



AUSTRALIA AND THE EUROPEAN UNION: TRENDS AND CURRENT SYNERGIES

POLICY REPORT

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LIST OF ABBREVIATIONS

ARC	Australian Research Council
ARF	ASEAN Regional Forum
AQF	Australian Qualifications Framework
ASEAN	Association of Southeast Asian Nations
ASEM	Asia Europe Meeting
CAESIE	Connecting Australian-European Science and Innovation Excellence
CAP	Common Agricultural Policy
CSDP	Common Security and Defence Policy
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
EAS	East Asia Summit
EC	European Community
EQF	European Qualifications Framework
ERC	European Research Council
ESA	European Space Agency
EU	European Union
EUROPOL	The European Union Agency for Law Enforcement Cooperation
FA	Framework Agreement
FEAST	Forum on European-Australian Science and Technology
FP7	Seventh Framework Programme
FTA	Free Trade Agreement
G20	Group of Twenty
HR/VP	High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission
JSTCC	Joint Science and Technology Cooperation Committee
NHMRC	National Health and Medical Research Council
OECD	Organisation for Economic Cooperation and Development
PNR	Passenger Name Record
SDGs	Sustainable Development Goals
SMEs	Small and medium sized enterprises
UK	United Kingdom
WTO	World Trade Organization

EXECUTIVE SUMMARY¹

Australia's relationship with the European Union (EU) has reached a milestone. With the multi-faceted Framework Agreement (FA) signed in 2017, the bilateral relationship has moved to a treaty level engagement and offers opportunities to strengthen EU-Australia actions and interests on bilateral, regional and multilateral issues. Significant challenges place the relationship at a critical juncture. Faced with the changing strategic priorities and interest of the United States' (US) international role; the continued rise of China; and increasing regional and global instability, Australia and the EU have the opportunity to enhance their cooperation to tackle these and other challenges. In addition, Brexit presents a degree of uncertainty as to the nature of the United Kingdom's (UK) future relationship with the EU and with the rest of the world

The steps towards a more comprehensive relationship have been significant. The distance that has been traversed from significant divergent interests over trade to the current engagement suggests that steady engagement, socialisation, political will and an incrementalist approach can all bear fruit. Shared interests regarding the rule of law; multilateralism; global and regional threats; complemented by common values, have been important in deepening relations, especially over the last two decades.

This policy report comes at an important moment for both Australia and the EU. They have successfully concluded and commenced provisional implementation of the FA and have commenced negotiations for a Free Trade Agreement (FTA). These represent important tangible steps in deepening bilateral ties. These developments are all the more important within the current geostrategic environment that is characterised by threats to the effectiveness of the global rules-based order and tensions between major powers, as well as a retreat from multilateral cooperation towards unilateral action and the move towards protectionist policies over further liberalising trade relations. At a time of increasing transnational challenges, cooperation among 'like-minded' partners such as the EU and Australia has become more important.

¹ We would like to thank Tamara Tubakovic for her work as the research assistant on this project. We thank the members of the Steering Committee who provided feedback on the draft policy report.

This policy report seeks to provide the context to understand the current engagement between the EU and Australia, in order to look towards the future strengthening of the relationship. Although it does not seek to cover all aspects and policies, it provides an overview of the relationship, spanning engagement across several decades and across policy areas.

OBJECTIVE OF THE REPORT

There are significant links across the societies of Australia and the EU that form an important anchor in the relationship, although the relationship has, in the past, been marred at the political level by tensions regarding divergent interests. Australia has longstanding and strong cultural and historical ties with Europe, characterised by many Australians of European heritage and close business, social and educational links. There are long-established, thriving cultural institutions present in Australia. Bilateral tourist flows are considerable, with average annual numbers of reciprocal visitors estimated to be in the millions. In 2017, over 1.6 million Europeans visited Australia and over 1.7 million Australians visited Europe (DFAT 2019, n.p). The most recent figures for September 2017 indicate that ‘more than 17 per cent of all short-term visitors to Australia were from the EU’ (Commonwealth of Australia and DFAT 2018, p. 3). People-to people contact form an important aspect of the EU-Australia relationship. Both interlocutors have recognised ‘the value of tourism in deepening mutual understanding and appreciation between the peoples of the Union and Australia’ (Australian Government and European Union 2018, Art. 31).

This policy report draws on research conducted as part of the research project entitled [‘Australia’s Relationship with the European Union: From Tensions to New Paradigms’](#), funded by the European Commission under the Erasmus+ Jean Monnet funding scheme². This research project assesses how relations between Australia and the EU might continue to develop and flourish. It examines the dialogue and negotiation of key agreements and policy cooperation especially within the Asia-Pacific. It assesses the implications of the Framework Agreement (FA) and the negotiations for a Free Trade Agreement (FTA). The project aims, through research and activities, to present new paradigms for advancing the relationship.

This policy report is the first of two reports of this project. This report provides an analysis of the current state of relations between the EU and Australia. It places engagement in the context of past challenges and achievements, while identifying key areas of cooperation, and opportunities for enhanced interaction. It will be of use to those interested in the EU’s relationship with third countries and

² For further information on the Erasmus+ Jean Monnet funding scheme see: https://eacea.ec.europa.eu/erasmus-plus/actions/jean-monnet_en

Australia's engagement with the EU. It is oriented towards EU officials and Australian government officials working on EU-Australia relations; media; industry and civil society engaged with the EU and Australia; the academic community; as well as the interested public. It will also be of interest to specialists on Australian and EU foreign and security policy and trade, as well as a range of other policies. The second policy report will be produced at the conclusion of the project and will focus on presenting policy recommendations for the future development of EU-Australia relations.

OVERVIEW OF THE EU-AUSTRALIA RELATIONSHIP

The EU and Australia have a longstanding relationship of over 50 years. They have had annual official dialogues for some decades and a history of sectoral agreements (a chronology of major agreements is provided in Appendix 1). The official diplomatic relationship of the EU and Australia commenced in 1962. Over the decades, Australia and the EU have enjoyed a constructive and substantial bilateral relationship built on a shared commitment to freedom, democratic values and a like-minded approach to a broad range of international issues. The relationship has evolved from earlier decades of disagreements and perceptions of a tyranny of distance (Blainey 1969; Murray 2007), where engagement has been challenged by difficult relations at times (Burnett 1983; Raffin 2007). For some time, bilateral relations were characterised by tensions (Benvenuti 1999; Miller 1983; Goldsworthy 2007; Papadakis 2002; Murray 2005) and what one scholar referred to as 'Antipodean antipathy' (Stats 2015). There were frequent disagreements particularly regarding agricultural trade (Sharpston 2002; Kenyon and Kunkel 2005; Kenyon and Lee 2011; Schedvin 2008; Murray and Benvenuti 2014; McKenzie 2018a) and also climate policy (Hussey and Lightfoot 2010; Davies 2018).

In recent years the EU-Australia relationship has reached a level of unprecedented cooperation that is characterised by a multi-policy, all-of-EU and all-of-Australian government approach that has become increasingly beneficial for both interlocutors. Key amongst these are the global efforts against terrorism and the proliferation of nuclear and conventional weapons; a commitment to the international rules-based order; multilateralism; the rule of law; the promotion of open markets; together with the promotion of peace, sustainable development, good governance and human rights. The EU and Australia demonstrated their commitment to 'openness and trade' by launching negotiations on an FTA in 2018. Both sides have benefited 'from having closer ties with like-minded global actors that in the end, share the same values and objectives' (Zuleeg 2018, p. 28). The conclusion of the FA, which provisionally came into force in October 2018, is a reflection of the ways the relationship has broadened in reach and depth.

