

EU-Australia free trade agreement

Moving towards the launch of talks

OVERVIEW

The prospective EU-Australia free trade agreement (FTA) will complement the economic dimension of the current longstanding and evolving relationship with a new element. In addition to opening up new bilateral commercial opportunities, the FTA would also both facilitate the creation of new ties with global production and commercial networks and help to advance the trade policy interests of the EU in the Asia-Pacific region.

The economic cooperation already in place includes a number of bilateral agreements that provide a good basis for the future negotiations. However, given that Australia is a major agricultural and agri-food exporter globally, it is expected that, in the course of the negotiations, certain sensitive issues may be raised. The EU is committed to taking European agricultural sensitivities fully into consideration in its negotiating strategy, seeking to protect vulnerable sectors through specific provisions.

On 13 September 2017, the European Commission presented the draft negotiating directives for the FTA with Australia. This draft mandate, in line with the EU Court of Justice's recent opinion on the EU-Singapore FTA, covers only those areas falling under the EU's exclusive competence. Therefore, the prospective agreement could be concluded by the EU on its own and could be ratified at EU level only. The Commission aims to finalise the negotiations before the end of its mandate in late 2019.

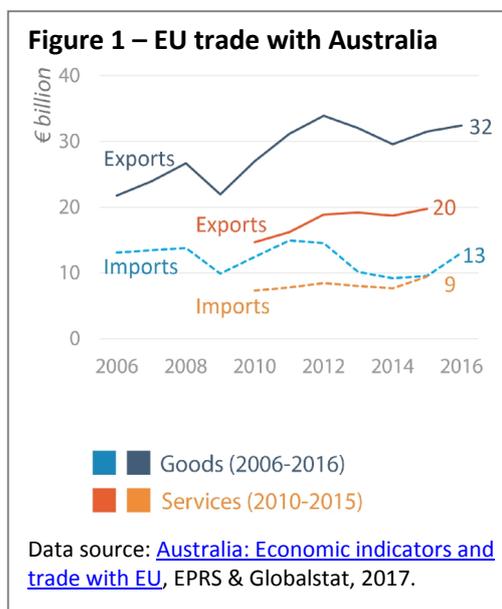


Free trade agreement between the European Union and its Member States, of the one part, and Australia, of the other part

Committee responsible: International Trade (INTA)
Rapporteur: Daniel Caspary (EPP, Germany)
2017/2192(INI)

Introduction

The trade relationship between the EU and Australia is asymmetrical despite both having highly developed economies. With a share of [1.3 %](#), Australia was the EU's 19th largest goods trading partner in 2016. By comparison, the EU's share in Australia's trade in goods was the second largest, 14.9 %, behind China. In 2016, the value of the total trade in goods between the EU and Australia amounted to approximately €45 billion (see Figure 1). Around 87 % of EU exports to Australia were manufactured goods, including machinery and transport equipment and chemicals (46.3 % and 20.3 % of total exports, respectively). Primary products accounted for 40.2 % and manufactured goods for 20 % of EU imports from Australia. Imported products included 25.1 % fuels and mining products and 15.1 % agricultural products. In 2016, Australia was the third-largest [hard coal exporter](#) to the EU, with a share of 15.8 %.



Although agriculture was at the forefront of bilateral trade relations for many years, current business realities show the rapidly growing importance of the [services sector](#). In 2015, the EU exported €19.8 billion in services to Australia, while imports of services from Australia totalled €9.5 billion. For trade in services, the [surplus](#) on the EU side increased from €3.4 billion in 2006 to €10.3 billion in 2015, a growth of approximately 303 %. The trade surplus in goods increased at a lower rate, by around 252 % in the same period. In the 2015-2016 financial year, the ratio of services to total bilateral trade represented [32 %](#), and the EU was Australia's largest services trade partner, accounting for 21 % of Australia's total services trade.

