

AUSTRALIA - EUROPEAN UNION

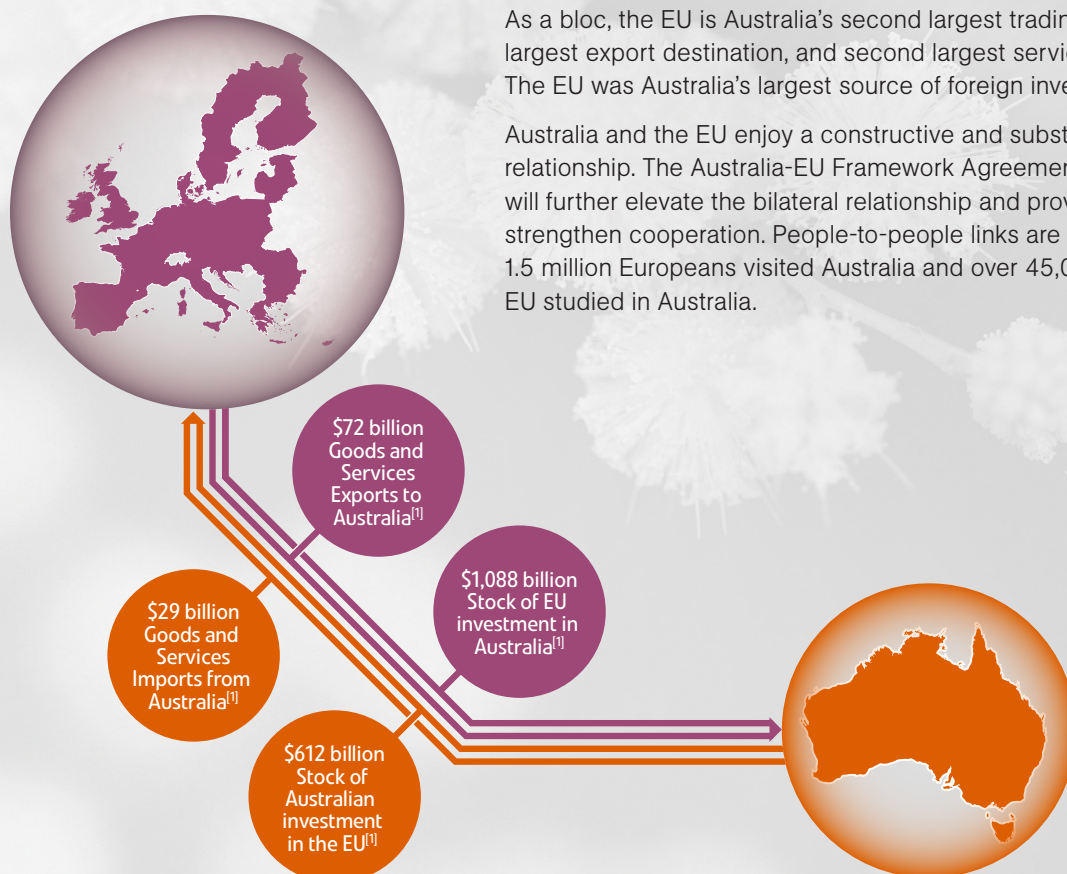
FREE TRADE AGREEMENT

Why is the Australian Government pursuing a free trade agreement (FTA) with the European Union?

Australia and the European Union (EU) are natural partners, with a shared commitment to the rule of law, global norms and free and open markets. As articulated in the Foreign Policy White Paper, a strong EU is vital to Australian interests in protecting and promoting a rules-based international order. We want an FTA with the EU to set the benchmark for what can be achieved between like-minded partners.

An FTA with the EU has the potential to open up a market for Australian goods and services of half a billion people and a GDP of US\$17.3 trillion. As a bloc, the EU is Australia's second largest trading partner, third largest export destination, and second largest services market. The EU was Australia's largest source of foreign investment in 2017.

Australia and the EU enjoy a constructive and substantial bilateral relationship. The Australia-EU Framework Agreement, signed in 2017, will further elevate the bilateral relationship and provide a platform to strengthen cooperation. People-to-people links are deep. In 2017 over 1.5 million Europeans visited Australia and over 45,000 students from the EU studied in Australia.



[1] Figures for trade data are for 2017. Based on ABS trade data (cat. no. 5368.0) on DFAT STARS database, ABS cat. no. 5368.0.55.004 and unpublished ABS data.
Figures for investment data are for 2017. Based on ABS cat. no. 5352.0.

June 2018

More information on the Australia-European Union Free Trade Agreement is available at
www.dfat.gov.au/trade/agreements/aeufta



Australian Government





What are the potential benefits of an Australia-EU FTA?

