

FTA talks with Australia and New Zealand

On 13 September 2017, the Commission presented recommendations to the Council to authorise the launch of free trade agreement (FTA) negotiations with Australia and New Zealand. In October, the Parliament is due to debate reports by the Parliament's Committee on International Trade (INTA) on the proposed negotiating mandate for trade negotiations with Australia and New Zealand.

Background

EU-Australia and EU-New Zealand trade and economic relations are built on a number of cooperation agreements, such as the EU-Australia bilateral [agreement for mutual recognition](#) (2012) and the [EU-New Zealand Veterinary Agreement](#) (2015). These agreements provide a good basis for the talks on FTAs. However, it is expected that several sensitive issues will be addressed during the negotiations, not least as Australia and New Zealand are major and competitive producers and exporters of agricultural products. The EU is Australia's [sixth-largest](#) export destination for agricultural goods, and in 2016, around [72 %](#) of EU imports from New Zealand consisted of agricultural products, mainly [sheep and goat meat](#). [Concerns](#) about the FTAs have been raised by stakeholders of some EU agricultural sub-sectors, who fear that facilitated access for agricultural products from these countries would further increase competition on EU markets.

European Commission position

In an unprecedented move, on 13 September 2017 the Commission presented the draft mandates before the launch of negotiations with [Australia](#) and [New Zealand](#). These state that the FTAs should 'exclusively contain provisions on trade and foreign direct investment related areas'. The mandates do not cover investment protection and resolution of investment disputes. Therefore, in line with the EU Court of Justice's May 2017 [opinion](#) on the EU-Singapore FTA, such FTAs could be concluded by the EU on its own. In addition to formulating the general objectives of the agreement, the draft mandates explicitly mention that the most sensitive products should be covered by specific provisions, such as longer transition periods or tariff-rate quotas for some agricultural products.

European Parliament position

In its February 2016 [resolution](#), the Parliament supported the idea of negotiating FTAs with these countries, but called upon the Commission for a balance between better market access conditions offered by the FTAs and defending EU interests. The October 2017 opinions of the Committee on Agriculture and Rural Development (AGRI) on the negotiating mandate for trade negotiations with [Australia](#) and [New Zealand](#) called on the Commission to guarantee a level playing field for those European producers who as a consequence of a further opening-up of the market in sensitive sectors would face serious negative consequences. On 12 October 2017, the Committee on International Trade (INTA) adopted two reports on the negotiating mandate for trade talks with [Australia](#) and [New Zealand](#). It requested that, in both cases, the FTAs should deal with issues under exclusive EU competences only, and stated that there could be second agreements dealing mainly with investment protection. The protection of sensitive products through, for instance, the introduction of tariff-rate quotas was also recommended. Moreover, the reports suggested that the exclusion of the most sensitive sectors from trade liberalisation measures should be considered.

Own-initiative reports: [2017/2192\(INI\)](#) and [2017/2193\(INI\)](#);
Committee responsible: INTA; Rapporteur: Daniel Caspary (EPP, Germany). See also our 'International Agreements in Progress' briefings on [Australia](#) and on [New Zealand](#).