With [33 %](#) of total foreign investment, the EU was also the largest foreign investor in Australia in 2015. EU foreign direct investment (FDI) stocks in Australia totalled €145.8 billion, while Australian FDI stocks in the EU amounted to €25.1 billion. Among the EU Member States, the United Kingdom (UK) [ranked first](#) in both services trade with and investment in Australia. For instance, for more than a third of EU services exports to and almost half of EU services imports from Australia, the UK was the country of origin or destination respectively.

Trade in agriculture

According to a 2017 [FAO report](#), Australia is one of the biggest global exporters of wheat, coarse grains,¹ meat, dairy, as well as of oil crops, oil and meals. Around [two thirds](#) of its agricultural output is exported yearly. Australia exported, for example, [74 %](#) (over 1 million tonnes) of its beef production in 2015-2016. In 2015, agriculture and food exports made up [14 %](#) of the total value of its goods and services exports. Regarding agriculture, the EU is Australia's [sixth-largest](#) export destination and largest source of imports.

In 2016, agri-food trade with Australia represented [15.1 %](#) of EU imports from and 9.2 % of EU exports to Australia. In terms of the EU's total agri-food trade, imports from

Australia accounted for a share of 1.8 % and exports to Australia for a share of 2.3 %. The value of EU agricultural exports to Australia increased from €2.2 billion in 2012 to €2.9 billion in 2016, while the value of EU imports fluctuated between €2.4 billion in 2012 and €1.9 billion in 2016. The agri-food trade balance became positive for the EU in 2013 and has been increasing steadily since then.

EU agri-food imports are dominated by oil seeds and wines, with shares of 26.3 % and 22.7 % respectively (the EU represents Australia's [most important](#) wine market). Other important products include wool and silk (10.6 %), bovine meat (10.1 %) and tropical fruits and nuts (7.9 %). EU exports to Australia are more diverse; they include chocolate and confectionery (8.7 %); spirits and liqueurs (8.1 %); pasta, pastry and biscuits (8 %); wine (7.5 %); and pork (7.2 %).

EU average tariff rates on agricultural imports are higher than those applied in Australia (simple average applied most-favoured nation (MFN)² tariff of [12.2 %](#) and 1.2 % respectively). A 2016 [study](#) prepared at the request of the French Ministry of Economy and Finance compared the share of certain goods exported by Australia in 2013 first to the global market and then to the EU specifically. In general, the former share was higher. For instance, Australia's share in the EU import market for 'bovine meat products' (in the study's categorisation this includes more than just beef products)³ was 6.38 %, while its share of global exports of these products was 19.26 %. Beverages and tobacco products were the only sector where Australia's market share was higher in the EU than globally (6.54 % versus 2.57 %). The study stated that the differences between the market shares reflected the efficiency of tariff protection in the EU. It also noted that in general, the most protected sectors appeared most vulnerable to Australian exports.

Existing situation

Existing bilateral sectoral agreements include the [mutual recognition agreement](#) (MRA) on conformity assessment (signed in [1998](#) and amended in [2012](#)), and the [wine agreement](#) (signed in [1994](#) and renewed in [2008](#)). The aim of the MRA is to improve conditions for trade in industrial products, whereas the agreement governing wine trade provides, among other things, for geographical indications (GIs) to protect European and Australian wines. The EU and Australia also signed a [framework agreement](#) in [August 2017](#) that establishes a comprehensive framework for bilateral engagements. Although it contains some provisions on trade and investment, it does not include preferential market access provisions.

