



#### CIVIL SOCIETY DIALOGUE

## MEETING ON AUSTRALIA AND NEW ZEALAND - STATE OF PLAY OF TRADE NEGOTIATIONS AND SUSTAINABILITY IMPACT ASSESSMENT DRAFT INCEPTION REPORT

**Date:** 04 April 2019

**Time:** 15:00-17:00

**Location:** Centre Albert Borschette, Room 0.D, Rue Froissart 36, Brussels

#### Lead speakers

- Helena König, Deputy Director-General, DG Trade, European Commission
- Study Coordinator/Team Leader for the SIAs, accompanied by study team members

#### Moderator

Deputy Head of Communication Unit, DG Trade, European Commission

### 1. Presentation by DG TRADE and discussion of the state of play of the negotiations

The negotiations with both Australia and New Zealand were launched simultaneously last summer but are two independent negotiations. The global trading environment is under pressure, but progress made in these negotiations send a strong signal supporting a rules-based trading system.

All sides have set a very ambitious agenda and are aiming at high quality agreements. EU's trade with Australia and New Zealand has steadily increased. However, EU's economic operators are currently disadvantaged in comparison to operators of those trading partners, which already have a trade agreement in place with Australia and/or New Zealand. The EU also wants to be very progressive on the sustainability side, in line with stakeholders' expectations.

The FTA talks with Australia are progressing and the last round took place 25-29 March in Canberra. The next negotiation round will take place in July in Brussels, after the elections and establishment of the new Government in Australia. The two sides have not yet exchanged offers on market access for goods. The EU has interests, for example, in the areas of market access for goods, services and government procurement as well as protection of geographical indications.

The negotiations with New Zealand look quite similar to those with Australia. Even though it might be a smaller partner, these negotiations are important for the EU. The last negotiation round was held in Brussels from 18 to 22 February. There was good progress across all key areas. The round also included a first discussion on the

respective market access offers for goods. With New Zealand, there has also been more progress with respect to work on geographical indications. The next round with New Zealand is planned in May in Wellington.

### **Discussion Points / Questions and Replies**

A representative from **Humane Society International/Europe** inquired which chapters were going to be concluded in May as part of the negotiation with New Zealand and whether an exchange of tariffs had already taken place. Article 17 of the SPS chapter was considered well drafted and inquired whether there is pressure from the New Zealand's side to increase the EUs standards on animal welfare. H. König explained that there was no exchange of tariffs with Australia yet and that the SPS discussions with New Zealand are going well. She referred to animal welfare in New Zealand and in the EU and added that Australia showed a positive approach on including provisions on animal welfare.

A representative from **Interbev** asked for an update on the TBT chapter for both negotiations. The follow-up question made by the **International Confederation of Inspection and Certification Organizations** concerned also TBT and in particular conformity assessment bodies. H. König explained that the negotiations with both partners are at full speed but not yet at the stage of concluding. Technical barriers to trade are covered in a comprehensive manner in both negotiations and there has been progress.

A representative from **Orgalime** inquired about tariff offers with Australia. H. König replied that no tariff offers had been exchanged yet.

A representative from the **European Economic and Social Committee** inquired whether Australia would reduce its standards for SPS in the FTA and whether there the EU interests in geographical indications were discussed. H. König explained that the ambition of the SPS chapter is to streamline approval and administrative systems regarding testing and other processes. On geographical indications the EU does indeed pursue offensive interests.

A representative from the **European Services Forum** asked whether rules of origin will be discussed in the next round with New Zealand since it was not covered in the previous one. It was explained that the chapter was not discussed during the last round due to the unavailability of some of the negotiators but that it would be on the agenda again in May.

The **Irish Farmers' Association** representative explained that trade deals are supposed to be mutually beneficial but that Irish farmers would suffer. He asked what positive story could be sold to them for these negotiation and whether the impact of Brexit had been considered. H. König recognized the sensitivity of agricultural trade and told the representative that the overall agreement will be balanced and concluded with a positive deal. MS are also making us aware of the difficulties and we will look together with them for solutions to the sensitive issues. A representative from DG AGRI echoed H. König referring to the study on FTA and agricultural products.

A representative from **Euratex** stressed the importance of tariffs and regulatory cooperation on standards, labelling and conformity on textile products. The question also concerned the timeframe for the exchange of offers. H. König explained that the next round with Australia will take place in July but that it is too early to say whether the offers will be exchanged at that round.

## **2. Presentation and discussion of Draft Inception Reports for the SIAs in support of the EU's negotiations with Australia and New Zealand**

The **study team** presented the draft inception reports for the two SIAs<sup>1</sup> focussing on (1) preliminary findings regarding each of the pillars; (2) the methodology and results of the selection of economic sectors and topics for sector studies and cases studies; and (3) the consultation plan. The corresponding slides are available on the SIA webpages.<sup>2</sup>

### **Discussion Points / Questions and Replies**

**Humane Society International** welcomed the inclusion of biodiversity as a case study for New Zealand and suggested that the yellow penguin should be part of it. The selection of the dairy and ruminant meat sectors for the sector analysis was also welcome, given their importance for animal welfare and environmental impacts. It was also suggested to include biodiversity as a cases study for Australia, where a quarter of species loss in Australia is also strongly linked to agricultural production. The **study team** welcomed these suggestions. A key criterion for inclusion in the SIA will be that an actual impact channel of the FTA on the topic can be established.

The **Comité Européen des Entreprises Vins** welcomed the proposed selection of the case study on wine and offered to provide any inputs that the study team might require, including on geographical indications.

The **European Sugar Refineries Association** questioned the choice of “sugar and water quality” as a case study. As there are currently no imports from Australia in the EU, there would not seem to be a justification for such a case study. It would be more interesting to undertake a study of the potential job impacts of sugar liberalization on the EU sugar industry, which was currently struggling due to low sugar prices and high raw materials prices.

The **International Confederation of European Beet Growers** stated that beet root growers were also under pressure and needed protection. If a case study on employment effects of an FTA’s potential liberalization on jobs in the sugar sector was done, this would need to consider such potential job losses as well. It was questioned that Australian raw sugar producers would consider the EU as an attractive market as their strategy was primarily aimed as Asian markets. The study team stated that a comprehensive analysis of the FTA impacts along the sugar value chain would be impossible in the context of a two-page case study. Overall economic and employment effects on the sugar sector would be addressed as part of the overall economic analysis. The team will however consider a further, more detailed analysis if a specific research issue can be identified.

### **Potential action point/deadline**

In order to allow for a timely finalisation of the inception report, DG Trade requested that **any additional comments on the draft inception reports, and specifically on suggested topics for case studies, be provided in writing through the SIA websites<sup>3</sup> or by email ([sia@bkp-advisors.com](mailto:sia@bkp-advisors.com)) by Friday, 12 April 2019.**

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<sup>1</sup> Australia: <http://trade-sia-australia.eu/en/resources-2>; New Zealand: <http://trade-sia-new-zealand.eu/en/resources-2>

<sup>2</sup> See links above.

<sup>3</sup> Australia: <http://trade-sia-australia.eu>; New Zealand: <http://trade-sia-new-zealand.eu>