



Brussels, 13.9.2017
COM(2017) 472 final

Recommendation for a

COUNCIL DECISION

authorising the opening of negotiations for a Free Trade Agreement with Australia

{SWD(2017) 292}
{SWD(2017) 293}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The European Union (EU) has excellent political relations and mature trade and investment relations with Australia based on shared values of democracy and human rights. Australia has concluded numerous free trade agreements (FTA) with other countries. The EU does not have a bilateral FTA with Australia and that leaves the EU businesses with comparably less favourable conditions to access the Australian market.

The Joint Statement of 22 April 2015¹ by the High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the European Commission (HRVP) and the Australian Foreign Minister highlighted the need to further strengthen the bilateral trade and investment relationship. This was followed by the Joint Statement of 15 November 2015² by the leaders of the EU and Australia agreeing to commence work toward the launch of negotiations for an FTA.

The main reason for the proposal is to create more favourable conditions for further increasing trade and investment between the EU and Australia. The general objectives of this proposal include:

- promoting smart, sustainable and inclusive growth through the expansion of trade;
- creating job and labour opportunities and welfare gains;
- increasing benefits to consumer;
- improving Europe's competitiveness in global markets; and
- strengthening cooperation on trade-related issues with a like-minded partner.

This is in line with the Commission's Communication 'Trade for All - Towards a More Effective, Transparent and Responsible Trade and Investment Policy'³. The Communication highlights the need to move forward our bilateral relationships in order to deliver jobs and growth by tackling trade and investment barriers in a comprehensive way. At the same time, there is also a need to secure the EU's high level of social and environmental protection and contribute to other trade-related policy objectives, including sustainable development and the special needs of Small and Medium-sized Enterprises (SME).

In particular, the 'Trade for All' Communication highlighted that "Australia and New Zealand are Europe's close partners, share Europe's values and views on many issues, and play an important role in the Asia-Pacific region and in multilateral settings. Stronger economic ties with these countries will also provide a solid platform for deeper integration with wider Asia-Pacific value chains. Strengthening these relationships should be a priority."

Furthermore, the objectives are in line with the Council conclusions on trade of 21 November 2014⁴ which underlined that trade in goods, services and investment can make a significant contribution to achieve the aims at the core of the 'Strategic Agenda for the Union in times of change'. The conclusions also stated that building on the tangible progress made in the EU's

¹ http://eeas.europa.eu/statements-eeas/2015/150422_04_en.htm

² http://europa.eu/rapid/press-release_STATEMENT-15-6088_en.htm

³ http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁴ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/145908.pdf

bilateral trade agenda, efforts should be devoted to pursuing agreements with key partners. Similarly, this objective is also in line with the Council conclusion on trade and investment of 27 November 2015⁵ that supported the conclusion of ambitious, comprehensive and mutually beneficial bilateral trade and investment agreements and calls on the Commission to advance negotiations in the Asia-Pacific region.

- **Consistency with existing provisions in the policy area**

The objectives described above are fully consistent with the Treaty on European Union (TEU) which enshrines that the EU should *encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade*⁶.

These objectives are also in line with the Communication 'Europe 2020 – A European strategy for smart, sustainable and inclusive growth'⁷ which sets out that the European trade strategy will include *"proposals for high-level strategic dialogues with key partners, to discuss strategic issues ranging from market access, regulatory framework, global imbalances, energy and climate change, access to raw materials, to global poverty, education and development"*.

The objectives are furthermore fully consistent with the objectives set out by the European Commission's Communication 'Small Business Act for Europe'⁸ (2008) and 'Small Business, Big World'⁹ (2011). Supporting SME's economic activities outside the EU is also embedded in the Union's overall competitiveness strategy as outlined in the Communication 'For a European Industrial Renaissance'¹⁰ (2014).

The objectives also comply with the principles established in the TEU stipulating that the EU's policies and actions should aim to *consolidate and support human rights*¹¹ and to *"help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources"*¹².

The objectives are consistent with other EU policies and with the Charter of Fundamental Rights of the European Union.

Finally, the objectives are consistent with the Juncker Commission's priority to get Europe growing again and to increase the number of jobs without creating new debt, the 'Investment Plan' (or 'European Fund for Strategic Investments')¹³ as well as the specific priorities set out by the Commission Work Programme 2017¹⁴.