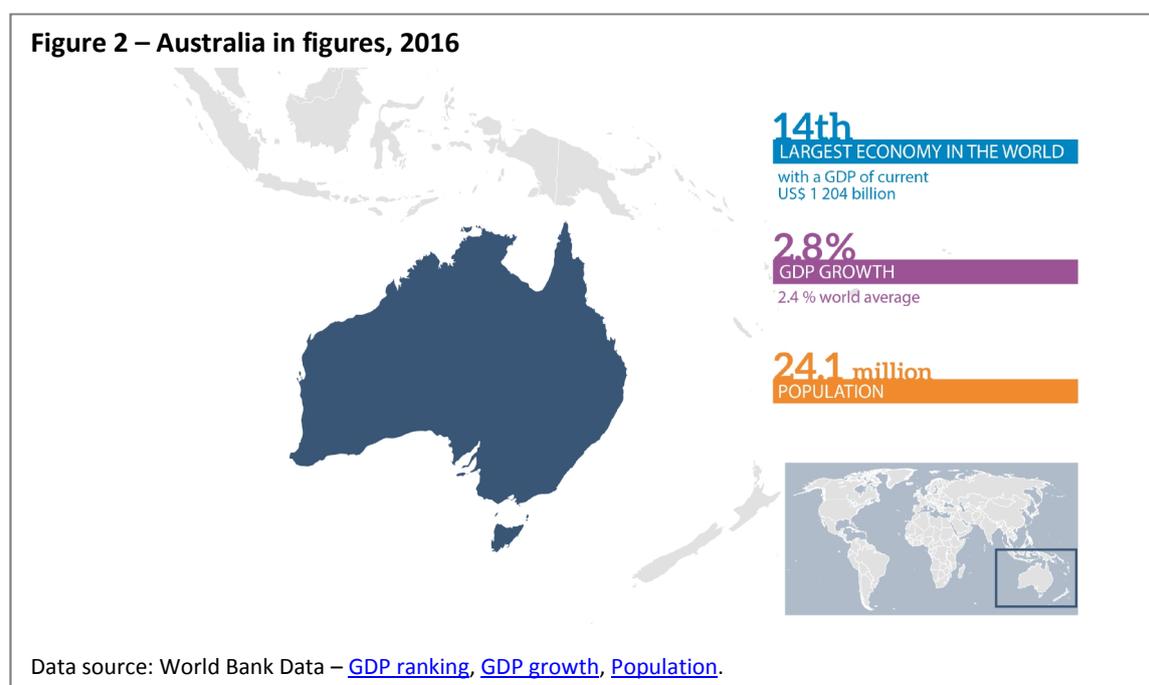
For the EU, an FTA with Australia would be of economic benefit because it could eliminate certain significant [market access barriers](#). FTAs concluded between Australia and its trade partners provide increased access to Australia's markets for the partner countries' economic operators; an FTA with Australia could therefore level the playing field for EU companies. Finally, Australia's [market integration](#) with Asia would be another advantage for the EU, as an FTA with Australia could facilitate the EU's access to Asian markets.

From Australia's perspective the EU has great [market potential](#), particularly in the fast growing area of services trade. It is the one key trading and investment partner with which Australia does not have or is not yet negotiating an FTA. In addition, the EU is negotiating and has signed agreements with many of Australia's key Asian and Organisation for Economic Cooperation and Development (OECD) [trading partners](#). Finally, agricultural trade is no longer considered an automatic 'deal-breaker'.

For many years, the EU's common agricultural policy (CAP), and particularly the subject of agri-food trade, has been a [contentious issue](#) between Australia and the EU. After the UK joined the EU in 1973, Australia, until then one of the UK's main food providers, had most of its agricultural and agri-food exports to this market blocked. Moreover, it had to compete with subsidised EU exports on the world markets. The CAP reform packages, together with other factors such as the diversification of Australian exports to Asia and the Middle East, alleviated agricultural tensions.

Comparative elements

Since 1989, Australian governments have been following strategies to advance [regional economic integration](#). As a result, Australia has negotiated a number of bilateral [FTAs](#), for instance with the United States, Japan and China. Besides regional agreements, such as the one signed in 2009 with New Zealand and the ASEAN countries, mega-regional agreements are also on Australia's trade agenda. Australia is a signatory of the Trans-Pacific Partnership ([TPP](#)) and is taking part in the talks for the Regional Comprehensive Economic Partnership ([RCEP](#)).



