Fact Sheets on the European Union - 2018

PACIFIC

The EU is the Pacific region’s fifth trading partner, although the volume of trade is small in both absolute and relative terms. In June 2018, it launched negotiations for comprehensive free trade agreements with Australia and New Zealand, which are important economic and trading partners. The EU has a partnership with the 15 Pacific Independent Island Countries (PICs) focused on development, fisheries and climate change, and partnerships with the four Overseas Countries and Territories (OCTs) and the Pacific Islands Forum (PIF).

LEGAL BASIS

— Title V (EU external action) of the Treaty on European Union (TEU);
— Titles I-III and V (common commercial policy; development cooperation and humanitarian aid; international agreements) of the Treaty on the Functioning of the European Union (TFEU);
— Partnership Agreement between the African, Caribbean and Pacific (ACP) group of states, and the European Community and its Member States (Cotonou Agreement).

EVOLVING POLICIES

The EU has partnerships with Australia, New Zealand, the 15 Pacific Independent Island Countries (PICs), the four Overseas Countries and Territories (OCTs) and the Pacific Islands Forum (PIF). It is constantly updating its policies in line with the political and economic changes taking place in the region. Development cooperation continues to be an important aspect of the EU’s relations with the Pacific states, which are part of the African, Caribbean and Pacific Group of States (ACP).

Although the EU ranks as the Pacific region’s fifth trading partner overall, trade between the EU and the Pacific countries is very small in both absolute and relative terms, having amounted to EUR 2 791 million in 2017. Relations with the PICs are focused on development cooperation, fisheries and climate change.

A. Australia and New Zealand

The EU, Australia and New Zealand are like-minded partners with shared values and interests. In addition to strong trade relations, they have also developed close government and private-sector relations across a broad spectrum of issues, such as climate change and disaster risk reduction, rules-based world trade, security and development, technological research and human rights. Parliament has a single delegation for relations with the two countries.

Parliament adopted a resolution on 25 February 2016 supporting the opening of FTA negotiations with Australia and New Zealand, and adopted recommendations on the proposed negotiating mandates for free trade negotiations with the two countries on 26 October 2017, calling for investment protection to be covered in a separate agreement, among other measures.
The Council of the EU adopted decisions authorising the EU to open negotiations for free trade agreements with both Australia and New Zealand on 22 May 2018.

1. Australia

The EU and Australia completed preparatory work for a comprehensive FTA on 6 April 2017. Based on the May 2018 negotiating mandate, formal negotiations for an ambitious and comprehensive trade agreement were launched on 18 June 2018. The first round of negotiations took place in July 2018 in Brussels and the next round is scheduled for November 2018 in Australia.

The current bilateral relationship between the EU and Australia is based on a legally binding political Framework Agreement, which was signed on 7 August 2017. The agreement contains a number of economic, trade and other sectoral cooperation provisions and raises the bilateral relationship to a new strategic level.

Australia is an important economic and trading partner for the European Union. In 2017, the EU was Australia’s second largest two-way trading partner in goods, accounting for a total of EUR 47.7 billion, while in 2016 trade in services amounted to EUR 27 billion. Overall, the EU is the biggest investor in Australia, with a foreign direct investment (FDI) stock of EUR 161 billion in 2016. The first meeting of the EU-Australia Leadership Forum, launched in September 2016, took place in June 2017. The next forum will take place in Brussels from 18 to 22 November 2018.

2. New Zealand

Following the Council’s approval of a mandate for the EU, on 22 May 2018, negotiations for a free trade agreement between the EU and New Zealand were formally launched on 21 June 2018. The first round was held from 16 to 20 July 2018, and yielded a great deal of agreement between the two sides in most of the areas for negotiation. The next round is scheduled to take place in New Zealand in the autumn.

In 2017, the EU and New Zealand’s two-way trade in goods amounted to EUR 8.7 billion. In 2016, trade in services had totalled EUR 4.4 billion and the EU’s FDI stock stood at EUR 10.8 billion, while New Zealand’s FDI stock in the EU stood at EUR 5.6 billion.

The EU and New Zealand signed the Partnership Agreement on Relations and Cooperation (PARC) on 5 October 2016. The PARC provides a comprehensive foundation for EU-New Zealand relations. It will facilitate more effective bilateral engagement by strengthening political dialogue and improving cooperation on economic and trade matters and in a wide range of other areas, from innovation, education and culture to migration, counter-terrorism, the fight against organised crime and cybercrime, and judicial cooperation.

B. Other Pacific countries

The EU’s relations with the 15 Pacific Independent Island Countries (PICs)[1], which are part of the African, Caribbean and Pacific Group of States (ACP), are focused on development cooperation, fisheries and climate change.

The EU’s strategy vis-à-vis the PICs, as set out in the 2012 joint communication entitled ‘Towards a renewed EU-Pacific development partnership’, builds on the framework of the Cotonou Agreement with the ACP countries, which is due to expire on 29 February 2020. Parliament adopted a resolution on the future of ACP-EU relations beyond 2020 in

---

[1] The 15 PICs are: Fiji, Papua New Guinea and Timor-Leste, which together account for 90% of the region’s landmass and population, and 12 Small Island Developing States: the Cook Islands, Kiribati, Micronesia, Nauru, Niue, Palau, the Marshall Islands, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu.
October 2016. In December 2017 the Commission presented, for the Council’s approval, a proposal for the negotiating directives. Parliament adopted its position on the upcoming negotiations on 14 June 2018, welcoming the proposed overall architecture of future cooperation between the ACP and the EU and reiterating the importance of strengthening the partnership’s parliamentary dimension. On 22 June 2018, the Council adopted the negotiating mandate for the future agreement between the EU and the ACP group of countries, while the ACP side adopted its own negotiating position on 30 May 2018. Formal negotiations were launched on 28 September 2018.

The EU allocated EUR 166 million under the Pacific Regional Indicative Programme for the period from 2016 to 2020 to address development challenges in the PIC countries.

The negotiations on a comprehensive Economic Partnership Agreement (EPA) between the EU and the Pacific Island countries were paused in 2015 pending a review of the management of Pacific fisheries resources. The EU has an Interim EPA with Papua New Guinea and Fiji, which was ratified by the European Parliament in January 2011. Samoa is in the process of acceding to the Interim EPA, while the Solomon Islands have also expressed their intention to accede. Regional trade among the Pacific Islands Forum (PIF) states is based on the Pacific Island Countries Trade Agreement (PICTA).

The PICs face major development and climatic challenges. As regards climate change, the EU and the Pacific Small Island Developing States supported the establishment of the ambitious, global Paris Agreement at the 21st UN Climate Change Conference (COP21) in 2015. The 23rd session (COP 23), presided over by Fiji, took place in Bonn, Germany, from 6 to 17 November 2017.

The Pacific Islands Forum (PIF), a political grouping of 18 members, is an interlocutor for the EU for EU development funding and trade negotiations. The grouping comprises: Australia, the Cook Islands, Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, the Marshall Islands, Samoa, the Solomon Islands, Tonga, Tuvalu, Vanuatu, New Caledonia and French Polynesia. These last two, together with Pitcairn and Wallis and Futuna, make up the EU’s four Overseas Countries and Territories (OCTs) in the region.

Anna Saarela / Gonzalo Urbina Treviño
09/2018