This recommendation concerns an agreement which would cover liberalisation of trade in goods, services, public procurement and foreign direct investment, together with flanking rules dealing, for example, with intellectual property rights.

- **Consistency with other Union policies**

⁵ http://www.consilium.europa.eu/en/meetings/fac/2015/11/st14688_en15_pdf/

⁶ Article 21 para 2 (e) TEU.

⁷ <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%200007%20-%20Europe%202020%20-%20EN%20version.pdf>

⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52008DC0394>

⁹ <http://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:52011DC0702>

¹⁰ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0014>

¹¹ Article 21 para 2 (b) TEU.

¹² Article 21 para 2 (f) TEU.

¹³ http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm

¹⁴ https://ec.europa.eu/info/publications/work-programme-commission-key-documents-2017_en

Description of the issue of consistency with existing provisions in the policy area is found in the section above on 'Consistency with existing provisions in the policy area'.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 218(3) and (4) of the Treaty on the Functioning of the European Union (TFEU).

- **Subsidiarity (for non-exclusive competence)**

According to Article 5(3) of the TEU, the subsidiarity principle does not apply in areas of exclusive EU competence. The common commercial policy is listed among the areas of exclusive competence of the Union in Article 3 of the TFEU. This policy includes the negotiation of trade agreements pursuant to, *inter alia*, Article 207 TFEU.

- **Proportionality**

In line with the principle of proportionality, all reasonable policy options were considered in order to assess the likely effectiveness of such policy interventions, as described in detail in the Impact Assessment Report.

- **Choice of the instrument**

Decision of the Council of the European Union.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

The Commission actively engaged with interested partners and conducted a comprehensive online public consultation¹⁵ to gather detailed views relating to the future trade and economic relationship between the EU and Australia¹⁶.

The online public consultation was open from 11 March to 3 June 2016. It was launched on the website of the Directorate-General for Trade and was posted on 'EU Survey' (the Commission's on-line public consultations portal). Interested parties from within and outside the EU were invited to answer questions covering a wide range of themes on trade and investment between the EU and Australia.

The Commission received 108 replies from a wide range of respondents. A summary of the responses is included in the Impact Assessment Report and the individual responses were published unless the respondent has indicated otherwise.

- **Collection and use of expertise**

¹⁵ http://trade.ec.europa.eu/consultations/index.cfm?consul_id=195

¹⁶ The public online consultation also covered the future trade and economic relationship between the EU and New Zealand

An external consultant was commissioned to carry out an *ex-ante* analysis on the potential impacts of envisaged scenarios for the FTA.

The Commission has also been in contact with various interested parties who provided their views on specific market access and other trade barriers they face in their trade and investment relationship with Australia.

- **Impact assessments**

Though the scope of the impact assessment, covering trade, investment and other issues, was broader than the present Recommendation, its conclusions remain valid with respect to this Recommendation.

The Impact Assessment Report and its accompanying executive summary and the positive opinion with reservations of the Regulatory Scrutiny Board will be made public.

In addition to the impact assessment, the potential economic, social, human rights and environmental impacts of the FTA will be examined in an independent Sustainability Impact Assessment, which will be carried out by external consultants. The Sustainability Impact Assessment will be carried out in parallel with the FTA negotiations and will rely on a wide-ranging consultation of interested parties, notably civil society. The Sustainability Impact Assessment will be finalised ahead of the initialling of the FTA and its findings will feed into the negotiating process.

- **Regulatory fitness and simplification**

SMEs should benefit from new business opportunities and see savings under the FTA due to liberalisation, enhanced legal framework, improved customs procedures, and increased regulatory transparency. The Impact Assessment Report contains detailed information on the potential impacts on stakeholders and economic sectors.

- **Fundamental rights**

The Impact Assessment Report addresses the issues of fundamental rights under social, environmental and human rights aspects.

The FTA should contain a chapter on Trade and Sustainable Development in line with established EU policy.

4. BUDGETARY IMPLICATIONS

The FTA will have limited negative impact on the budget of the EU in the form of customs duties due to tariff liberalisation. Indirect positive impacts are expected in terms of increases in resources linked to value added tax and gross national income.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

In line with the commitment made in the 2015 'Trade for All' Communication, there will be an in-depth *ex-post* evaluation of the effects of the FTA to be concluded with Australia when it will have been in force for sufficient time to ensure availability of meaningful data. The Impact Assessment Report contains detailed information on the envisaged monitoring and evaluation arrangements.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

Not applicable.