In recent years, the EU has also completed or has been negotiating trade agreements throughout the region. For example, FTAs have been concluded with South Korea, [Singapore](#) and [Vietnam](#); elsewhere in the region, negotiations have been launched with Indonesia, and are close to completion with [Japan](#).

As [experts](#) point out, the [EU-Canada Comprehensive Economic and Trade Agreement](#) (CETA) could serve as a benchmark for the EU-Australia FTA negotiations, given similarities such as the size of the Canadian and Australian economies and the ranking of the EU as their trade partner. Among the most relevant elements of the CETA, experts note the negative listing approach⁴ to services trade liberalisation, arrangements providing for the mutual recognition of professional qualifications and the temporary mobility of service suppliers (often referred to as 'Mode 4'), and the agreement on the opening of tendering procedures to sub-national authorities. Although important tariff reductions on agricultural products were reached in CETA, it has been [pointed out](#) that

EU agricultural exports to Canada have been consistently higher than its imports for several years, which is not the case for Australia.

At this stage, it is too early to say how the EU-Australia FTA talks will be influenced by the Brexit negotiations, particularly when it comes to agriculture. The UK accounts for a dominant share of EU imports of Australian beef, sheep meat and [wine](#) (for instance, on average, [64 %](#) of Australia's yearly exports of beef and sheep meat has gone to the UK over the last decade).

EU negotiation objectives

The [draft negotiating directives](#), presented by the Commission on 13 September 2017, state that: 'The Agreement should provide for the progressive and reciprocal liberalisation of trade in goods, services and foreign direct investment. It will include rules on other trade-related areas in order to promote, facilitate or govern such trade and foreign direct investment'. The draft mandate does not cover [investment protection and investment-dispute resolution](#).

In line with the 2017 [opinion](#) of the Court of Justice of the EU (CJEU) on the EU-Singapore FTA, which has authoritative value for the interpretation of similar FTAs, the areas covered by the draft mandate fall under exclusive EU competence. Accordingly, this FTA could be concluded by the EU on its own and could be ratified at EU level solely.⁵

The EU is committed to taking European agricultural sensitivities fully into [consideration](#) during the negotiations. Therefore, while the draft mandate declares that the agreement should 'ensure the highest possible degree of trade liberalisation', it also states that the most sensitive products should be covered by specific provisions. For instance, 'tariff rate quotas, longer transitional periods or other arrangements should be considered' for certain agricultural products. The draft mandate also asks for the recognition of green box payments⁶ as non-trade distortive, meaning that these payments should in principle not be subject to anti-dumping or anti-subsidy measures.

Tariff liberalisation for processed agricultural and food products will likely be an important [objective](#) for the EU, as tariffs applied by Australia in these sectors are relatively high. Another likely area of liberalisation for EU exports is the automotive industry, as the entry into force of FTAs between Australia and other countries, such as the USA and Japan, means that taxes are applied predominantly on cars imported from the EU. Around [18 %](#) of total EU exports to Australia are automotive products, including cars.

The EU will also strive to resolve issues that it has with Australia regarding sanitary and phytosanitary (SPS) measures. For instance, the EU considers some biosecurity measures implemented by Australia to be stricter than necessary and trade restrictive, such as in the case of [pig meat](#) products. The dismantling of unjustified non-tariff measures is also expected to be raised in other non-agricultural sectors.

Measures protecting GIs are a basic component of the EU's negotiation objectives. As the EU and Australia have diverging views on this issue – in Australia, [protection](#) for GIs can be granted through trademarks –, this will be a key point during negotiations. The draft mandate sets the objective that the agreement should provide direct protection based on a list of GIs, including wines, spirits, agricultural products and foodstuffs (currently, the EU has a wine agreement with Australia that covers a list of selected wines). This issue will be all the more important given that there are some [problems](#) with insufficient GI protection in Australia.