Yet there remains considerable scope to further deepen and broaden EU-Australia engagement. There is potential to develop a more fruitful engagement to enhance mutual understanding. This would, in turn, lead to a more nuanced comprehension of the benefits of the relationship and practical tools to deal with potential challenges. As ‘natural partners, with a shared commitment to the rule of law, global norms and free and open markets’ (DFAT 2018a), both the EU and Australia have an interest in strengthening ties.

KEY ASPECTS OF THE BILATERAL RELATIONSHIP

This section provides an overview of key aspects of the relationship through an assessment of ways the relationship has been strengthened with bilateral agreements and formal forums for dialogue (see Appendix 1 for a brief Chronology).

THE AUSTRALIA-EUROPEAN JOINT DECLARATION (1997)

In 1997 the EU-Australia relationship reached a new chapter with the signing of the *Australia-European Joint Declaration* (DFAT 1997). This agreement had initially been expected to have a treaty level status but concerns from the Australian Government regarding the EU’s human rights conditionality clauses resulted in a decision to downgrade the agreement to a political declaration (McKenzie 2018a; Raffin 2007; Murray 2005). Notwithstanding the non-treaty-level status of the document, the *Joint Declaration* reflected a willingness on the part of both interlocutors to develop a more positive and collaborative joint agenda. It thus marked a move away from a history where distance and differences, especially within the area of agricultural trade, dominated the relations. The *Joint Declaration* signalled a reinvigoration of the relationship, with the inclusion of a wide range of areas, including new themes for dialogue and cooperation, including employment; trade and economic cooperation; scientific and cultural cooperation; education and training; environment; and development cooperation. The *Joint Declaration* constituted the new foundation of bilateral relations until 2003, when the EU and Australia sought to ‘take stock of the relationship’ with the *Agenda for Cooperation* (Murray 2005, p. 88).

THE AGENDA FOR COOPERATION (2003)

The *Joint Declaration* was succeeded in April 2003 by an *Agenda for Cooperation*, which identified practical measures to advance top priorities in the partnership over the subsequent five years. It outlined a number of shared opportunities for engagement between Australia and the EU, including

dialogue on security and stability issues; education, science and technology; transport; and migration and asylum (DFAT 2003). Significantly, under the *Agenda for Cooperation*, Australia and the EU sought to manage their divergent trade and agricultural interests through bilateral and multilateral engagement, such as through the World Trade Organization (WTO) and cooperating 'on progressing the WTO Doha Development Agenda' (DFAT 2003), thereby facilitating a strengthening of relations, unhindered by past tensions concerning different trade priorities.

During the April 2004 Consultations at Ministerial and Commissioner level, the EU and Australia conducted a stocktake of their relationship and identified priorities for the future relationship. These reflected the contemporary geopolitical context and specific areas of interest and concern for the EU and Australia:

- Increased exchanges on security and strategic issues including counter-terrorism;
- Deeper dialogue on development co-operation especially in the Pacific;
- Strengthening links on education and science and technology;
- Closer co-operation on environmental issues, including bilateral climate change projects;
- Pursuing common interests in civil aviation and continued cooperation on the Galileo Satellite System;
- Continued co-operation to improve the international trade environment, especially with regard to developing countries;
- Continued dialogue on migration and asylum issues.

The *Agenda for Cooperation* functioned as the guiding document for relations until 2008, when, with the Rudd Government's stated commitment to enhancing relations with Europe, Australia and the EU signed the *Partnership Framework*.

THE PARTNERSHIP FRAMEWORK (2008)

On 29 October 2008, Australia and the EU signed a *Partnership Framework*, which updated and replaced the previous two major bilateral agreements. The *Partnership Framework* sought to encourage closer practical cooperation in five areas: foreign and security policy; trade and investment; the Asia-Pacific; climate change, environment, and energy security; and science, research, technology and innovation. The *Partnership Framework* contained not only a general commitment to cooperation on a broad range of topics but specified the goals and actions to be taken in the short, medium and long term.

THE FRAMEWORK AGREEMENT (2018)

During 2010 and 2011, the EU and Australia strengthened their bilateral and high-level ministerial dialogue, including a visit to Brussels by Prime Julia Gillard in October 2010, and visits to Canberra by the EU High Representative for Foreign Affairs and Security Policy (HR/VP), Catherine Ashton, and European Commission President, Jose Manuel Barroso, both in 2011. During Prime Minister Gillard's visit she discussed with President Barroso the possibility of strengthening relations with a new treaty. She stated that 'as a nation we are seeking to have a treaty which would detail very important elements of what is a very comprehensive and strong relationship', and likened the current relationship 'to an engagement' with the aim of 'looking to get married' (cited in Kelly 2010). Prime Minister Gillard received a positive response, with the President Barroso stating that the Commission 'very much support(s) the idea of giving more important expression to the relationship between Australia and the European Union' (Barroso 2010). During the visit to Australia by HR/VP Ashton in October 2011, negotiations officially commenced with Foreign Minister Kevin Rudd. Mr Rudd stated that this marked a significant milestone in the relationship and 'opens a new phase of closer cooperation between Australia and the EU that better accommodates our broad interests and priorities' (Rudd and Ashton 2011). During his visit in September 2011, President Barroso stated that 'we must anchor our relationship for the long term, and our challenge is now to transfer our shared interests into shared treaty-level commitments and action' (Barroso 2011).

The *Framework Agreement* was concluded in 2017 and signed on 7 August 2017 in Manila by the EU's HR/VP Federica Mogherini and Australia's Foreign Minister Julie Bishop. The Agreement has been applied on a provisional basis since 4 October 2018.

The FA has for the first time brought the relationship to a treaty level. It strengthens engagement, actions and interests on bilateral, regional and multilateral issues. The Agreement establishes a 'legally-binding framework for dialogue and cooperation' on a range of issues, including economic and trade matters; research and innovation; counter-terrorism; development and non-proliferation; human rights; democracy promotion; climate change and environment; education; information society; digital economy; culture; and justice (Commonwealth of Australia and DFAT 2018, p. 2). It also strengthens the Australia-EU bilateral partnership to 'pursue international peace and to promote shared democratic values' (Commonwealth of Australia and DFAT 2018, p. 3).

This Agreement seeks to strengthen and deepen relations by identifying concrete means to work together in a closer and more effective manner. Combined with ongoing negotiations for an EU-Australia free trade agreement, it 'builds on existing solid cooperation basis and will enable the further promotion and expansion of relations between the EU and Australia' (EEAS 2018a, n.p.). The Agreement also reflects a shared commitment to strengthening the rules-based global order and enhancing global governance.

Under the FA, the EU-Australia Joint Committee was established to meet regularly and to facilitate the implementation of the Agreement. The first meeting of the Joint Committee was held in Canberra on 13 November 2018, with the second scheduled for June 2019 in Brussels. The Joint Committee supplements the growing number of high-level ministerial meetings that have been taking place. Key high-level visits since 2018 have included:

- March 2018: European Commissioner for Internal Market Elzbieta Bienkowska visited Australia and met with Australian Ministers Craig Laundy and Senator Zed Seselja to discuss collaboration on space and earth observation, small business, entrepreneurship and innovation.
- April 2018: Prime Minister Malcolm Turnbull met European Commission President Jean-Claude Juncker and European Commissioner for Trade Cecilia Malmström in Brussels to discuss the trade and security relationship, including the commencement of FTA negotiations.
- June 2018: European Commissioner Malmström visited Canberra to launch negotiations for an FTA.
- August 2018: EU HR/VP Federica Mogherini visited Australia and met with Australia's Foreign Minister Julie Bishop.
- January 2019: Australia's Trade, Tourism and Investment Minister Senator Simon Birmingham visited Brussels where he met with European Commissioner Malmström and European Commissioner for Agricultural and Rural Development, Phil Hogan.
- February 2019: Minister Senator Birmingham and Agriculture and Water Resources Minister David Littleproud met with European Commissioner Hogan to discuss the FTA negotiations.
- March 2019: European Commissioner for International Development and Cooperation, Neven Mimica, met with Senator Anne Ruston, Assistant Minister for International Development and the Pacific and Senator Claire Moore, Shadow Minister for International Development and the Pacific.

