Recommendation to the Council on the proposed negotiating mandate for trade negotiations with Australia

2017/2192(INI) - 26/10/2017 - Text adopted by Parliament, single reading

The European Parliament adopted by 452 votes to 126, with 25 abstentions, a resolution containing a European Parliament recommendation to the Council on the proposed negotiating mandate for trade negotiations with Australia.

Strategic, political and economic context: the European Union and Australia concluded a Partnership Framework on 29 October 2008 and an EU-Australia Framework Agreement on 5 March 2015. **The EU is Australia's third largest trading partner**, with annual bilateral trade amounting to more than EUR 45.5 billion in 2015, with a positive trade balance of more than EUR 19 billion on the EU side.

In 2015, EU foreign direct investment stock in Australia amounted to EUR 145.8 billion.

Following the joint statement of 15 November 2015, a scoping exercise was launched to investigate the feasibility of and shared ambition towards launching negotiations for a **free trade agreement** (FTA) between the EU and Australia.

The scoping exercise has been concluded.

Parliament commended Australia for its strong and consistent commitment to the multilateral trade agenda and recognised that Australia is a key part of this strategy and that widening and deepening trade relations can help to meet this goal. It believed that the negotiation of an ambitious, balanced and comprehensive free trade agreement is a **suitable way of deepening the bilateral partnership** and further reinforcing the existing, already mature bilateral trade and investment relationships.

Scope of the negotiations: Parliament welcomed the fact that the Commission has published an impact assessment evaluating the gains and losses resulting from enhanced EU-Australia trade and investment relationships while paying special attention to **social and environmental impacts**, including on the EU labour market and to anticipate and take into account the impact that **Brexit** might have on the trade and investment flows from Australia to the EU.

Negotiating mandate: Parliament called on the Council to authorise the Commission to start negotiations for a trade and investment agreement with Australia. It called on the Commission and the Council to put **forward a proposal as soon as possible about the general future architecture of trade agreements** taking into account the opinion of the Court of Justice of the EU on the Free Trade Agreement between the European Union and Singapore, which **clearly distinguishes** between a trade and liberalisation of foreign direct investment (FDI) agreement, containing only issues that fall within the EU's exclusive competence, and a potential second agreement which covers subjects whose competences are shared with Member States.

Parliament stressed that for a free trade agreement to be truly advantageous to the EU's economy, the **negotiating directives** should cover the following aspects:

- **the liberalisation of trade in goods and services** and real market access opportunities for both sides in each other's goods and services market through the elimination of unnecessary regulatory

barriers. However, nothing in the agreement should prevent the governments from regulating services in the public interest or lead to **lowering the high level of European standards** in health, food, consumer protection, the environment, health and safety, or limit public funding for arts and culture, education, health and social services;

- commitments on **anti-dumping and countervailing measures** that go beyond WTO rules in this area;
- significant Australian **public procurement** concessions to allow European companies to enter the market in strategic sectors under the same conditions as EU public procurement;
- a separate chapter taking into account the needs and **interests of micro-enterprises and SMEs**;
- a **robust and ambitious sustainable development chapter** including binding and enforceable provisions which are subject to suitable and effective dispute settlement mechanisms, encompassing provisions that promote adherence to, and effective implementation of, relevant internationally agreed principles and rules, such as core labour standards, the four ILO priority governance conventions and multilateral environmental agreements, including those related to climate change;
- the requirement that the parties must promote **corporate social responsibility** (CSR),
- **comprehensive provisions on investment liberalisation** within the Union's competence taking into account recent policy developments, such as the opinion of the EU Court of Justice of 16 May 2017 on the EU-Singapore Free Trade Agreement;
- strong and enforceable measures covering the recognition and protection of **intellectual property rights**, including geographical indications (GIs) for wines and spirits and other agricultural and foodstuff products;
- a balanced and ambitious outcome in the **agriculture and fisheries chapters** which can only boost competitiveness and be beneficial to both consumers and producers, respecting the fact that there are a number of sensitive agricultural products which should be given appropriate treatment, for example, through tariff rate quotas or allocated adequate transition periods;
- the inclusion of a usable, effective, suitable and quick **bilateral safeguard clause** enabling the temporary suspension of preferences, if, as a result of the entry into force of the trade agreement, a rise in imports causes or threatens to cause serious injuries to sensitive sectors;
- ambitious provisions allowing for the **full functioning of the digital ecosystem**, and promoting cross-border data flows, in full compliance with, and without prejudice to, the EU's current and future data protection and privacy rules.

Transparency and the role of the Parliament: Parliament called on the Commission to conduct negotiations as transparently as possible, guaranteeing at least the level of transparency and public consultation implemented for the Transatlantic Trade and Investment Partnership (TTIP) negotiations with the USA.

Given that Parliament will be asked to give its consent to the future agreement, Members stressed that the **role of the Parliament should be strengthened at every stage of the EU-FTA negotiations** from the adoption of the mandate to the final conclusion of the agreement.