Given the importance of services trade and investment in bilateral trade relations, these sectors will be an important focus for the EU negotiators. In relation to [services](#), the EU will seek improved market access, as some sectoral restrictions still exist, for instance in the area of postal services. Arrangements to achieve temporary mobility of service suppliers (i.e. 'Mode 4') are also likely to be an issue in the negotiations. The EU will also request increased public procurement market access, including for services, at state and at sub-federal level. In addition, the EU is expected to call for a revision of the requirements for the screening thresholds that EU investors face, seeking equal treatment with competitors from countries that have already concluded an FTA with Australia. Based on the draft negotiating directives, EU data protection rules will not be affected.

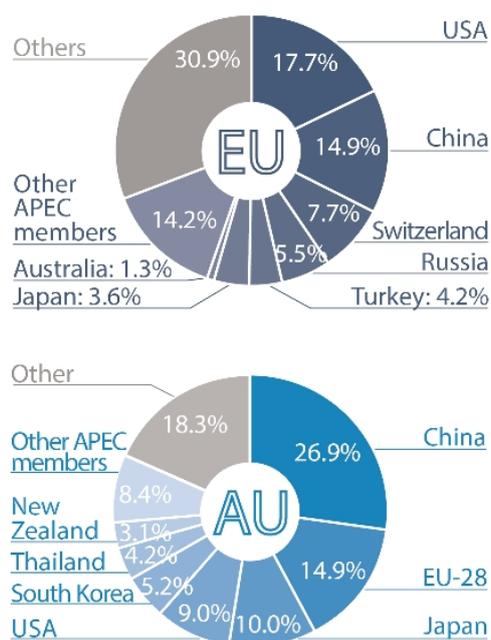
According to the draft mandate, the FTA should include a specific SME chapter and provisions on the labour and environmental aspects of trade and sustainable development. The agreement should also reaffirm the right of the parties to regulate in the areas of labour and the environment, as well as economic activity in the public interest.

Australia's position

Improved market access by means of reduced import tariffs and extended tariff quotas for prioritised Australian exports, such as beef, dairy, lamb and wine, are expected to be an important focus for the negotiations. For instance, Australia currently has shared access to a yearly global 48 200-tonne grain-fed beef [quota](#) with a 0 % tariff rate and a yearly country-specific 7 150-tonne high-quality beef quota subject to a 20 % tariff rate. Australia's average fill rate of the [high-quality beef quota](#) has been more than 90 %, and it accounted for around a third of all EU imports under the grain-fed quota in 2016. Australia also benefits from a yearly country-specific 19 186-tonne sheep- and goatmeat quota with a 0 % tariff rate, almost filled since 2013. (By comparison, New Zealand's country-specific sheep- and goatmeat quota is 228 254 tonnes per year). The EU represents a high-value market for both beef and sheep meat exports that could create a strong incentive for the Australian party to negotiate improved access to the EU markets. Most Australian dairy exports are faced with quotas and high in-quota tariffs (Australia benefits from two country-specific tariff-rate [quotas](#) totalling 4 211 tonnes for cheese), and, as one [study](#) points out, dairy products are the most exposed to non-tariff measures, such as environmental standards and GIs. The liberalisation of non-tariff barriers (NTBs) could also be relevant for the broader spectrum of agricultural trade. For instance, in the case of canola used in the production of biodiesel, the European certification schemes for sustainable production include certain criteria for Australian producers that could be negotiated.

Figure 3 – Main trade partners (2016)

Trade in goods (exports plus imports)



Data source: [Australia: Economic indicators and trade with EU](#), EPRS & Globalstat, 2017.

Having regard to the fast growing services trade, it is also likely that a strong emphasis will be put on the comprehensive [liberalisation](#) of this area. Australia's preference is for a 'negative listing' liberalisation of trade in services, an approach already adopted in the CETA. In addition, it is probable that Australia will seek arrangements to achieve the mutual recognition of professional licensing and qualifications.