SELECTED POLICY AREAS OF COOPERATION

As reflected by the developments that have taken place within the formal bilateral agreements between the EU and Australia, the scope of the bilateral relationship has broadened beyond economic issues to cover a vast range of policy areas. As then Australian Foreign Minister Bob Carr (2012) noted, 'in the past, our relationship was focused mostly on trade and market access issues. But it has matured into a broad-based and forward-looking partnership...In many ways, our relationship is like the European project itself. It is growing, bit by bit, deeper and deeper over time'.

This section seeks to provide an overview of some of these policy areas in the relationship.

THE EU-AUSTRALIA TRADE RELATIONSHIP AND THE FREE TRADE AGREEMENT

The EU-Australia trade policy relationship has had a fraught history. In the four decades prior to the late 1990s, engagement had been characterised by strained encounters and diplomatic quarrels regarding the EU's Common Agricultural Policy (CAP). The early negative perception in Australia regarding the European Community (EC) came about for three main reasons. Firstly, Australia was a major world agricultural and agri-food exporter and sought a level playing field in international markets. The CAP both limited Australia's access to the EU market, while EU subsidies to its farmers distorted the global market for other agricultural exporters such as Australia. Secondly, until British accession to the EC, Australia had depended on the UK as a major export market for its agricultural and agri-food produce. Thirdly, the CAP's dominance of 'European' policymaking played a major role in both the EU's internal activities and in its relationships with third countries (Murray, Elijah and O'Brien 2002, p. 399). It was thus 'Australia's misfortune ... that its interests have collided with those of the EC precisely where it is most protectionist' (Richardson 1992, p. 212).

These differences consumed much of the political-level attention on both sides which prevented the relationship from expanding towards its full potential until the 1990s. The focus on the CAP as a singular issue led to 'missed opportunities' for both 'engagement in economic sectors aside from agricultural, and enhancement of cultural and social exchange' (Ward 2002, p. 187). Thus, the suggestion that the Single Market might provide opportunities for producers of other Australian goods was not received with much enthusiasm at first (Groom 1989; Murray 2005).

Despite the intense conflict on agricultural trade, the relationship reached a new stage in the 1990s. The motivations for a broader political and trade relationship were both ideational and material. Through the Uruguay Round (concluded in 1994), agriculture as a sector was brought under the remit of GATT. This marked an important step in reforming global agricultural trade and dealing with distorting policies such as CAP (Benvenuti 1999; Murray and Benvenuti 2014; Villalta Puig 2014; 2018a; 2018b). This is not to say that there are no longer challenges in two-way agri-food trade as the EU continues to impose quota restrictions on certain agricultural products and this limit sAustralia’s access to the EU market. Thus, although EU agri-food exports to Australia have steadily increased since 2008 (European Commission 2019a), Australia’s exports continue to fluctuate, with agri-food exports declining by 14.1 per cent from 2016/17 to 2017/2018 (Rural Bank 2018, p. 10). Secondly, Australian governments sought increased EU engagement to complement relations with individual member states, especially the UK. Thirdly, the two partners increased their interaction at the level of ministers, commissioners and senior officials, resulting in a strengthening of trust, mutual respect, and enhanced socialisation. There emerged a recognition of common views and the sharing of core values. Australian policy communities developed a deeper understanding of the EU as a regional trading bloc. The two interlocutors were developing a shared concern for both security (especially post 9/11) and for trade, governance and multilateralism. There has been growing bilateral engagement in areas such as climate change; development cooperation; international trade; counter-terrorism; security; law enforcement cooperation; immigration, education, science, research and innovation. Bilateral cooperation was pursued through key agreements, including the *Partnership Framework* and the recent *Framework Agreement*. Intense conflict on agriculture was accompanied by trade diversification by Australia in the Asia-Pacific and by the EU’s gradual reforms of the CAP. Thus, although memory still played a role, there were opportunities to move beyond the perception of the EU as distant, and of the relationship as being of little interest beyond the CAP and the UK. There are also differences remaining on climate change (Scott, 2018).

The EU and Australia have benefitted from the *Mutual Recognition Agreement*, signed in 1998, which ensures EU-wide accreditation of Australian certification facilities and represents an important trade-facilitation measure. The 1994 *Wine Agreement*, revised in 2008, saw the EU accept Australian wine-making practices as comparable to European practices and in return Australia adopted a system for the recognition and protection of geographical indications for wines and spirits. The Commission also agreed to remove technical barriers which had prevented the export of some Australian dessert wines. The experience of the *Wine Agreement* and the *Mutual Recognition Agreement*, as well as the extensive experience of both the EU and Australia in trade negotiations, render the relationship a mature one,

characterised by foreign direct investment services; elaborately transformed manufacture; e-commerce and collaboration in the World Trade Organization (WTO) on strengthening the liberal trading regime.

There has also been a strengthening in EU-Australia trade and investment over the years (see Tables 1 and 2). In 2017 two-way trade between the EU and Australia totalled \$101 billion (DFAT 2018b). Australia's merchandise exports to the EU for the period 2017-2018 totalled \$18,139 billion while its total import of merchandise trade from the EU amounted to \$53,860 billion (see Diagrams 1 and 2). Australia's total in trade in services with the EU for the same period (2017-2018) totalled \$11,485 billion in exports to the EU and \$22,585 billion in imports from the EU (DFAT 2018c). In addition to the EU being Australia's second largest trading partner, its third largest export destination, and second largest services market, the EU was Australia's largest source of foreign investment in 2017 (DFAT 2018b), with investment valued at \$1,087,933 trillion, and the second largest source of FDI (a total of \$188,746 billion). The EU was Australia's second largest destination of foreign investment for 2017-2018 with a total of \$612,121 billion and FDI valued at \$117,797 billion.

Table 1: Australia's Direction of Goods and Services Trade with the EU- Calendar Years (AUD million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Goods Exports	19,207	23,541	17,415	18,610	19,620	17,075	13,017	12,350	12,984	20,265	17,426
Goods Imports	41,135	49,012	40,717	39,896	42,536	43,409	43,529	45,626	46,390	48,995	50,033
Services Exports	10,331	10,399	9,860	9,532	9,549	9,892	10,415	11,092	11,781	11,593	11,633
Services Imports	12,421	14,344	14,323	16,026	16,947	17,222	18,554	19,656	21,523	20,250	21,558

Source: Department of Foreign Affairs and Trade, 2017b, Direction of Goods and Services Trade Time Series Data 1987-present. Last updated September 2017 using ABS catalogue 5368.0 and 5368.9.55.004.