- **Procedural aspects**

The Commission will negotiate for the EU.

In accordance with Article 218(4) TFEU, it is suggested that the Council of the European Union designates the Trade Policy Committee as the committee in consultation with which the negotiations must be conducted.

The European Parliament will be informed at all stages of the procedure, in line with Article 218(10) TFEU.

The Commission welcomes the fact that the Members of the Council of the European Union are increasingly engaging at an early stage with their parliaments on trade negotiations in line with their institutional practices. It encourages the Members of the Council of the European Union to do the same with regard to this Recommendation for a Council decision having due regard to Council Decision [2013/488/EU](#) on the security rules for protecting EU classified information¹⁷.

The Commission will inform Australia of the EU's internal rules on transparency and access by the Council of the European Union and the European Parliament to negotiating documents.

The Commission makes this Recommendation and its Attachment public immediately after its adoption.

The Commission recommends that the negotiating directives be made public immediately after their adoption.

¹⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013D0488>

Recommendation for a

COUNCIL DECISION

authorising the opening of negotiations for a Free Trade Agreement with Australia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 218(3) and (4) thereof,

Having regard to the recommendation from the European Commission,

WHEREAS negotiations should be opened with a view to concluding a Free Trade Agreement with Australia,

HAS ADOPTED THIS DECISION:

Article 1

The Commission is authorised to negotiate on behalf of the Union a Free Trade Agreement with Australia.

Article 2

The negotiating directives are set out in the Attachment.

Article 3

The negotiations shall be conducted in consultation with the Trade Policy Committee.

Article 4

This Decision and its attachment will be made public immediately after their adoption.

Article 5

This Decision is addressed to the Commission.

Done at Brussels,

*For the Council
The President*



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ANNEX 1

ANNEX

to the

Recommendation for a Council Decision

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ATTACHMENT

NEGOTIATING DIRECTIVES FOR A FREE TRADE AGREEMENT WITH AUSTRALIA

A. NATURE AND SCOPE OF THE AGREEMENT

The Agreement should exclusively contain provisions on trade and foreign direct investment related areas applicable between the parties.

The Agreement should be ambitious, comprehensive and fully consistent with World Trade Organisation (WTO) rules and obligations. The negotiations should be conducted and concluded taking into account commitments under the WTO. The Agreement should have a high level of ambition going beyond existing WTO commitments.

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. All commitments under the Agreement are undertaken with a view to have a direct and immediate effect on trade and, where relevant, within the scope of common EU rules.

The Agreement should include obligations in areas falling under the competence of all applicable authorities and entities of both parties to the Agreement.

B. PROPOSED CONTENT OF THE AGREEMENT

Preamble, General Principles

The preamble should recall that the partnership with Australia is based on common principles and values as reflected in the EU-Australia Framework Agreement. The Agreement should form part of the overarching political relationship and institutional framework set out in the Framework Agreement¹.

In view of liberalising bilateral trade and foreign direct investment, the Agreement should also refer, inter alia, to:

- The principles and objectives of the EU's external action;
- The commitment of the parties to sustainable development and the contribution of international trade to sustainable development in its economic, social and environmental dimensions, including economic development, poverty reduction, full and productive employment and decent work for all, the protection and preservation of the environment and natural resources;
- The commitment of the parties to fully comply with their rights and obligations arising from WTO membership;
- The commitment of the parties to enhance consumer welfare through policies ensuring a high level of consumer protection and economic well-being;
- The right to regulate economic activity in the public interest, to achieve legitimate public policy objectives such as the protection and promotion of public health, social services, public education, safety, the environment, public morals, social or consumer protection, privacy and data protection and the promotion and protection of cultural diversity;

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52016JC0051>

- The objective that the Agreement should create a new framework for economic relations between the parties and above all for the development of trade and foreign direct investment;
- The shared objective of the parties of taking into account the particular challenges faced by small and medium sized enterprises (SMEs) in contributing to the development of trade and foreign direct investment;
- The commitment of the parties to communicate with all relevant interested parties including the private sector and civil society organisations/representatives.

