

EU-Australia Trade Agreement

Launching trade negotiations with Australia

June 2018



On 18 June 2018 Commissioner Malmström and Trade Minister Ciobo officially launched negotiations for a trade agreement between the EU and Australia.

"I look forward to adding Australia to our ever-expanding circle of like-minded trade partners. In challenging times, it is heartening to see that Australia shares our commitment to a positive trade agenda, and to the idea that good trade agreements are a win for both sides. The result of our negotiations will be an agreement that offers clear benefits for both the EU and Australia. It will boost economic opportunity for businesses, both big and small, and create jobs."



Key facts on Australia



25 million
Population



€1.2 trillion
GDP

Bilateral Trade flows in goods	€47.7bn
EU Goods exports:	€35bn (2017)
EU Service exports:	€19bn (2016)
EU Foreign Direct Investment stocks in Australia	€161bn (2016)
The EU is Australia's second-biggest trade partner after China	

Why a trade deal with Australia?

A trade agreement with this **like-minded partner** will help to deliver jobs, growth and investment, benefitting EU businesses and citizens alike.

Australia is **among the world's fastest-growing developed economies**. It has concluded numerous trade agreements with other partners. As the EU does not yet have a preferential bilateral trade arrangement with Australia, EU businesses have currently less favourable conditions to access the Australian market than many others. A trade agreement with Australia would therefore provide EU companies with a level playing field.

This agreement will build on the ongoing trade negotiations with several Asia-Pacific countries, allowing the EU to develop and deepen ties with one of the most dynamic economic regions of the world.

WHAT ARE THE ECONOMIC BENEFITS?

According to the model simulations in our impact assessment, trade in goods between Australia and the EU could increase by 37% in case of an ambitious trade deal. The services trade, meanwhile, could increase by 8%.

According to the same model, if the EU concludes ambitious trade agreements with both Australia and New Zealand, this could add €4.9bn to the EU's GDP by 2030 and €4.2bn to Australia's economy.

This trade agreement will



Reduce existing barriers to trade and investment



Provide a new framework for EU-Australia trade and investment relationships, including a comprehensive, progressive and up-to date set of rules



Promote smart, sustainable and inclusive growth



Create job opportunities



Increase benefits to the consumer

Which sectors are likely to gain?

Machinery and appliances	Chemicals
Motor vehicles and transport equipment	Food and drink
Electronic equipment	Metals

Major EU exports to Australia today include motor equipment, machinery, chemicals and pharmaceuticals. Major imports from Australia include mineral products, metals and agricultural products.

SMALL AND MEDIUM-SIZED FIRMS WOULD BENEFIT FROM:

- the removal of customs duties
- better access to apply for government contracts in Australia;
- simpler procedures for product testing
- ensuring that names of traditional food and drink products ("Geographical Indications") are properly protected

What about agriculture?

The sensitivity of some of the EU's agricultural sectors was reflected in the studies carried out while preparing the negotiations and in November 2016, the Commission also released a study on the cumulative impact of future trade agreements on the agricultural sector. It is clear that the EU does not envisage full liberalisation of trade in sensitive agricultural products, but will seek specific treatment for such products such as long tariff dismantling periods, tariff rate quotas, or other arrangements which the sides agree to be appropriate

How will consumers benefit?

- opening markets has the potential to keep **prices down** and give consumers **more choice**.
- this does not mean lowering or changing standards that protect people's health and safety, social rights, their rights as consumers or the environment.
- the agreements will not affect the way in which the EU regulates food safety or consumer protection. Imports to the EU will still have to satisfy all EU product rules and regulations – without exception.