Table 2: Australia's Direction of Goods and Services Trade with the EU- Financial Year (AUD million)

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012 - 2013	2013-2014	2014-2015	2015-2016	2016 - 2017	2017-2018
Goods Exports	20,468	24,062	15,945	17,879	19,835	15,056	12,470	12,476	16,293	18,991	18,156
Goods Imports	43,243	47,258	40,184	40,270	43,839	43,345	46,034	44,382	48,945	49,010	53,849
Services Exports	9,964	10,517	9,534	9,550	9,689	10,131	10,565	11,402	11,729	11,926	11,485
Services Imports	13,341	14,428	15,039	16,707	16,941	17,570	19,318	20,488	21,740	20,602	22,585

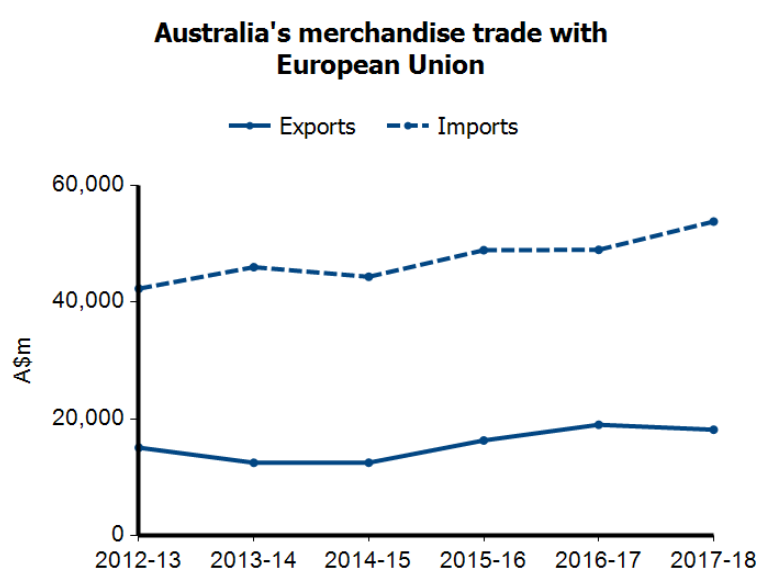
Source: Department of Foreign Affairs and Trade, 2017b, Direction of Goods and Services Trade Time Series Data 1987-present. Last updated September 2017 using ABS catalogue 5368.0 and 5368.9.55.004. Last updated April 2019 using ABS catalogue 5368.0 and 5368.0.55.003.

Table 3: EU Investment and Foreign Direct Investment in Australia (AUD million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Foreign investment in Australia	553,182	582,890	656,840	649,548	626,561	794,440	879,466	947,790	987,968	1,083,240	1,087,933
Direct Investment in Australia	135,976	127,708	144,772	133,830	137,959	144,335	148,608	155,179	154,754	173,831	188,746

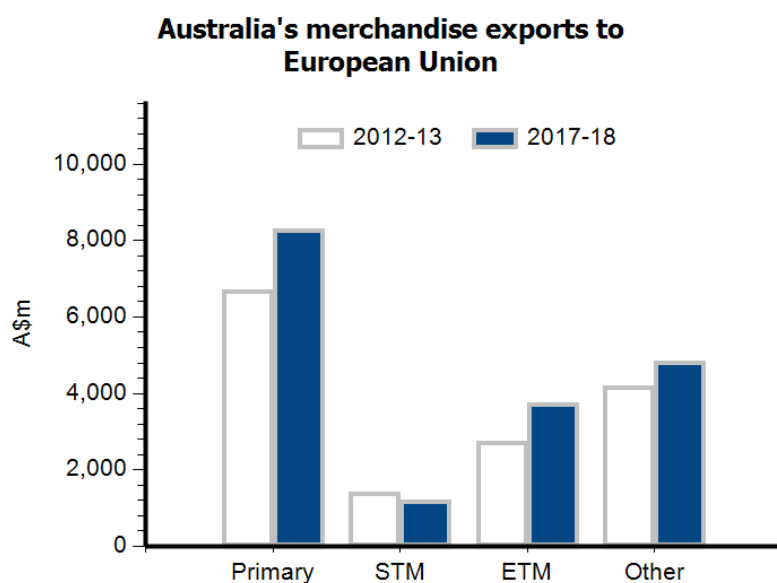
Source: Australian Bureau of Statistics catalogue 5352.0 (May 2018).

Diagram 1: Australia's merchandise trade with the EU



Source: DFAT 2018b

Diagram 2: Australia's merchandise exports to the EU



Source: DFA T 2018b

TOWARD A FREE TRADE AGREEMENT

In November 2015, the EU and Australia agreed to commence a scoping process prior to the launch of negotiations for an FTA (European Commission 2017a; Juncker, Tusk, and Turnbull 2015). Negotiations were formally launched by the European Commissioner for Trade Cecilia Malmström, the Australian Prime Minister Malcolm Turnbull and the Australian Trade, Tourism and Investment Minister Steven Ciobo in Canberra on 18 June 2018. Both Australia and the EU have a strong desire to demonstrate their commitment to the international rules-based trading system (Malmström 2018).

The commencement of an EU-Australia FTA negotiations forms part of the EU's strategy to 'shift...trade policy towards the negotiations of what the EU terms "new generation free trade agreements"' (McKenzie 2018, n.p.). This reflected the Commission EU's trade strategy in its 2015 *Trade for All: Towards a More Responsible Trade and Investment Policy* Communication (European Commission 2015, p. 32). The Communication described how 'stronger economic ties' with Australia would provide the EU with 'a solid platform for deeper integration with wider Asia-Pacific value chains.' This was also articulated by Malmström when the FTA was formally launched. In particular, she stated that 'having trade agreements with Australia and New Zealand would provide EU businesses with a valuable entry point into the wider Asia-Pacific region' (European Commission 2018a, n.p.). The Commission's *Trade*

for All Communication also made the case that it was important that the EU be able to deliver jobs and growth by tackling trade and investment barriers and future FTAs were important avenues through which to achieve this. This was also flagged by Malmström who said that the FTA ‘will boost economic opportunity for businesses, both big and small, and create jobs’ (European Commission 2018b). Agricultural issues will continue to feature in the negotiations, given concerns of agricultural groups (Bellora and Guimbard 2016; European Parliament 2017; Drake-Brockman and Messerlin 2018).

Both the EU and Australia have portrayed the FTA as beneficial to their citizens and business sector. The Commission has affirmed that an FTA with Australia would provide a new opportunity for the two interlocutors to enhance trade and investment flows by reducing existing barriers, although the EU has insisted that the outcome must take account of its agricultural sensitivities (European Commission 2017b, p. 13). A trade agreement with Australia would also provide EU companies with a level playing field vis a vis Australia’s other FTA partners, and allow EU firms, particularly smaller ones, to have access to new export opportunities (DFAT 2018b). The Australian Government has argued that an FTA would provide Australian exporters with a competitive edge and would provide Australian businesses with access to a larger export market. The Australian Government seeks an FTA with the EU as it ‘has the potential to open up a market for Australian goods and services of half a billion people and a GDP of US\$17.3 trillion’ (DFAT 2018b). Australian consumers and companies stand to benefit from a free trade deal with the EU, through greater access to goods and services at lower prices (see Drake-Brockman 2018).

Although the trade and investment relationship has both deepened and broadened in recent decades, there remains some key disagreement among observers and politicians, which are particularly evident in the current FTA negotiations. Agriculture market access will be a difficult issue. Other areas that will present challenges include those pertaining to trade remedies; government procurement (Hoekman 2018); regulatory cooperation (Mumford 2018); sanitary and phytosanitary (SPS) measures; and the EU’s Geographical Indications demands. To be successful, the negotiations will need to find solutions that are acceptable to both parties. Our second policy report will provide an update on aspects of the

FTA negotiations. The summaries of the three rounds of negotiations on the FTA are available on the Australian Government and European Commission websites.³

SECURITY COOPERATION

Since the 9/11 terrorist attacks on the USA, the EU and Australia have sought to enhance their security engagement in law enforcement; counterterrorism; data sharing; the promotion of peace and stability; and crisis management (Matera and Murray 2018, p. 185). This engagement has been reflected through the signing of agreements and increased dialogue. Although the nature of their engagement has varied in intensity both across different security issues and across time periods, the measures taken represent an increasing recognition of shared interests within the security sphere.

In February 2007, Australia (the Australian Federal Police) and EUROPOL (the EU's law enforcement agency), signed an operational agreement to facilitate the exchange of strategic and operational information (including personal data). This Agreement came into effect in September 2007, and exchange of information commencing in February 2008. The Agreement aims to assist in combined efforts to deal with terrorism and transnational crime such as trade in humans, illegal immigrant smuggling and unlawful drug trafficking.