Objectives

The Agreement should confirm the joint objective of progressively and reciprocally liberalising substantially all trade in goods and services and foreign direct investment, in full compliance with WTO rules, notably Article XXIV of the General Agreement on Tariffs and Trade (GATT) and Article V of the General Agreement on Trade in Services (GATS).

The Agreement should ensure a high level of market access for public procurement, and trade-related intellectual property rights (IPR), including geographical indications and strengthen dialogue and cooperation on technical and regulatory frameworks.

The Agreement should recognise that sustainable development is an overarching objective of the parties and should ensure and facilitate respect of international environmental and social agreements and standards in order to promote trade. Sustainable development should be taken into account throughout the agreement covering both social and environmental issues. The Agreement should ensure that the parties should not encourage trade or foreign direct investment by lowering domestic environmental, labour or occupational health and safety legislation, and standards or by relaxing core labour standards or laws aimed at protecting and promoting cultural diversity.

Trade in Goods

Duties on imports and exports and non-tariff measures

The aim of the Agreement is to ensure the highest possible degree of trade liberalisation. The Agreement should cover substantially all trade in goods between the parties. Tariffs on most lines should be eliminated on the entry into force of the Agreement. The aim of the Agreement should be to dismantle import duties and charges having an equivalent effect on both sides, as a general rule not more than seven years. Exceptions should be kept to a minimum and specific provisions should cover the most sensitive products. For instance some agricultural products for which tariff rate quotas, longer transitional periods or other arrangements should be considered.

Negotiations on tariff reduction should take place on the basis of the duties applied by the EU *erga omnes* on the date of launch of the negotiations and of the duties applied by Australia *erga omnes* on the date of launch of the negotiations.

All customs duties or taxes on exports or any measures of equivalent effect should be prohibited and no new ones should be introduced.

Rules of origin

Rules of origin and provisions providing for administrative co-operation should be trade facilitating and simpler and should take into account the standard preferential rules of origin of the EU and the interests of EU producers.

Anti-fraud measures

A clause in the Agreement on enhanced administrative co-operation should set out the procedures and appropriate measures that the parties may take where a lack of administrative co-operation in customs matters, irregularities or fraud are established.

Management of administrative errors

Provisions should also be included to examine jointly the possibility of adopting appropriate measures in case of errors committed by the competent authorities in the application of the preferential rules of origin.

Customs and trade facilitation

The Agreement should include provisions to facilitate trade between the parties, while ensuring effective controls. To this end the Agreement should include commitments on rules, requirements, formalities and procedures of the parties related to import, export and transit.

The Agreement should promote the effective implementation and application of international rules and standards in the field of customs and other trade-related procedures, including WTO provisions, WTO Trade Facilitation Agreement and World Customs Organisation instruments and the revised Kyoto Convention.

The Agreement should include provisions to promote exchange of best practice and experience, relating to particular areas of mutual interest. These areas may include issues such as the modernisation and simplification of rules and procedures, standardised documentation, tariff classification, transparency, mutual recognition and inter-agency co-operation.

The Agreement should promote convergence in trade facilitation, building on relevant international standards and instruments as appropriate.

The Agreement should promote effective and efficient IPR enforcement by customs authorities on all goods under customs control.

The Agreement should take account, in the provisions on trade facilitation, of the challenges faced by SMEs while ensuring a level playing field for all economic operators.

The Agreement should aim to establish a Protocol on Mutual Administrative Assistance in Customs Matters, covering assistance with customs anti-fraud investigations (including assistance on request, spontaneous assistance and confidentiality).

Non-tariff barriers

The Agreement should address trade related regulatory issues and non-tariff barriers (NTBs). The Agreement should therefore prohibit any ban, restriction or other NTBs to trade, which is not justified by the general exceptions set out below, and which could amount to a means of arbitrary discrimination or a disguised restriction on trade between the parties. Priority should be given to provisions and procedures that should be included to ensure the elimination of unjustified non-tariff obstacles to trade. The Agreement should also envisage appropriate procedures to prevent NTBs and other unnecessary obstacles to trade. The Agreement should also address localisation requirements.