Meanwhile, Australia's improved access to public procurement markets and the issue of investment facilitation will also probably play an important role in negotiations. Likewise, fostering growth in the [digital economy](#) is an important objective for Australia's FTAs.

Parliament's position

In February 2016, the European Parliament adopted a [resolution](#) on the opening of FTA negotiations with Australia and New Zealand. Parliament supported the idea of negotiating FTAs with these countries, but called upon the Commission to strike a balance between the better market access conditions offered by the FTAs and possible EU defensive interests. Parliament listed a number of areas that must be addressed in a meaningful way in the agreements, such as investment, trade in goods and services, e-commerce and public procurement. In order to reach a balanced outcome in the agricultural and fisheries chapters, Parliament asked that due consideration be given, for instance, either to the inclusion of transitional periods or appropriate quotas in the FTAs, or to the exclusion of commitments in the most sensitive sectors. Parliament also called for the inclusion of provisions for bilateral safeguards to prevent increased imports that would adversely affect European producers in the sensitive sectors, and for the protection of intellectual property rights (IPR).

In June 2017, Parliament's Committee on International Trade (INTA) published a [draft report](#) on the negotiating mandate for EU trade negotiations with Australia. In the rapporteur's proposal, it was requested that a clear distinction be made between an agreement on trade and FDI liberalisation, dealing with issues under EU-only competences, and an investment protection agreement. In addition to enumerating areas to be included in the FTA, the protection of GIs and of the most sensitive sectors through, for instance, the introduction of appropriate quotas, was also recommended. The vote in the INTA Committee on the draft report is [scheduled](#) for 12 October 2017.

In its 5 October 2017 [opinion](#), the Parliament's Committee on Agriculture and Rural Development (AGRI) stressed that a further opening-up of the market in sensitive sectors could have additional negative and disruptive consequences for European producers. Moreover, the opinion advised against the EU making commitments related to the most sensitive agricultural products, such as dairy, beef, veal, sheep meat and special sugars, and called for the exclusion of these products from the negotiations. The opinion also called on the Commission to consider the ongoing Brexit negotiations and the impact of Brexit on the EU's agriculture and food sectors in the trade negotiations.

The Commission's draft mandate reflects the particular EP concerns expressed with regard to agriculture. It explicitly mentions that sensitive products, including some agricultural products, should be covered by specific provisions. It also includes commitments, for instance, on the protection and enforcement of IPR, on safeguard measures and on sustainable development. On the other hand, the draft mandate only formulates the general objectives of the agreement, although it covers the chapters where the requests expressed in the resolution and the committee documents might be taken specifically into account.

Preparation of the agreement

Regarding the potential FTA, an informal process at technical level was first conducted to review the two parties' FTA-related policies. This process of exchanges was also mentioned in the [joint declaration](#) of the High Representative for Foreign and Security Policy and the Australian Foreign Minister, in April 2015. The leaders' [joint statement](#) of November 2015 set out the commitment to work towards the launch of talks for an FTA. A scoping exercise was launched to define the scope of coverage and the level of ambition of the agreement, which was completed in [April 2017](#). The joint scoping paper agreed by the parties [recognised](#) the sensitive nature of the agricultural sector for the EU stakeholders, and confirmed the agreement to seek specific treatment for sensitive agricultural products. An impact assessment (IA) was carried out in preparation for a Commission decision to ask authorisation from the Council to launch negotiations with Australia. The [IA report](#), supported by an [external study](#) and an online [public consultation](#), was published on 13 September 2017. On the same day, the Commission also presented a recommendation to the Council to launch the negotiations, together with the draft negotiating directives. Once the Council gives its approval, talks will begin. The European Parliament will have to give its consent at the end of the negotiations.

The changes the agreement would bring

The [IA summary](#) noted that the policy option supported by the Commission and the Australian authorities is a comprehensive FTA. Within this option, two sub-options were analysed: a conservative, partial liberalisation scenario and an increased liberalisation scenario including full liberalisation of import tariffs for goods. The IA report stated that from the EU's point of view the second sub-option was preferable, 'albeit with some special provision for sensitive agricultural sectors to mitigate the otherwise negative impact expected on specific sectors'. The IA report also emphasised that under this sub-option special consideration must be given to the sensitive EU sectors of ruminant meat, dairy and sugar.

