



Report of the 1st round of negotiations for a Free Trade Agreement between the European Union and Australia

2-6 July 2018, Brussels

Officials from the EU and Australia met in Brussels from 2 to 6 July 2018 for the first 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 very good and constructive atmosphere and showed a shared commitment to negotiate an ambitious and comprehensive agreement. 17 working groups met covering almost all areas of a future FTA. Negotiators presented their respective approaches, in most cases already on the basis of textual proposals. A number of follow-up items will be pursued through videoconferences or other means ahead of the next round which is scheduled for November in Australia.

The underlying EU negotiation directives had been adopted by the Council of the EU on 22 May 2018 and published on 25 June 2018. EU Commissioner for Trade Cecilia Malmström had officially launched the negotiations with Australian Prime Minister Malcolm Turnbull and Australian Trade Minister Steven Ciobo in Canberra on 18 June 2018.

Details per negotiating area

Trade in Goods: Australia and the EU agreed to exchange data on tariffs and trade and on the technical modalities for the exchange of offers. Both sides also discussed a proposal by the EU for a text for rules on trade in goods. Next steps include discussions more in detail of the key articles of the text before the next round.

Rules of Origin: On the basis of a textual proposal, both sides compared approaches on Rules of Origin in EU and in Australian FTAs and discussed two main aspects of the Protocol on Rules of Origin: (i) general provisions and (ii) proof of origin and verification. Both sides identified a number of areas of convergence in approaches and noted some differences.

Customs and trade facilitation: The EU presented a draft text. Both sides discussed to go beyond the WTO Trade Facilitation Agreement (TFA) where appropriate. Questions and initial views on specific articles of the proposed text were discussed so as to better understand their objectives. Further comments will be provided before the next round.

Customs anti-fraud and mutual administrative assistance in customs matters: The EU presented in detail its policy regarding customs anti-fraud measures, including its origins, practical past cases and examples from other FTAs. The EU also presented the main features of a protocol on mutual administrative assistance, including assistance on requests, confidentiality requirements, visits of officials and relation to other agreements.

Trade remedies: The EU and Australia exchanged views about practices and procedures existing in both jurisdictions based on a textual proposal. The issues discussed covered the provisions related to the application of anti-dumping measures, anti-subsidy measures, global safeguard measures, bilateral safeguard measures, including those related to agriculture products and outermost regions of the EU.

Technical Barriers to Trade (TBT): Both sides had a preliminary discussion based on a textual proposal, in particular on technical regulations, standards, conformity assessment procedures and transparency (i.e. WTO

TBT notifications). The EU provided clarifications and explanations of its proposal and both sides exchanged useful information on several aspects of their regulatory systems with relation to some of the elements of the EU proposal and agreed on next steps, preparing the ground for in-depth discussions in the second round. Both sides also presented their first views on possible sector annexes.

Sanitary and phytosanitary measures: Both sides had a positive and constructive discussion, sharing experiences and exchanging information about their approaches to SPS issues to be considered in the SPS chapter, and agreed on the practical modalities for the future negotiations – including sharing (before the next round) their first text proposals for the chapter.

Trade in Services and Investment: Both sides exchanged views on their approaches and expectations in a range of areas, including investment liberalisation, cross border trade in services, temporary entry, domestic regulation, mutual recognition, financial services, telecommunications, delivery services, and maritime services. Both sides confirmed their strong mutual interest in these areas and intention to achieve a state-of-the-art text in terms of obligations and disciplines focusing on behind the border barriers, and a highly ambitious result for market access liberalisation. Similarly, on digital trade/e-commerce, the EU and Australia explained their respective approaches, both confirming the objective of being ambitious and forward-looking on this topic. The EU and Australia also discussed the main elements of a capital movement chapter on a conceptual basis.

Government Procurement: The EU and Australia had two days of constructive and comprehensive discussions on government procurement in a positive atmosphere. Discussions covered, first of all, the overall legal framework and practices in procurement both with respect to the EU and Australia, including central and sub-central levels. Secondly, the discussions focused on the EU text proposal and related questions on procurement rules. In this context, the exchanges concerned, in particular, the aspects related to electronic procurement, the access to procurement opportunities, challenges in collecting statistics, as well as sustainable procurement. It was agreed to continue the exchanges on this basis on rules and on each other's procurement frameworks with the view to exploring further opportunities.

Intellectual Property Rights, incl. geographical indications (GIs): Both sides engaged in constructive discussions based on EU and Australia's textual proposals. Discussions covered all sections of the Intellectual Property Chapter, inter alia patents, copyright and related rights, trademarks, designs, plant varieties, protection of undisclosed information, geographical indications and IPR enforcement, including border measures. Both sides exchanged information on relevant aspects of their respective IP legislation and practice. Talks on geographical indications were based on the respective draft texts and the core principles included in them. The EU also presented the different procedural aspects linked to GI lists assessment. The discussion allowed identifying areas for future work.

Competition: The EU and Australia outlined the scope and their general objectives and principles as regard the provisions on Competition (Antitrust and Mergers), Subsidies and State-Owned Enterprises (SOEs) and exchanged information as to their respective systems. Both sides had a first discussion on the textual proposal on State-Owned Enterprises. A text based discussion on all aspects will be held in the next round.

Small and Medium-sized Enterprises (SMEs): The presentation and discussion on the SME chapter proposals of each side has achieved a better understanding of the respective initial positions. Both sides share the common objective to increase the participation of SMEs in bilateral trade. The start of the text based negotiation is planned for the next round.

Trade and sustainable development (TSD): The EU and Australia presented their perspectives on the TSD chapter based on their existing FTA precedents and current developments, including the EU's recent 15-point action plan on TSD. Both sides exchanged information on their respective systems, including their practice as regards references to international commitments in their bilateral agreements, and the division of competence on TSD issues between different levels of government. A number of follow-up actions were agreed.

Energy and raw materials (ERM): This first round ERM session saw the EU provide a detailed presentation of the proposed ERM chapter which contains specific articles to facilitate trade in ERM goods and related services, to promote investment (in particular in the area renewable energy), to remove technical barriers to trade in renewable energy and energy efficient goods, as well as to provide for environment impact assessment and offshore safety.

Transparency: Both sides discussed the main elements of the Chapter with regard to publication, enquiries, administration and review and appeal of measures of general application (i.e. laws, regulations, judicial and administrative rulings). Both sides highlighted their consistent practices in this area.

Good regulatory practice: The discussion focused on the main elements of the Chapter with regard to early information on planned regulatory measures, public consultation, impact assessment and retrospective evaluation, and exchanged useful information on several aspects of their regulatory processes.

Dispute settlement: Both sides discussed the textual proposals for the Dispute Settlement Chapter, and its two Annexes (Rules of Procedure and Code of Conduct), in detail. They exchanged information on their respective FTA practice in this area. The detailed discussion enhanced both sides' understanding of their respective practices and positions. Both sides reached broad agreement on the objectives and expectations for the Chapter, which include transparent, efficient and effective dispute settlement procedures. Both sides agreed on next steps to prepare the second round.