Product-specific NTBs should be solved on a request and offer basis, in parallel with exchanges on tariff concessions. Given the relevance of furthering the objectives of the Agreement and to improve market access at a level greater than that delivered through horizontal rules, the Agreement should include sector specific commitments on NTBs.

The Agreement should include provisions on state trading enterprises, assessing any possible distortion to competition and barriers to trade that this could create.

Technical regulations, standards and conformity assessment procedures

Apart from confirming the provisions of the WTO Agreement on Technical Barriers to Trade, the parties should also establish provisions that build on and complement such provisions in order to facilitate access to each other's markets.

The Agreement should contain a number of general principles (such as proportionality, no undue restrictions, transparency, non-discrimination) and provisions that build on and complement WTO rules. Among other things, the aims should include increasing transparency, promoting good regulatory practice, adopting relevant international standards, seeking the compatibility and convergence of technical regulations on the basis of international standards, streamlining testing and certification requirements through, for example, the application of a risk-based approach to conformity assessment (including the application of self-certification in sectors where this is possible and appropriate) and provisions aiming at the compatibility of testing requirements in a number of priority sectors and promoting the use of accreditation.

The Agreement should contain provisions that aim at improving the dissemination of information to importers and exporters.

The negotiations should address the relationship between the Agreement and the existing Mutual Recognition Agreement with a view to improving its implementation and providing for more efficient cooperation.

Sanitary and phytosanitary (SPS) measures

The parties should build on and go beyond the WTO Agreement on SPS measures, with the objective of facilitating access to each Party's market while protecting human, animal or plant life and health. The SPS chapter should cover issues such as transparency, proportionality, undue delays, harmonisation, the recognition of equivalence and alternative measures, regionalisation, control, inspection and approval procedures, audits, import checks, emergency measures, approval of establishments without prior inspection, pursuing the application of EU-wide authorisation processes (single entity), regulatory cooperation, improved cooperation on antimicrobial resistance, and the creation of a mechanism to address expeditiously specific trade concerns related to SPS measures.

The negotiations should follow the provisions of the negotiating directives adopted by the Council on 20 February 1995 (Council document 4976/95).

Animal welfare

The Agreement should promote continued cooperation and exchanges on animal welfare, to discuss, inter alia, possible commitments on equivalence on animal welfare between the parties.

Safeguards

The Agreement should include a clause on safeguard measures providing that either party may take appropriate measures in accordance with the WTO Agreement on Implementation of Article XIX GATT 1994 or the WTO Agreement on Safeguards. The Agreement should also provide that such safeguard measures should have the least distorting effect on bilateral trade.

To maximise commitments towards liberalisation and in order to ensure any necessary protection, taking into account specificities of sensitive sectors, the Agreement should in principle contain a bilateral safeguard clause by which either party may remove, in part or in full, preferences where a rise in imports of a product from the other party is causing or threatening to cause serious injury to its domestic industry.

Anti-dumping and countervailing measures

The Agreement should include a clause on anti-dumping and countervailing measures providing that either party may take appropriate measures against dumping and/or countervailable subsidies in accordance with the WTO Agreement on Implementation of Article VI GATT 1994 or the WTO Agreement on Subsidies and Countervailing Measures. The Agreement should also integrate commitments that go beyond WTO rules in this area in line with EU rules and previous agreements.

The Agreement should recognise that green box payments are not trade distortive and should therefore, in principle not be targeted by anti-dumping or anti-subsidy measures.

Trade in Services, Foreign Direct Investment and Digital Trade

In line with Article V GATS, the Agreement should have substantial sectorial coverage and should cover all modes of supply. The Agreement should have no *a priori* exclusion from its scope other than the exclusion of audio-visual services and services supplied and activities performed in the exercise of governmental authority. The negotiations should aim at the progressive and reciprocal liberalisation of trade in services and foreign direct investment by eliminating restrictions to market access and national treatment, beyond the Parties' WTO commitments and offers submitted in the context of the negotiations of the Trade in Services Agreement. The Agreement should include rules concerning performance requirements related to foreign direct investment.

Furthermore, the Agreement should contain regulatory disciplines. To that end, the negotiations should cover matters such as:

- Regulatory provisions on transparency and mutual recognition;
- Horizontal provisions on domestic regulation, such as those ensuring impartiality and due process with regard to licensing and qualification requirements and procedures; and
- Regulatory provisions for specific sectors including telecommunication services, financial services, delivery services and international maritime transport services.