According to the IA report, in the long term (2030), EU exports to Australia would increase between 16.4 % (conservative scenario) and 33.3 % (increased liberalisation scenario), and Australian exports to the EU by 6.9 % to 11.1 % respectively. The IA predicted a real gross domestic product (GDP) increase for the EU of 0.01 % to 0.02 %, again depending on the two scenarios. Taking into account the size of the EU economy, the increase of 0.02 % (€4.9 billion) is considered significant in the long term. Australian real GDP would increase by between 0.13 % and 0.2 %.⁷ As regards the impact on European sectoral competitiveness, the motor equipment, machinery, chemicals and services sectors would all benefit from an overall positive impact under both scenarios. The fruit and vegetables sectors under the first scenario and the ruminant and sugar sectors under the second scenario would be most negatively affected.

The 2016 study prepared at the request of the French Ministry of Economy and Finance examined different scenarios for a trade agreement between the EU, of the one part, and Australia and/or New Zealand of the other part. The study suggested that the most significant impact in terms of the economic well-being of the EU (an increase of 0.1 %) could be expected should an agreement achieving 'total liberalisation' (tariffs reduced to zero and an important reduction of non-tariff barriers) with both countries be concluded. Moreover, bilateral trade between the EU, on the one hand, and Australia and New Zealand, on the other hand, would increase by 85 %.

A 2017 [report](#) of the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) concludes that a significant increase in the Australian exports to the EU market is unlikely. This is on account of the fact that EU demand for agricultural products is not expected to increase in the short to medium term, as economic growth is predicted to remain below 2 % and consumer income growth is expected to remain weak.

Stakeholders' views

The [results](#) of a preliminary perceptions study carried out in 2013 to explore the views of major industries in Australia revealed that overall there was a support among the stakeholders for an FTA with the EU. Australia's Ministry of Foreign Affairs and Trade also conducted a [public consultation](#) on the prospective FTA. Some representative bodies, such as the [Federal Chamber of Automotive Industries](#) (FCAI), the [National Farmers' Federation](#) and the [Australian Red Meat and Livestock Industry](#), supported the idea of the FTA, with the last two organisations expecting a potential increase in Australian exports. Likewise, the [Australian Grape and Wine Authority](#) envisaged a level playing field in the European wine market. [Australian Pork Limited](#) (APL) expected that the Australian pork industry would not show much interest in accessing the EU market.

For its part, the Commission undertook a [public consultation](#) on the future EU-Australia and EU-New Zealand trade and economic relations in 2016. It received 108 answers, with those who responded representing industry associations, private companies and citizens. The majority of business sector stakeholders welcomed the FTA. The notable exceptions were business stakeholders of some EU agricultural sub-sectors, who did not support the full liberalisation of specific products. The non-profit stakeholders emphasised the need to maintain high standards for the social, environmental, consumer and other areas, and to safeguard the governments' right to regulate.

[BusinessEurope](#), representing European national business federations, welcomed the FTA, but pointed out that certain challenges would emerge in the fields of public procurement, agriculture and GIs. The [European Services Forum](#) (ESF) also supported the initiative to conclude an FTA. On the contrary, the French [National Sheep Federation](#) expressed its disappointment concerning the planned FTA, especially in the context of the uncertainties linked to Brexit. The [German Farmers' Association](#) advised against the launch of negotiations, arguing that, among other reasons, efficient agricultural production in Australia and facilitated access to EU markets would further increase competition. Finally, the British [National Sheep Association](#) raised concerns regarding the consequences of a post-Brexit FTA with Australia on UK sheep farmers.

