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Two Economies, One Future: Rethinking India–Australia Commerce

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India and Australia's trade relationship has come a long way since the signing of the Economic Cooperation and Trade Agreement (ECTA) in 2022. What started as a tariff-cutting pact has grown into a broader economic partnership, creating space for new businesses, investment opportunities, and diversification beyond traditional commodities.

Bilateral trade touched US$24.1 billion in FY 2024–25, marking a recovery from the slowdown seen a year earlier. Indian exports to Australia nearly doubled in five years, climbing from US$4.04 billion in 2020–21 to US$8.58 billion in FY 2024–25. Despite some fluctuations, Indian companies are gaining a stronger foothold in engineering goods, electronics, chemicals, and machinery.

Imports from Australia, dominated by coal, copper, and cotton, showed signs of moderation. After peaking at US$19 billion in FY 2022–23, imports dropped to US$15.5 billion in FY 2024–25, partly due to weaker global commodity prices and India's push to diversify sourcing. This shift narrowed the bilateral trade deficit to US$6.9 billion, its lowest in three years, making the exchange more balanced.

While commodities remain central, the real story lies in new growth sectors. Critical minerals are fast becoming the cornerstone of future trade, with India's energy transition fueling demand for lithium, cobalt, and rare earths. Australian miners and Indian manufacturers are already exploring long-term supply partnerships, backed by joint investment initiatives.

Agribusiness and food processing also present clear opportunities. Australia is already India's leading salmon supplier, and tariff concessions are opening the door for premium food exports, processed foods, and agritech collaborations. Similarly, Indian companies are finding space in Australia's manufacturing and industrial supply chains, particularly in engineering goods and machinery.

Two-way investments are reshaping partnership dynamics of the two countries. Indian IT majors, renewable energy firms, and automotive suppliers have expanded operations in Australia, while Australian players are putting capital into Indian financial services, mining, and education sectors. Current estimates peg Indian investments in Australia at US$34.5 billion, nearly double the Australian investments in India, highlighting India's growing outbound footprint.

Australia's recently announced Trade and Investment Accelerator Fund worth US$16 million is designed to support businesses entering the Indian market. The fund targets four "superhighways of growth": clean energy, education, agribusiness, and tourism. For Australian exporters and investors, this is a direct signal to build India-focused strategies, while Indian firms can expect easier entry points and collaborative ventures.

Business Takeaway

India–Australia trade is evolving into a multi-sector opportunity map spanning minerals, technology, agribusiness, tourism, and education. With the trade deficit narrowing and investment flows rising, businesses on both sides are better placed than ever to seize the next wave of growth.

"For companies in both markets, the message is clear: the partnership is shifting gears, and those who move early in new growth sectors will set the tone for the next decade of India–Australia trade."