In the context of the increasing digitalisation of trade, the negotiations should result in rules covering digital trade and cross-border data flows, electronic trust and authentication services, unsolicited direct marketing communications, and addressing unjustified data localisation requirements, while neither negotiating nor affecting the EU's personal data protection rules.

The Agreement may include procedural commitments for the entry and stay of natural persons for business purposes pursuant to the Parties' commitments in Mode 4. However, nothing in the Agreement should prevent the Parties from applying their national laws, regulations and requirements regarding entry and stay, provided that, in doing so, they do not nullify or impair the benefits accruing from the Agreement. The laws, regulations and requirements existing in the EU regarding working conditions and labour rights should continue to apply.

The Agreement should reaffirm the right to regulate economic activity in the public interest, to achieve legitimate public policy objectives such as the protection and promotion of public health, social services, public education, safety, the environment, public morals, social or consumer protection, privacy and data protection and the promotion and protection of cultural diversity. The high quality of the EU's public services should be preserved in accordance with the Treaty on the Functioning of the European Union (TFEU) and in particular Protocol No 26 on Services of General Interest, and taking into account the EU's reservations in this area, including GATS.

Capital Movement and Payments

The Agreement should aim for the removal of restrictions to current payments and capital movements related to transactions liberalised under this Agreement, and include a standstill clause. It should include safeguard and carve-out provisions (e.g. concerning the Union's economic and monetary union and balance of payments), which should be in accordance with the provisions of the TFEU on the free movement of capital.

Intellectual Property Rights

The Agreement should complement and build upon the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), aiming at ensuring an adequate and effective level of protection and enforcement of intellectual property rights.

The IPR chapter should cover topics, such as copyright and related rights, trademarks, designs, patents, plant variety rights, undisclosed information including trade secrets, geographical indications (GIs) and enhanced enforcement. The Agreement should seek to improve the effectiveness of enforcement of IPR, including in the digital environment and at the border (including on exports).

The Agreement should set up appropriate cooperation mechanisms between the Parties to support the implementation of the IPR chapter, as well as a regular dialogue on intellectual property to promote exchange of information on respective legislative progress, exchange of experience on enforcement and consultation in relation to third countries.

Geographical Indications

The Agreement should provide direct protection through the agreement of a list of GIs (wines, spirits, agricultural products and foodstuffs), at a high level of protection building upon Article 23 TRIPs, including evocation, enhanced enforcement, co-existence with "bona fide" prior trademarks, protection against subsequent genericness and the possibility to add new GIs. Issues concerning individual prior rights, for example related to plant varieties, trademarks, generic or other legitimate prior uses, should be addressed. In addition, the negotiations will include arrangements regarding protection of GIs in third country markets.

The negotiations should address the relationship between the Agreement and the existing EU-Australia Wine Agreement.

Public Procurement

The Agreement should aim at comprehensive and improved access to public procurement markets taking into account developments in Australia's accession to the WTO Government Procurement Agreement (GPA). This should include comprehensive and mutually acceptable coverage of procurement at all levels of government, state owned enterprises and undertakings with special or exclusive rights, and procurement of goods, services and public works. In doing so, the parties recognise the particularities and the sensitivities of their respective procurement environments. The Agreement should also consider covering commitments for public private partnerships / concessions in line with respective legislation in this area. The parties recognise the importance of the principle of national treatment in order to ensure treatment no less favourable than that accorded to locally-established suppliers or service providers.

Procedural commitments should be based on the rules, procedures and requirements established under the WTO GPA. In particular, commitments should ensure due process (such as including effective review mechanisms) and transparency in covered procurement. Specific language on transparency should be considered in order to ensure clarity on applicable

procurement rules and on available procurement opportunities in order to provide businesses with easily available information.

Trade and Competition

The Agreement should include provisions on competition addressing competition rules and their enforcement.

The Agreement should contain provisions on subsidies. Furthermore, it should also address State-Owned Enterprises, designated monopolies and enterprises granted special rights or privileges.

Small and Medium-sized Enterprises

The Agreement should include a specific SME chapter. The Agreement should assist SMEs to take full advantage of the trade opportunities provided by the Agreement, including through information sharing arrangements on market access requirements and an appropriate institutional set-up.