The interlocutors have also signed a *Passenger Name Record (PNR) Agreement* which came into force in June 2012. The PNR Agreement allows for information about travelers flying into Australia on airlines using EU-based IT service providers to be disclosed to Australian Customs officials. This represents an important mechanism in 'the context of preventing, detecting, investigating and prosecuting terrorist offences or serious transnational crime' (Australian Government and European Union 2018, Art. 34.3).

Within the broader area of security engagement, a series of important agreements have been signed. In January 2010 Australia and the EU signed an *Agreement on the Security of Classified Information*, which allows for the exchange of classified information with the objective to 'strengthen bilateral and

³ <https://dfat.gov.au/trade/agreements/negotiations/aeufta/Pages/default.aspx> and <http://ec.europa.eu/trade/policy/in-focus/eu-australia-trade-agreement/>

multilateral dialogue and cooperation in support of shared foreign security policy and security interests' (Australian Government and European Union 2010).

In 2015, Australia and the EU signed a *Framework Partnership Agreement on Crisis Management*. Australia can participate in the EU's Common Security and Defence Policy's (CSDP) civilian and military operations (Matera 2018). The conclusion of the agreement reflects a recognition of their mutual security concerns and interests in such areas as counter-terrorism, counter-piracy, tackling the consequences of failing states and capacity-building (Matera and Murray 2018, p. 186). It also reflects that fact that both the EU and Australia are engaged in the same theatre of operation. Australia has participated in two CSDP mission: a capacity building mission EUCAP Nestor in the Horn of Africa to assist with developing self-sustaining capacity for enhance maritime security and more recently, it has committed an official to take part in the EU Advisory Mission in Iraq.

Since 9/11, there has been a growing convergence on interest in countering terrorism by both the EU and Australia. They have identified terrorism as a significant threat to peace and stability within their own societies and to regional and global security. Several EU member states and Australia have experienced the destructive effects of terrorist acts against their citizens at home and abroad (e.g. the attacks on the Australian embassy in Jakarta and the bombings in Bali; Madrid; London; and Paris, and the so-called lone wolf attacks in Melbourne; Nice; Berlin; and Strasbourg). The EU and Australia have collaborated at the bilateral, regional and multilateral levels to tackle terrorism. The first EU–Australian Counter Terrorism Dialogue was launched in Brussels in November 2014. It was agreed in April 2015 to intensify the dialogue to counter the activities of terrorist groups such as ISIL/Daesh and to address the growing challenge of foreign terrorist fighters, especially in countering violent extremism field. Within the FA, they are committed to working together to find effective ways to 'fight against terrorism in full respect for the rule of law and human rights' (Australian Government and European Union 2018, Article 9.1). EU-Australia engagement in this area supplements the extensive bilateral collaboration that takes place between Australia and individual EU member states in this field.

RESEARCH AND EDUCATION

Universities and research institutes in Australia regularly exchange knowledge, talent and academic expertise with their counterparts across Europe. Europe is the most significant academic partner for Australia in this area, well ahead of Asia and the US in established knowledge-based relationships. There are extensive staff and student mobility programmes and research projects and networks across

Australia and the member states of the EU. Engagement with the EU's research programmes ranges from the Seventh Framework Programme (FP7), the Erasmus+, Horizon 2020, the development of the next Framework Programme due to commence in 2021 (Horizon Europe) and through closer engagement with the European Research Council (ERC). In addition, such strong cooperation has resulted in some 30,000 publications in 2017 involving EU and Australian authors (EEAS 2018a). The Australian government (DFAT) has recognised the EU as

A world leader in research and innovation, responsible for 21 per cent of world expenditure on research and 35 per cent of the world's scientific publications. The evolving global research environment provides opportunities for deeper forms of collaboration between Australia and European research institutions. Australia is already the EU's fourth highest non-EU collaborator in research and innovation (Commonwealth of Australia and DFAT 2018, p. 3).

The EU and Australia have recognised the importance of research, science and innovation in creating the jobs and investment that underpin inclusive, smart and sustainable growth (EEAS 2018a).

SCIENCE, TECHNOLOGY AND RESEARCH

In 1994, the EU and Australia signed the first Scientific and Technical Agreement between the EU and an industrialised country. Through the Joint Science and Technology Cooperation Committee (JSTCC), the EU and Australia have been able to identify and monitor their research collaboration. At the 2016 JSTCC meeting officials from the EU and Australia agreed on the need to improve the frameworks to facilitate cooperation and identified core thematic priority areas (International Bioeconomy Forum, research infrastructure, health, earth and marine observations and metrology).

In 2017, the European Commission's 'Roadmap for EU-Australia S&T (Science and Technology) Cooperation' sets out an ambitious program for enhanced research collaboration in these areas as well as identifying areas for further collaboration. This Roadmap was updated in 2018 (European Commission 2018d; see also Matera and Murray 2018, p. 188). This is underpinned by the bilateral science treaty. In addition, the FA commits the EU and Australia to enhance cooperation on 'all areas of civil research and innovation, including but not limited to... the strengthening research mobility between Australia and the Union' (Australian Government and European Union 2018, Art.41.4.c.).

With the release of the Horizon 2020 work programme for 2018-2020, Australia and the EU enhanced their cooperation various projects. For example within the area of ocean research the Mesopelagic Southern Ocean Prey and Predators (MESOPP) project seeks to develop e-infrastructures linked to ocean research (see <http://www.mesopp.eu/> for details).

The EU and Australia have an extensive track record in cooperating within the area of Health. Initiatives such as the National Health and Medical Research Council (NHMRC) – EU Collaborative Research Grant Scheme has facilitated collaboration through co-funding in health and medical research. Under this scheme funding is provided to assist Australian researchers' participation in Horizon 2020; and to support health and medical research that is of benefit to Australia (see NHMRC website for a full list of grants funded). Australia has also participated in consortiums dealing with rare, chronic and infectious diseases (International Rare Disease Research Consortium; Global Alliances for Chronic Disease, the Global Research Collaboration on Infectious Disease Preparedness).

In 2018 the EU and Australia launched a new initiative that would provide opportunities for Australian researchers to carry out research visits to facilitate the exchange of ideas and experiences in order to produce cutting-edge science collectively with teams funded by the ERC. The NHMRC became the twelfth research agency to take part in this initiative. This was followed in early 2019 with an agreement that enables top researchers from Australia to join research teams funded by the ERC. The agreement aims to promote Australian Research Council (ARC)-funded researchers to conduct research trips to Europe, where they will temporarily join ERC-funded teams. To date, 48 Australian researchers based in Europe have been awarded ERC funding (EEAS 2019a). In addition, the ERC will open its Synergy Grants (which is one of the four core grants schemes offered by the ERC) to applicants based at host institutions outside the European Research Area from 2019, allowing Australian researchers to undertake phases of their research at a European institution.

Cooperation between some of Australia's key government research organisations and the EU have also developed and strengthened over the years. These have included agreements with such research organisation as the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Geoscience Australia. For example in 2015 the European Commission and the Australia government signed an agreement to provide Australia access to satellite data through Copernicus, the EU's Earth Observation and Monitoring programme. In March 2016, the European Space Agency (ESA) and Australia's national geological survey, Geoscience Australia, agreed to cooperate on making data from the EU's Sentinel Satellites accessible in Southeast Asia and the South Pacific. This agreement strengthens the partnership of the Australian Government and European Commission on the EU's Copernicus Earth observation programme. The data accessed from the Sentinel satellites will be managed through a consortium with CSIRO and Australian state governments. Copernicus and its rapid

mapping model to provide with real time mapping of the Townsville floods in Queensland in February 2019 to assist Australian emergency services to monitor the situation and support the safety of people in Townsville (European Commission 2019b).