Responses to these concerns were given, for example, by Australian [policymakers](#) and meat industry [representatives](#). It was stated that Australia would continue to focus on increasing its agricultural exports to the growing Asian markets, and that beef production would be difficult to increase given factors such as high production costs and unpredictable seasonal conditions.

EP supporting analysis

- Binder, K., [High-quality free trade agreements with Australia and New Zealand](#), EPRS, European Parliament, January 2016.
- Rossi, R., [The sheep and goat sector in the EU – Main features, challenges and prospects](#), EPRS, European Parliament, September 2017.

Other sources

- [A stocktake of selected agricultural markets of the European Union – Opportunities for Australia](#), Gunning-Trant, C. and Frawley, N. (Eds), ABARES research report No.17.8, 2017.

- Bellora, C. and Guimbard, H., [Évaluation quantitative d'un accord commercial entre l'Union européenne, l'Australie et la Nouvelle Zélande](#), Rapport d'étude CEPII, 2016.
- Elijah, A., Kenyon, D., Hussey, K. and Van der Eng, P., [Australia, the European Union and the New Trade Agenda](#), The Australian National University, 2017.
- European Commission, Recommendation for a Council Decision authorising the opening of negotiations for a Free Trade Agreement with Australia, [COM\(2017\) 472 final](#), September 2017.
- European Commission, Commission Staff Working Document. Impact Assessment Accompanying the document Recommendation for a Council Decision authorising the opening of negotiations for a Free Trade Agreement with Australia, [SWD\(2017\) 293 final](#), September 2017.
- Murray, P. and Zolin, M. B., [Australia and the European Union: conflict, competition or engagement in agricultural and agri-food trade?](#), Australian Journal of International Affairs, Vol. 66, No.2, 2012.
- [The EU and Australia: Shared Opportunities and Common Challenges](#), Conley Tyler, M. and Mochan, A. (Eds), EU–Australia Leadership Forum, 2017.

Endnotes

- ¹ 'Coarse grains include maize, barley, sorghum, millet, rye, oats and NES (not elsewhere specified)' – See FAO, Food outlook, June 2017.
- ² Most-favoured nation (MFN) '... tariffs are what countries promise to impose on imports from other members of the WTO, unless the country is part of a preferential trade agreement (such as a free trade area or customs union)' – See [World Bank](#).
- ³ The study uses [Global Trade Analysis Project](#) (GTAP) denominations. The category 'Bovine meat products' therefore corresponds to the [CMT sector](#) of the [GTAP database](#). Based on concordances between [GTAP sectors and the United Nations general classifications ISIC and CPC](#), this sector covers: 'Cattle meat: fresh or chilled meat and edible offal of cattle, sheep, goats, horses, asses, mules, and hinnies. Raw fats or grease from any animal or bird'.
- ⁴ 'Under a 'negative list' approach, parties commit to provide market access except in areas where restrictions are listed in individual parties' services and investment schedules' – See [Ministry of Foreign Affairs and Trade](#), New Zealand.
- ⁵ In its opinion on the EU-Singapore FTA, the CJEU concluded that competences in the following areas are shared between the EU and Member States: '(i) non-direct foreign investment, (ii) investor-state dispute settlement (ISDS), and (iii) state-to-state dispute settlement relating to provisions regarding portfolio investment and ISDS'. Agreements containing areas of shared competences, such as non-direct investment and ISDS, need to be concluded as mixed agreements – See L. Puccio, [CJEU Opinion on the EU-Singapore Agreement](#), EPRS, European Parliament, 2017.
- ⁶ 'In WTO terminology, subsidies in general are identified by "boxes" which are given the colours of traffic lights: green (permitted), amber (slow down — i.e. be reduced), red (forbidden).' – See [WTO: Domestic support in agriculture – The boxes](#).
- ⁷ The analytical model used in the impact assessment simulated the impact of two parallel FTAs, one with Australia and one with New Zealand. While separate figures are available on changes to bilateral trade flows, only the combined impact is measured for EU output, reallocation of labour and consumer price index.

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