Australia is seeking an ambitious and comprehensive FTA with the EU to drive Australian exports, economic growth and job creation.

An FTA would provide Australian exporters with a competitive edge and would give Australian businesses access to a larger export market in the EU. Australian consumers and companies stand to benefit from a free trade deal with the EU through greater access to goods and services at lower prices.

International trade creates jobs, with one in five Australian workers, or 2.2 million people employed in a trade-related activity; of which 1.57 million work in connection with exports and 671,000 with imports.



Key benefits

- Significantly improved market access for Australian exports
- Guaranteed access for Australian services providers
- Expansion of two-way investment flows
- A more predictable and seamless business environment
- Rules to support the digital economy and innovation
- Reduced costs and red tape, particularly for small and medium-sized enterprises
- Greater consumer choice
- High standards, including on sustainable development

What could an Australia-EU FTA deliver?

Goods

The EU has higher tariffs than Australia on many industrial goods, with exports facing tariffs of up to 12 per cent on minerals and metals, 10 per cent on wood and paper and 7 per cent on chemicals. Australia will seek the elimination of all EU tariffs on industrial goods, providing a competitive advantage to Australian goods exporters. In exchange for receiving improved market access into the EU, Australia will make commensurate cuts on tariffs on imports from the EU, reducing the price of goods for consumers.

A range of Australian agricultural exports to the EU, including beef, sheep meat, sugar, cheese and rice, are significantly constrained by EU tariff quotas. High and seasonal tariffs impair trade in other agricultural commodities such as horticulture. We will aim for full tariff liberalisation of agriculture in the FTA, while noting that negotiations on some agricultural products will be particularly difficult.

Services

Australia will seek to guarantee access for Australian services exporters to the EU, as well as create new opportunities in sectors of key commercial interest, such as in education, financial and professional services. An FTA is an opportunity to establish a framework for the mutual recognition of professional licensing and qualifications, as well as greater certainty for skilled professionals entering the EU labour market.





Investment

Australia will seek greater access for Australian businesses into the EU. Investment outcomes in the FTA will build upon both our transparent legal systems to provide greater predictability for investors. An FTA will add to the attractiveness of Australia as an investment destination, supporting economic growth and job creation. Foreign investment provides Australian businesses with access to additional capital, new technologies and ideas crucial to their diversification and expansion, improving their competitiveness, productivity and modernisation. It also gives them access to global supply chains, providing enhanced access to larger and often faster growing overseas export markets for our goods and services.

Ease of doing business

Australia will seek commitments to address the non-tariff barriers (NTBs) impeding trade in goods. Greater transparency for customs procedures will make it easier for Australian companies to do business with the EU. We will address behind-the-border barriers to services trade in order to reduce red tape and restrictive licensing requirements. A key priority will be to achieve outcomes that assist small and medium-sized enterprises.

High-quality rules and standards

Australia will place priority on achieving a secure online environment to support increased growth of e-commerce with the EU. We will seek to promote sustainable development through mutually supportive trade and environmental policies, as well as supporting compliance with internationally-recognised labour rights.

Who will be consulted and how?

The Department of Foreign Affairs and Trade (DFAT) leads Australia's whole-of-government negotiations on the Australia-EU FTA. Australia's negotiating positions rely on input provided by stakeholders. Stakeholders are invited to express their views through public meetings, industry specific consultations, or written submissions. DFAT is particularly interested in details of specific impediments to trade and investment that the FTA could address.

Further information on the Australia-EU FTA, including updates on negotiations and how to make a submission or submit a query, is available at www.dfat.gov.au/trade/agreements/aeufta. DFAT will continue to provide information on our negotiating objectives and updates on this website. Requests for additional information can be made by email to: a-eufta@dfat.gov.au.

How are FTAs implemented?

In line with Australia's treaty-making processes, once agreed, an FTA with the EU would be tabled in Parliament. The Joint Standing Committee on Treaties (JSCOT) would then conduct an inquiry into the FTA and report back to Parliament. Parliament would consider any legislation or amendments to existing legislation that may be necessary to implement an agreement.

Market overview 2017

- Australian goods exports of \$17 billion, and services exports of \$12 billion in 2017
- Australian goods imports from the EU of \$50 billion and services imports of \$22 billion in 2017
- EU was Australia's largest source of foreign investment in 2017 (over \$1 trillion) and second largest source of FDI (\$188.7 billion)
- EU was Australia's second largest foreign investment destination in 2017, with investment valued at \$612 billion and FDI in the EU valued at \$117.8 billion