Among the activities supported by Horizon 2020, the Marie Skłodowska-Curie actions provide grants for all stages of researchers' careers from doctoral candidates to highly experienced researchers and encourage transnational, inter-sectoral and interdisciplinary mobility. Around 600 Australians researchers have been involved in these actions since 2007 (EEAS 2018a)

Under the Erasmus + Program, researchers have been successful in receiving funding through the Jean Monnet activities which seeks to develop EU studies worldwide. In 2018, eleven applications were selected for EU funding for Jean Monnet projects and networks in Australia (European Commission 2018c).

As opportunities for research collaboration developed, Australia and the EU jointly funded and launched in 2000 the Forum on European–Australian Science and Technology (FEAST). FEAST provided practical advice and support to Australian and European researchers seeking to develop their research collaborations while also promoting discussion on possible new approaches to foster a truly international research and innovation system. This initiative came to an end in 2012. In 2012 a new project, Connecting Australian-European Science and Innovation Excellence (CAESIE), was funded as part of the Framework Programme 7 (FP7) and built what FEAST had achieved. CAESIE focused on enhancing science and technology collaboration between Europe and Australia by facilitating opportunities for European and Australian researchers and small and medium-sized enterprises (SMEs) to collaborate in research programmes across three priority areas: clean energy, healthy ageing through enabling technologies, and sustainable cities. The initiative ran from October 2012 to December 2015 with an overall budget of €2 711 670,86. One of the main achievements of CAESIE was the *Priming Grants*, small travel grants funded largely by the Australian government which allowed European and Australian researchers to connect with SMEs in both Europe and Australia. A total of 62 Priming Grants were awarded covering 17 EU member states (Stähle and Rücker 2016).

The EU has also supported the establishment of EU Centres in Australia. First established in 2000-01, the original core objectives of the EU Centre initiative were to give impetus to European Studies and to raise awareness of the EU in the wider public. Although this program is no longer funded by the EU, the

scheme has been important in helping to establish new or consolidate existing EU Centres specialising in EU studies at a number of universities around Australia.

In 2017, the EU-Australian Leadership Forum was officially launched with the objective of broadening and deepening the bilateral relationship and help shape the vision for the future partnership. The project, funded by a EUR 2 million (close to AUD 3 million) grant from the European Commission, covers the period 2016 to 2019. The core elements of the project – the first Senior Leaders’ Forum and Emerging Leaders’ Forum – were held in Sydney on 2-6 June 2017. The second event was held in Brussels on 18-22 November 2018 (Conley Tyler and Mochan 2017; EU-Australia Leadership Forum 2018).

EDUCATION AND TRAINING

Bilateral cooperation in education was initially underpinned by the 2007 *Joint Declaration on Cooperation in Education and Training*. This provided opportunities for tertiary students to move between institutions in Australia and Europe, promoting greater compatibility between education systems, and policy dialogue and cooperative projects between higher education and vocational institutions in the EU and Australia.

The EU and Australia undertook a comparative study on the Qualifications Frameworks examining the impact of qualification frameworks on student mobility and whether qualification frameworks could bring about closer international cooperation in the area of qualification recognition. The 2016 joint Australia technical report on the ‘Comparative Analysis of the Australian Qualifications Framework and the European Qualifications Framework for Lifelong Learning’ set to enhance mobility between Australia and Europe by improving mutual understanding of mutual qualifications frameworks (Australian Government Department of Education and Training and European Commission 2016, p. 2). The Australian Qualification Framework (AQF)/European Qualification Framework (EQF) remains a topic of dialogue between the two interlocutors and involves the active participation of universities. The comparative study constitutes an important aspect of international engagement and aims to promote ‘greater student, academic and provider mobility across regions’ (Australian Government Department of Education and Training and European Commission 2016, p. 2).

When it comes to student exchanges, Europe is a popular destination for Australian students. Some 31 per cent of Australian students choose Europe ‘as their preferred destination for their international education experience, second only to Asia at 41 per cent’ (Commonwealth of Australia and DFAT, 2018, p.3). Over 45,000 students from the EU studied in Australia in 2017 (DFAT 2018b).

DEVELOPMENT COOPERATION AND ENGAGEMENT

Both the EU and Australia are important development aid providers within their respective regions and beyond. They have also partnered in delivering assistance. In 2009, the EU agreed to ‘untie’ its aid program to allow Australian and other foreign providers to bid for aid project contracts, an act that had been undertaken by Australia in 2006 (Matera and Murray 2018, p. 187). Since 2011, the EU and Australia have also worked together through delegated cooperation arrangements, which has assisted Australia to deliver EU aid in the Asia-Pacific region (Murray 2010). Australia became the first non-European donor to sign such an arrangement. After Australia and Japan, the EU is the largest donor to the Pacific, with funding reaching 900 million euros for 2014-2020 (EEAS 2019b). The EU and Australia cooperate on implementing the United Nation’s 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). At the most recent Development Dialogue meeting in February 2019, both parties ‘agreed to work closely to support partner countries to implement’ the SDGs (European Commission 2019c n.p.). The FA commits the EU and Australia to further strengthen development assistance coordination through regular dialogue on development cooperation and exchange of views and information (Australian Government and European Union 2018, Art. 12).

The EU and Australia have held three meetings under the auspices of the EU-Australia Development Dialogue. The most recent dialogue on 6 February 2019 witnessed ‘strong commitment to the international rules-based order, the international norms and institutions that support security, growth and development and the promotion of collective responses to global challenges’ (DFAT and European Commission 2019, n.p.). Australia and the EU agreed on the importance of ‘strengthening their cooperation and coordination on sustainable development’ in the Indo-Pacific region, including ways to support investment in areas of shared interest. The dialogue offers an opportunity to share and exchange their approaches to infrastructure financing and connectivity; identifying areas of compatibility between Australia and EU policies and ‘agreed to actively explore scope for further cooperation, including on gender equality and ending violence against women and girls’ (DFAT and European Commission 2019, n.p.). Both the EU and Australia have commenced initiatives in the Pacific aimed at improving connectivity, economic infrastructure and financing to promote sustainable economic development in the region. Through the EU’s Electrification Financing Initiative (ElectriFI),

the EU is seeking to increase financing for renewable and sustainable energy with the goal to increase access to energy for populations living in rural, under served areas. The Australian Government's Pacific Step-Up initiative aims to develop better economic infrastructure in the region through the Australian Infrastructure Financing Facility for the Pacific and the Export Finance and Insurance Corporation (Efic). Moreover, they have exchanged views on how to achieve 'effective and sustained engagement' by the private sector in development, including also ways of promoting new forms of development finance (DFAT and European Commission 2019, n.p). The next development dialogue will be held in Australia by 2020.

In 2019, European Commissioner for International Development and Cooperation, Neven Mimica, visited Australia. The visit was marked by a commitment to strengthen on 'private sector investment and infrastructure, climate change and gender equality in the Pacific' (EEAS 2019b, n.p.). Commissioner Mimica stated that that:

The EU and Australia are working closely to meet shared global responsibilities. We must fight against poverty and team up to catalyse private sector engagement for development, build up climate resilience, sustainable energy and end violence against women and girls (EEAS 2019b, n.p.).

Australia's Assistant Minister for International Development and the Pacific Anna Ruston reaffirmed the shared commitment to 'working together to ensure aid is effective' in the Pacific (EEAS 2019b, n.p.).

MULTILATERAL ENGAGEMENT

In addition to the bilateral engagement across several policy sectors, the EU and Australia share an interest in promoting and protecting core values such as free trade, a rules-based and liberal international order, and international peace and security. The EU and Australia have often been described as are 'like-minded partners with strong beliefs in common democratic values and a shared commitment to a ruled-based order' (Wiegand 2018, p. 17). They have worked together on these shared issues at global and regional level.

