



## Report of the 3rd round of negotiations for a Free Trade Agreement between the European Union and Australia

25-29 March 2019, Canberra

Officials from the European Commission and Australia met in Canberra from 25 to 29 March 2019 for the third round of negotiations for an EU-Australia Free Trade Agreement (FTA). The EU negotiating team was led by Ms Helena König, Chief Negotiator and Deputy Director General for Trade of the European Commission, while the Australian team was led by Ms Alison Burrows, Chief Negotiator and First Assistant Secretary at the Australian Department of Foreign Affairs and Trade.

Discussions were held in a good and constructive atmosphere and showed a shared commitment to negotiate an ambitious and comprehensive agreement. 16 working groups met covering almost all areas of the future FTA. Negotiators explained and discussed the textual proposals that had been submitted for all groups. They clarified the underlying concepts and practices, the linkage with international agreements where relevant, and the involvement of different levels of government. Where already possible at this early stage of discussions, negotiators started to agree in principle on text parts that were agreeable to both sides. A number of follow-up actions were decided ahead of the fourth negotiation round which is scheduled for July 2019.

### Details per negotiating area

**Trade in Goods:** The two sides discussed open provisions of the text as regards national treatment on internal taxation, elimination of customs duties, fees and formalities, customs valuation, repaired goods, remanufactured goods, import and export monopolies, import and export restrictions, origin marking, export licensing procedures, and preference utilisation. Articles on repaired goods and preference utilisation have been agreed in principle.

**Rules of Origin:** The group discussed the three parts of the chapter on rules of origin: general provisions, origin procedures and product specific rules. Discussions on the general provisions and origin procedures are based on a text combining EU's and Australia's proposals. The group made further progress on the general provisions. Both sides continued detailed discussions identifying the differences and similarities in different origin concepts. On product specific rules, both sides presented their respective approaches for agricultural and industrial products.

**Customs and Trade Facilitation:** Both sides resumed the discussion on the chapter on the basis of the EU text proposal and the comments and attributions provided before the round. Constructive discussions took place and all the articles of the chapter were examined.

**Trade Remedies:** As regards anti-dumping and anti-subsidy provisions, both sides discussed alternative wording regarding transparency, public interest and lesser duty rule. The reference to green box requires further discussions. Regarding global safeguards, the text including the provisions regarding the least disturbing measure was agreed in principle. As to bilateral safeguards, the link to the market access offer and possibility for different standards for agricultural products were subject of discussions.

**Technical Barriers to Trade (TBT):** Both sides continued discussion on the EU TBT text proposal and agreed in principle on several provisions in the articles on technical regulations, standards, conformity assessment and transparency. Both sides agreed on future steps to attempt addressing some challenging issues, in particular with relation to conformity assessment.

**Annex on motor vehicles:** Australia and the EU discussed all articles of the car annex, including the UN Regulations to be included into its scope. Both sides engaged constructively on the commitment to increase alignment to UN Regulations and acceptance of UN type-approval certificates.

**Sanitary and Phyto-Sanitary measures (SPS):** Good progress was noted on a joint text in several articles such as objectives, technical consultation, emergency measures, transparency, information exchange, trade facilitation and approval procedure. Both sides continued providing clarification on each other's text proposals, which will pave the way to agreeing on text in future work.

**Services and Investment:** Based upon the initial EU proposals for texts comprehensively dealing with the liberalisation of services and investment, both sides have been able to achieve consolidated texts during this round, containing Australian and EU attributions and substantially reflecting common views in many areas.

**Digital Trade:** Both sides went through the EU and Australian proposals in detail. Where possible, the two texts were merged in a single document with Australian and EU attributions, including agreeing text in principle on areas of convergence.

**Public Procurement:** The text of the chapter was discussed extensively. Some small parts were accepted in principle by both sides. The approach of referencing the Government Procurement Agreement (GPA) was discussed in detail. The EU side made a presentation to explain its approach to the coverage of sub-central entities and utilities under the GPA. The EU request for additional market access coverage was presented and explained.

**Intellectual Property Rights (IPR), incl. geographical indications (GIs):** both sides continued discussions based on a consolidated text produced during the round. Discussions covered all sections of the IPR Chapter, including general provisions, copyright and related rights, trademarks, designs, plant varieties, patents, protection of undisclosed information, geographical indications and IPR enforcement, including border measures. Both sides provided further details on their respective IPR legislation and practice. A number of follow up actions in relation to various IPRs were agreed.

**Competition (including subsidies and State-owned enterprises):** The two sides had a first discussion on the EU text proposal. All articles were discussed. Good progress was made on clarifying individual provisions. There was broad agreement on the principles especially as regards antitrust and mergers. Concerning State-owned enterprises, both sides continued the discussion on the basis of the EU text proposal and questions submitted ahead of the round. All articles were discussed and clarifications were provided on individual provisions. There was broad agreement on the core obligations of the chapter. Constructive discussions took place on the scope and definitions. The Australian side noted its consultation with States and Territories.

**Small and Medium-sized Enterprises (SME):** Both sides had an in-depth text-based discussion and focused in particular on information provision commitments and the role and tasks of SME contact points in the future implementation of the SME chapter. Further work is needed to reach an agreed text on effective provisions to ensure that SMEs can fully benefit from the Trade agreement.

**Trade and sustainable development (TSD):** The EU side presented its recently submitted textual proposal. In line with the EU TSD 15-points action plan it includes up-scaled commitments, including on climate change, labour and corporate social responsibility. Both sides discussed the proposal and Australian comments, including on topics such as: right to regulate, multilateral labour standards and agreements, including core labour standards, multilateral environmental governance and agreements, trade and climate change, biological diversity, sustainable forest management, sustainable fisheries, as well as institutional provisions.

**Energy and raw materials:** Both sides discussed the EU's proposed articles covering a range of goods and investment issues aimed at promoting investment in renewable and clean energy and trade in raw materials needed for green technologies such as batteries.

**Transparency:** Australia and the EU discussed all articles of the EU proposal on transparency and agreed in principle on several provisions. Both sides agreed that there was a solid common understanding of the principles and objectives of the transparency chapter. A number of issues remain open, such as the inclusion of judicial decisions into the scope and the application of dispute settlement to the chapter.

**Good Regulatory Practice:** Both sides discussed all articles of the EU proposal on Good Regulatory Practises and agreed in principle on several provisions, most notably the entire article on impact assessment. Further discussions will be needed on the early information on planned regulatory measures, public consultations and retrospective evaluations.

**Dispute Settlement:** Both sides continued detailed discussions on the Dispute Settlement chapter, and its two Annexes (Rules of Procedure and Code of Conduct). The discussion continued on the basis of a draft text

consolidated after the first round. Both sides reached agreement in principle on the objectives for the chapter, which include transparent, efficient and effective dispute settlement procedures. Both sides also agreed in principle on many areas relating to the concrete operation of the dispute settlement mechanism but certain areas remain outstanding.