



European Commission



STATE  
OF  
THE  
UNION  
2017

# LAUNCHING TRADE NEGOTIATIONS WITH AUSTRALIA AND NEW ZEALAND



*'Over the last year, partners across the globe are lining up at our door to conclude trade agreements with us. With the help of the European Parliament, we have just secured a trade agreement with Canada that will provisionally apply as of next week. We have a political agreement with Japan on a new economic partnership. By the end of the year, we have a good chance of doing the same with Mexico and South American countries. And today, we are proposing to open trade negotiations with Australia and New Zealand.'*

European Commission President Jean-Claude Juncker, State of the Union Address, 13 September 2017

On 13 September, the European Commission presented two recommendations to the Council to launch negotiations for trade agreements with Australia and New Zealand, together with the respective draft negotiating directives (known as "the negotiating mandates"). As part of its efforts to increase transparency and to foster public engagement in the discussions on trade policy, the Commission published these documents.

As a next step, the Commission will ask Member States to authorise the launching of formal negotiations and to adopt the negotiating directives. Negotiations can start once the Council gives its approval. The Commission is ready to start negotiations this autumn and aims to finalise them before the end of this mandate.

## **i** WHY TRADE DEALS WITH AUSTRALIA AND NEW ZEALAND?



Trade agreements with these two **like-minded partners** will help to deliver jobs, growth and investment, benefitting EU businesses and citizens alike.



They would also expand our alliance with partners committed to the same values, such as human rights, and similar standards on labour and environment, health and consumer protection.



Australia and New Zealand are **among the fastest-growing developed economies**. Both countries have concluded numerous trade agreements with other partners. As the EU does not have preferential bilateral trade arrangements with either of them, **EU businesses have comparably less favourable conditions to access these markets**.



The trade agreements will promote sustainable development through trade-related provisions on labour and environment.



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



The two agreements are estimated to increase EU exports to New Zealand and Australia countries by **about a third** in the long term.

## THESE TRADE AGREEMENTS WILL



reduce existing barriers to trade and investment – taking into account the EU's agricultural sensitivities



provide a new framework for EU-Australia and EU-New Zealand trade and investment relationships, including a comprehensive, progressive and up-to-date sets of rules



promote smart, sustainable and inclusive growth



create job opportunities



increase benefits to the consumer

## WHICH EU SECTORS ARE LIKELY TO GAIN MOST?



motor equipment



machinery



chemicals



processed foods



services

## SMALL AND MEDIUM-SIZED FIRMS WOULD BENEFIT FROM



the removal of customs duties



better access for public procurement in Australia and New Zealand;



simpler procedures for product testing



ensuring that names of traditional European food and drink products ("Geographical Indications") are properly protected

## 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 EU standards that protect people's health and safety, social rights, their rights as consumers or the environment



the agreements will maintain the way in which the EU regulates food safety or consumer protection. Imports will still have to satisfy all EU product rules and regulations – without exception

## WHAT ABOUT AGRICULTURE?



The EU's agricultural sensitivities will be fully reflected in the negotiating strategy, in which the EU will seek to protect vulnerable sectors. At the same time we will maximise Europe's positive agricultural interests whenever possible.



The sensitivity of the EU's agricultural was reflected in the studies carried 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 this sector. Specific treatment for sensitive agricultural products may include long tariff dismantling periods, tariff rate quotas, or any other arrangements which the sides agree to be appropriate.

# EU-AUSTRALIA BILATERAL TRADE €45.5 BILLION /year

 Balance of trade in goods: +€19 bn

 Trade in services: €20 bn

 Foreign direct investment: €145 bn

 The EU is the 3rd largest trading partner for both Australia and New Zealand

 Foreign direct investment: €10 bn

 Trade in services: €3 bn

 Balance of trade in goods: €1.3 bn

# EU-NEW ZEALAND BILATERAL TRADE €8 BILLION /year