Australia and the EU support the global economic order by promoting a rules-based international system. However, the adoption of a protectionist and 'America First' global trade strategy by the US administration and China's rise, including its use of the Belt and Road Initiative have led to some concern that the rules-based order is being replaced by a 'power-based one' (Wiegand 2018, p. 17).

the EU and Australia continue to cooperate and exchange views on global and regional economic and financial matters through multilateral institutions, such as the G20, WTO, Organisation for Economic Cooperation and Development (OECD) and numerous other agencies.

The EU and Australia have been active participants in the G20 including in tackling financial insecurity, reducing trade barriers and encouraging growth through investment and development. Support for the G20 constitutes a core element of Australia's strategy for international engagement which includes both a commitment to maximising investment and trade opportunities for Australian businesses through open markets and the promotion of a rules based global order that ensures the stability and prosperity that are needed to enable cooperation to tackle challenges states cannot deal with alone (Adamson 2017). In 2014, the EU's G20 representative Antonio Jose Cabral made the assessment that the 'EU and Australian priorities fit very well because one of the values of the G20 is that it allows us to reach cooperative solutions. This adds value to the agreements reached. It allows problems to be shared and discussed' (cited in Pollock 2014, p. 8).

The EU-Australia relationship has matured within the WTO. They both support the growth in reach and effectiveness of the multilateral trading system by liberalising trade, further reducing tariffs for goods, and reducing 'behind the border barriers to services and investments. They both acknowledge that while the WTO is not perfect, there is a need to 'address the shortcomings of the WTO by enhancing and improving the institution rather than abandoning or destroying it' (Birmingham 2019). It has been noted that 'trade in services is where the real bilateral growth activity is taking place. It is also where the negotiating effort should focus' (Drake-Brockman 2018, p. 19). A noted trade expert also commented that the 2017 Foreign Policy White Paper

foreshadowed a fundamental reinvigoration in Australia's approach to trade in services, including in the context of the digital economy. It identified Australia's education services providers (the world's third largest education exporters) and Australia's research and development (R&D) services providers as among Australia's core national strengths (Drake-Brockman 2018, p. 19-20).

Australia's Minister for Trade, Tourism and Investment, Simon Birmingham (2019), reaffirmed the 'need for the EU and Australia to work hand-in-hand to strengthen the international rules-based trading system.' Australia joined the EU and an alliance of 13 countries to sign a joint Ministerial Communiqué on WTO which was adopted at the Ottawa ministerial meeting in October 2018, to work on reforms to the WTO, including its dispute settlement mechanism, as well as to reinvigorate the WTO's negotiating function and ensure effective monitoring and transparency.

REGIONAL ENGAGEMENT

Cooperation in the Asia-Pacific (referred to as the Indo-Pacific in the *2017 Foreign Policy White Paper: Opportunity, Security, Strength*) forms an important part of the broadening of relations since the late 1990s. An important focus for Australia has been to ensure that the EU ‘continues to engage constructively in the Indo-Pacific region’ (Commonwealth of Australia and DFAT 2018, p. 3). Australia has an interest in working with the EU to ‘enhance, security, stability and good governance and to improve the coordination of development cooperation’ in the region (Commonwealth of Australia and DFAT 2018, p. 3). During the first Joint Committee meeting in Canberra in November 2018, Australia outlined its vision for ‘an open, prosperous and inclusive Indo-Pacific region’ (EEAS 2018b, n.p.).

The EU has undertaken an increasingly more active approach to the region, especially following the US’s rebalancing under the Obama administration. It has sought greater strategic engagement with the region, including as a security actor, through deeper support for ASEAN’s regional architecture and economic process, and human rights dialogues (Mogherini 2015; Matera and Murray 2018, p. 186). The EU’s strategy of focusing on the region’s trade and security issues complements its extensive development aid and humanitarian assistance.

Australia and the EU cooperate on regional issues through their membership and participation in a number of regional forums (Yencken 2015). The FA commits the EU and Australia to cooperate in regional and international organisations (Australian Government and European Union 2018, Art. 10). Though the Asia Europe Meeting (ASEM), which Australia joined in 2010, opportunities exist for intensified cooperation. The 12th ASEM Summit in Brussels in October 2018 focused on the rules-based international order, trade liberalisation, multilateralism, promoting gender equality and pressing security challenges. North Korea, Iran, maritime security, counter-terrorism, and cyber security were key issues discussed. There is considerable potential for the EU and Australia to engage in minilateralism and issue-based niche diplomacy (Murray 2010).

The EU and Australia have identified the issue of connectivity in the Pacific (see the section on Development cooperation in this report) as an area for further collaboration. In this area, the EU and Australia can work together in the Asia Pacific region more broadly. For the EU, connectivity has become an important focus for developing its ties within the Asia Pacific. In 2018 it released its EU-Asia Connectivity Strategy, in which greater connectivity will contribute ‘to economic growth and jobs, global competitiveness and trade, and people, goods and services to move across and between Europe

and Asia' (European Commission and High Representative of the Union for Foreign Affairs and Security Policy 2018, p. 1). Strengthening connectivity also was discussed at the ASEM meeting in October 2018.

Australia and the EU also cooperate on regional issues through the ASEAN Regional Forum (ARF), an important forum for security dialogue and cooperation in the Indo-Pacific region, and 'Australia and the EU have a substantial track record of working together in this forum' (Commonwealth of Australia and DFAT 2018, p. 5). For example, Australia and the EU have worked together on Inter-sessional Meeting on Maritime Security which the EU and Australia co-chair with Viet Nam and the Workshop on Enhancing Regional Maritime Law Enforcement Cooperation. These forums have facilitated the exchange of delegates' views on regional maritime security, and the sharing of information on policies applied at their respective national levels. During the Workshop the Commission representative reaffirmed the EU's commitment to ensuring security in Asia, with maritime security a central priority (Voice of Vietnam 2019). During the ARF Inter-Sessional Meeting, delegates continued to emphasise the importance of ensuring security, safety and freedom of navigation and aviation in the region (Vietnam Law and Legal Forum Magazine 2019).

The EU has recognised Australia's growing expertise on the Asia-Pacific. Australia as a member of the East Asia Summit (EAS) could prove to be an important ally as the EU seeks EAS admission. The EU has argued in the past in favour of membership of the EAS as a step to promoting collaboration on shared security concerns in the region (Matera and Murray 2018, p. 186), but there is not, as yet, a consensus regarding this request within the EAS.

SOME CONCLUDING CONSIDERATIONS

The recent steps to develop a deeper and more comprehensive Australia-EU relationship have been significant. Significant progress has been made in reaching the current level of engagement which suggests that a focus on cooperation and dialogue and an incrementalist approach to building tangible joint projects can all bear fruit (Murray 2018). Growing recognition of shared interests regarding the support for democracy and the rule of law, multilateralism, global and regional threats, underpinned by shared values, have been important for deepening relations over the last two decades. HR/VP Mogherini stated that 'Europe and Australia are geographically very far apart, but we work together on a daily basis on the global stage, as like-minded partners and friends' (EEAS 2017, n.p.) This was reinforced by former Foreign Minister Julie Bishop who emphasised that, 'Australia and the EU are

natural partners. We share common values and cultural heritage and are committed to free and open markets' (EEAS 2017, n.p.).

Australia and the EU are resolved to reach a comprehensive FTA that will deliver mutual benefits in an era global trading tensions and protectionist trends. An emphasis on demonstrating how their trade objectives support a rules-based liberal trading order have helped the EU and Australia to focus on shared and common values and perspectives as a way to maintain a constructive approach to ensuring that the relationship is comprehensive and includes trade, but also goes beyond this to cover political and security relations. Three rounds of FTA negotiations have been conducted to date, revealing both areas of consensus and issues where efforts will be required to reach agreement. The negotiating agenda includes regulatory issues (Messserlin and Parc 2018); services (Drake-Brockman 2018) and related issues, as indicated above.