Trade and Sustainable Development

The Agreement should include provisions on labour and environmental aspects of trade and sustainable development of relevance in a trade and foreign direct investment context. It should include provisions that promote adherence to and effective implementation of relevant internationally agreed principles and rules, including the core labour standards and fundamental conventions of the International Labour Organisation (ILO) and multilateral environmental agreements including those related to climate change.

The Agreement should reaffirm the right of the parties to regulate in the labour and environmental areas, consistent with their international commitments, and in pursuit of high levels of protection. It should include provisions for labour and environmental levels of protection not to be lowered in order to encourage trade and foreign direct investment. This should include a commitment not to derogate from or fail to enforce domestic labour or environmental laws.

The Agreement should promote a greater contribution of trade and foreign direct investment to sustainable development, including by addressing areas such as the facilitation of trade in environmental and climate-friendly goods and services and the promotion of voluntary sustainability assurance schemes and of corporate social responsibility, having regard to internationally recognised instruments.

The Agreement should also contain commitments promoting trade in legally obtained and sustainably managed natural resources, in particular in relation to biodiversity, wildlife, forestry products, fisheries and cover relevant international instruments and practices. It should also promote trade favouring low-emission, climate resilient development.

The Agreement should foresee suitable provisions for the effective implementation and monitoring of these provisions, as well as procedures to address any disputes arising between the Parties, and should provide for civil society participation.

Energy and Raw Materials

The Agreement should include provisions addressing trade and foreign direct investment-related aspects of energy and raw materials. The Agreement should aim at ensuring an open, transparent, non-discriminatory and predictable business environment and at limiting anti-competitive practices in this area. The Agreement should also include rules that support and further promote trade and foreign direct investment in the renewable energy sector. The Agreement should also enhance cooperation in the abovementioned areas.

Transparency of Regulations

The Agreement should include provisions regarding:

- Publication, including making measures of general application publicly available, in a non-discriminatory manner and with reasonable time for comments on proposals for measures of general application.
- Enquiries and contact points, with mechanisms to respond to enquiries from interested parties regarding measures proposed or in force.
- Administrative proceedings based on and in accordance with law which ensure that information on the operation of measures of general application is available to interested persons and reasonable opportunity is afforded for those affected by a proceeding to present views prior to any final administrative action.
- Appropriate opportunities to review and appeal an administrative action in areas covered by the Agreement.
- Promotion of quality regulation and good administrative practice.

Regulatory cooperation

The Agreement should include cross-cutting disciplines on regulatory coherence and transparency for the development, adoption and implementation of efficient, cost-effective, and more compatible regulations so as to facilitate trade. The Agreement should include provisions on the promotion of information exchange, the enhanced use of good regulatory practices, and enhanced regulatory cooperation.

To this end, consideration should be given to the inclusion of provisions on regulatory cooperation in certain specific areas not covered in the current framework, and to mechanisms for identifying potential obstacles to be addressed through regulatory cooperation.

Institutional and final provisions

A clear legal and institutional link should be established between the Agreement and the Framework Agreement. This should ensure external coherence in particular in respect of the existence, application, suspension and termination of the respective provisions.

The Agreement should set up a specific overarching body to monitor the implementation of the Agreement. Committees or working groups on specific areas may be established as appropriate and should operate under the framework of the overarching body.

Dispute Settlement and Mediation

The Agreement should include an effective and binding dispute settlement mechanism with an expedited procedure, in particular for the panel composition and the conduct of panel proceedings. The dispute settlement mechanism should be transparent, open and innovative. It should include provisions for a flexible and rapid mediation mechanism.

General exceptions

The Agreement should include general exceptions, applicable to the relevant parts of the Agreement, including regarding security, balance of payments, prudential supervision and taxation.

Authentic languages

The Agreement, which should be equally authentic in all official EU languages, should include a language clause to that effect.

Other issues

The Agreement should recognise the importance of consumer protection issues and support effective consumer protection, including in a digital environment.

Following analysis by the Commission and prior consultation with the Trade Policy Committee and in accordance with EU Treaties, the Agreement may include additional provisions related to the trade and economic relationship where, in the course of negotiations, mutual interest was expressed in doing so.