral strategic cooperation. An ambitious trade agreement between two prominent global middle powers, the CECA shows how political and strategic necessities can overcome stubborn roadblocks in trade negotiations.*

India and Australia announced a [comprehensive economic cooperation agreement](#) (CECA) on 2 April 2022. The agreement is an interim trade deal and will pave the way for a more exhaustive agreement in future. But despite being an interim trade deal, the agreement has been greeted with remarkable enthusiasm and described as a historic achievement.

India and Australia had begun negotiating a free trade agreement (FTA) way back in 2011. The discussions were suspended in 2015 after nine rounds of negotiations. Both countries found it difficult to progress on several contentious issues.

India was apprehensive about opening up its market to agricultural and food exports from Australia and the resultant impact on local farmers. The reservations were part of India's scepticism about trade deals, which, according to most domestic businesses and policymakers, led to an influx of imports in the economy without fetching similar benefits for Indian exports. A prospective trade deal with Australia was not viewed much differently.

Australia, on the other hand, was not comfortable with India's demand of easier visas for its professionals. This was a politically sensitive subject and difficult to concede on. It was hardly surprising that both countries decided to hold up negotiations, given the [wide differences in their positions](#).

The decision to revive the negotiations occurred in 2020 after Indian Prime Minister Narendra Modi and Australian Prime Minister Scott Morrison announced the upgrading of mutual ties to a [comprehensive strategic partnership](#) in June 2020. Both countries picked up the thread from the previous year, notwithstanding preoccupations over managing the COVID-19 pandemic. The negotiations were formally relaunched on [30 September 2021](#) at the meeting of the 17<sup>th</sup> India-Australia Joint Ministerial Commission. The result has been an exceptionally fast delivery with the CECA being signed in just six months from the resumption of talks.

The India-Australia CECA is an example of an ambitious trade agreement between two of the world's prominent middle powers. The CECA will act as a major milestone in widening and deepening strategic partnership between two countries that have employed great

political determination and urgency to overcome several negotiating hesitations. It will also complement the cooperation between the two countries on several other major initiatives, including the [supply chain resilience initiative](#) and the [Quad partnership](#).

India's CECA with Australia comes soon after its FTA with the United Arab Emirates (UAE). Along with the UAE and Australia, India is also negotiating trade agreements with the United Kingdom, Canada and the European Union. It is noticeable that these countries are among India's major trade partners and are prominent sources of inward investments into India. They are also prominent hubs of the Indian diaspora. From a greater global perspective, these are also countries with whom India's strategic relations have significantly elevated in recent years.

The trade deal will offer considerable benefits to [both Indian and Australian exporters](#). More than 90 per cent of Indian exports will get tariff-free access to the Australian market upon the implementation of the CECA. On the other hand, around 85 per cent of Australian exports will enter India tariff-free, with the proportion expected to increase to more than 90 per cent over time. This should provide a strong push to bilateral trade, currently standing at AUD\$24 billion (S\$24.5 billion).

Both countries have been able to make progress in overcoming some of the major negotiating roadblocks of the past. Australian exports of agriculture and food products – seafood, wine, fruits, nuts, vegetables and meat – will have easier access to the Indian market. International Indian students and information technology professionals will be allowed to stay on longer in Australia to contribute to the requirements of the domestic workforce. People-to-people movements between both countries are expected to grow through efforts to mutually recognise professional qualifications and licensing requirements.

There is still much work to be done before the CECA is implemented. It will need to be ratified by legislatures in both countries. However, the urgency with which these two countries were able to reach a deal shows their determination to take forward the agreement. In this respect, the India-Australia CECA is a unique example of how political willingness and strategic necessities can get countries to overcome stubborn roadblocks in trade negotiations.

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