The decision of the UK to leave the EU has implications for both the UK's relationship with the EU and its relationship with third countries such as Australia. Although the UK is the largest European export market in goods and Australia's fifth largest two-way trade partner in goods and services, its overall share of Australia's two-way trade only accounts for 3.5 per cent (DFAT 2018d) and thus only represents a small overall percentage of Australia's trade (Allison-Reumann, Matera and Murray 2018). Australia has indicated a willingness to develop a future trade relationship with the UK after it has left the EU. The Australian Commonwealth Parliament (2017) undertook a public inquiry and issued an interim report on the implications of Brexit for Australian Relations with the UK and the EU. The EU's Ambassador to Australia, Michael Pulch, has stated that, 'I wouldn't want to say that Brexit is an opportunity. I think Brexit is by and large a disruptive element. But when it comes to Australia, there's probably a silver lining, and that silver lining is that this country has realized how important the EU has become over time, and that has probably helped us also to strengthen relations' (cited in Eder 2019, p. 1). However, it has been pointed out that 'the UK clearly provides a disproportionate amount of the benefits of an Australia-EU FTA in a number of key sectors (Winters 2018, 70).

Both Australia and the EU seek to tackle contemporary challenges through international cooperation and multilateral frameworks such as the UN, the WTO, the G20, the OECD and ARF. The need for like-minded partners to tackle global challenges has not been reduced with the imminent British exit.

The EU and Australia will continue to collaborate in security threats assessment and through development aid and governance support in Asia and the Pacific. They will continue to use non-military means to tackle problems of instability in the region. Neither will be the most important strategic partner for the other, but they will continue to retain a commitment to cooperate in the Asia Pacific – in regional forums, in ASEM, in support for the Pacific and other dialogues. ASEM can be a useful forum for their strategic and security interests.

The negotiation and positive implementation of the FA are promising of deep engagement. The current negotiations on the FTA are ongoing, with a fourth round of negotiation due to take place in June 2019. There is considerable mutual sharing of views on multilateralism, ASEM, global governance, the Asia Pacific/Indo-Pacific, the WTO and trade liberalisation. The impact of Brexit is yet to be fully felt by the UK, the EU and external interlocutors like Australia. The UK and Australia are engaging in regular discussions on a range of options (DFAT 2018e). More broadly, both mega-regional agreements and global value chains will feature in the considerations of the negotiations of the EU-Australia FTA (Pomfret and Sourdin, 2018).

There is more common ground than ever before and less perception of the tyranny of distance. Yet there is scope for more engagement, especially in multilateral forums and global governance. There is an upward trajectory of cooperation across policy areas and shared concerns in multilateral contexts and in the Asia-/Indo-Pacific region. Mutual recognition of each other's strengths is a hallmark of engagement.

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APPENDIX

APPENDIX 1: CHRONOLOGY OF KEY STAGES IN AUSTRALIA–EU RELATIONS.

Year	Stages in Australia-EU Relations
1962	March 8. Australia's first Ambassador to the European Communities, Sir Edwin McCarthy, CBE, assumed office in Brussels.
1968	Agreement between Australia and the EU negotiated under Article XXVII (5) of GATT.
1973	UK joined the European Economic Community
1974	Agreement to hold informal consultation at official level
1975	Agreement between the EEC and Australia negotiated under Article XXVIII of the GATT. Modification of the Common Customs Tariff on lead and zinc.
1976	Commencement of ministerial consultations between the European Commission and Australia
1977	June. PM Malcolm Fraser visited the Commission. Proposed to Commission President Roy Jenkins that the informal discussions be transformed into regular high-level consultations between EC and Australia.
1979	Council of Ministers approves directives on an EC-Australia agreement on the transfer of nuclear materials
1981	Permanent Delegation of the Commission of the European Community established
1981	First round of ministerial meetings
1982	Euratom-Australia agreement on transfers of nuclear materials
1985	In February Australian Prime Minister Bob Hawke visits Brussels to meet the new President of the Commission, Jacques Delors
1986	Australia PM Bob Hawke visits Brussels
1994	Agreement on Scientific and Technical Cooperation signed
1994	Signature of the European Community-Australia Wine Agreement
1995	Exchange of letters between the European Commission and Australia suggesting a Framework Agreement to achieve common goals
1996	First and only round of negotiations on the Framework Agreement
1997	Negotiations on proposed Framework Agreement stalled
1997	Joint Declaration signed
1998	Euratom/Australia Cooperation Agreement
1998	First Australia-EU Troika Talks on Asia held in Brussels
1998	Mutual Recognition Agreement: Conformity Assessment, Certification and Markings
2002	EU-Australia Consumer Protection Agreement signed in Brussels. Australia PM John Howard visits Brussels and meets the full College of Commissioners
2003	Agenda for Cooperation signed
2007	Agreement on Operational and Strategic Cooperation between Australia and the European Police Office
2007	Joint Declaration on Cooperation in Education and Training
2008	EU-Australia Partnership Framework
2008	Agreement on Trade in Wine
2009	Revised EU-Australia Partnership Framework signed
2010	Agreement on the Security of Classified Information signed
2010	New Wine Agreement between Australia and the EU entered into force
2010	Australia attended the Asia-Europe Meeting in Brussels
2011	Launch of negotiations on a Framework Agreement and Crisis management Agreement

Year	Stages in Australia-EU Relations
2011	Agreement on the processing and transfer of Passenger Name Record data
2011	Agreement on Delegated Development Aid Cooperation
2013	First visit to the EU by an Australian Governor-General
2014	EU-Australia Counter-Terrorism Dialogue meetings commenced
2014	Minister for Foreign Affairs Julie Bishop and European Commissioner for Development Andris Piebalgs sign Delegated Cooperation Agreement
2015	Framework Partnership Agreement on Crisis Management signed
2015	Agreement to commence negotiations for a Free Trade Agreement
2016	Launch of the EU-Australia Leadership Framework
2017	Signature of the Framework Agreement
2017	Scoping exercise on Free Trade Agreement
2018	May. The Council of the EU authorise the opening of negotiations for an EU-Australia trade agreement June. Negotiations for an EU-Australia FTA are formally launched July. The first round of FTA talks is held in Brussels. November. Second round of FTA negotiations held in Canberra.
2018	August. HR/VP Federica Mogherini visited Australia and met with Foreign Minister Julie Bishop.
2018	October. The Framework Agreement is provisionally applied
2019	EU-Australia Agreement for ARC researchers to join teams funded by the ERC.
2019	March. The third round of FTA negotiations is held in Canberra

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Philomena Murray is Professor in the School of Social and Political Sciences at the University of Melbourne. She was the Research Director on Regional Governance in the EU Centre on Shared Complex Challenges at the University of Melbourne. From 2000 to 2009 she was Director of the Contemporary Europe Research Centre, Jean Monnet Centre of Excellence. She holds Australia's only Personal Jean Monnet Chair (*ad personam*) awarded by the European Union. She received a national Carrick (Australian Learning and Teaching Council) Citation for Outstanding Contribution to Student Learning for pioneering the first European Union curriculum in Australia and for leadership in national and international curriculum development. She is an assessor for the Australian Research Council and has been an assessor for the European Research Council and other European research bodies. A former diplomat, she has run training courses on the EU for the Department of Foreign Affairs and Trade in Canberra. She is a media commentator on national and international TV and radio.

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Her research interests are in comparative regional integration; EU-Asia relations; EU-Australia relations and EU governance and legitimacy. She has published 33 peer-reviewed articles and 44 chapters. She has edited or co-edited 7 books, single-authored one book and co-authored one book, and written 31 reports and 14 training manuals for external stakeholders.

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