EU-AUSTRALIA RELATIONS: SYNERGIES AND SHARED CONCERNS

Edited by Margherita Matera and Philomena Murray
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# List of Abbreviations

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<tr>
<td>ACP</td>
<td>African, Caribbean and Pacific</td>
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<tr>
<td>APCCAP</td>
<td>Australia Pacific Climate Change Action Program</td>
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<td>ARF</td>
<td>ASEAN Regional Forum</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>AUKLF</td>
<td>Australia-UK Leadership Forum</td>
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<td>AUKMIN</td>
<td>Australia-UK Ministerial Dialogue</td>
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<td>CAP</td>
<td>Common Agricultural Policy</td>
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<tr>
<td>CPTPP</td>
<td>Comprehensive and Progressive Agreement for Trans-Pacific Partnership</td>
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<td>CSDP</td>
<td>Common Security and Defence Policy</td>
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<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
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<td>DFAT</td>
<td>Department of Foreign Affairs and Trade</td>
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<td>EDF</td>
<td>European Development Fund</td>
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<td>EEAS</td>
<td>European External Action Service</td>
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<td>EEC</td>
<td>European Economic Community</td>
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<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<td>ETS</td>
<td>Emissions Trading System</td>
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<td>EU</td>
<td>European Union</td>
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<td>EUAM</td>
<td>European Union Advisory Mission</td>
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<td>EUCAP</td>
<td>European Union Mission on Regional Maritime Capacity Building</td>
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<tr>
<td>FPA</td>
<td>Framework Participation Agreement</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GHG</td>
<td>Greenhouse gas</td>
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<td>GVC</td>
<td>Global value chain</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>HR/VP</td>
<td>High Representative of the Union for Foreign Affairs and Security Policy/ Vice-President of the Commission</td>
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<td>IOM</td>
<td>International Organisation for Migration</td>
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<td>MFN</td>
<td>Most favoured nation</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<tr>
<td>NDC</td>
<td>Nationally Determined Contribution</td>
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<td>NTBs</td>
<td>Non-tariff barriers</td>
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<td>NTS</td>
<td>Non-traditional security</td>
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<td>OECD</td>
<td>Organisation for Economic Development and Cooperation</td>
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<td>PESCO</td>
<td>Permanent Structured Cooperation</td>
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<td>PPB</td>
<td>Pacific Patrol Boat Program</td>
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<td>PTA</td>
<td>Preferential Trade Agreement</td>
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<td>RCEP</td>
<td>Regional Comprehensive Economic Partnership</td>
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<td>SEA</td>
<td>Southeast Asia</td>
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<td>SPREP</td>
<td>Secretariat for the Pacific Regional Environment Program</td>
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<td>SSR</td>
<td>Security Sector Reform</td>
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<td>TiSA</td>
<td>Trade in Services Agreement</td>
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<td>TPP</td>
<td>Trans-Pacific Partnership</td>
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<td>TTIP</td>
<td>Transatlantic Trade and Investment Partnership</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Contributors

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Dr Isaac Kfir is Deputy Director of the Defence, Strategy and National Security program and Head of the Counter-terrorism policy centre at the Australian Strategic Policy Institute. He previously held positions at Tokyo International University (2016-2017), Syracuse University (2009-2016) and the Interdisciplinary Centre Herzilya in Israel.

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Dr Lachlan McKenzie completed his PhD at the University of Melbourne in 2016. In 2013, he studied as part of a postgraduate fellowship at the European University Institute in Florence. He has sat on the editorial boards of the *Contemporary European Studies Association of Australia* journal and the *Melbourne Journal of Politics*. Lachlan’s PhD explored the EU’s public policy, and the promotion of foreign policy interests through trade negotiations.

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Introduction
Margherita Matera and Philomena Murray

SETTING THE CONTEXT

The relationship between the European Union (EU) and Australia is at a critical phase when long-held assumptions about global norms of governance and trade are being questioned. Both the EU and Australia actively engage in global politics, across multilateral and regional bodies and forums. They are conducting their bilateral engagement at the same time that they are balancing their relationships with important international actors, such as China, the United States and Russia, and seeking to avoid taking sides in an era of Great Power rivalry. The EU and Australia regard each other as ‘like-minded’ and ‘natural partners, with a shared commitment to the rule of law, global norms and free and open markets’ (DFAT 2019).

This edited volume brings together specialists working on a number of policy areas in the EU-Australia relationship. It examines synergies and shared concerns in engagement. The aim of this volume is to provide a research-based analysis of EU–Australia relations across areas of convergence and divergence.

This introductory chapter briefly explores the key factors that have been driving EU–Australia relations and identifies some that have generated either cooperation or conflict. There are both similarities and differences between the two actors. Although they share common concerns, how they approach and prioritise them reflects the varying importance accorded to issues.

Historically, neither the EU nor Australia accorded much attention to each other for many decades, (Matera and Murray 2018; Murray and Benvenuti 2014; McKenzie 2018). Tensions regarding agriculture, and specifically the EU’s Common Agricultural Policy (CAP), made it difficult for the two interlocutors to move beyond a status of adversaries to that of partners. However, the relationship has progressed beyond those decades when there was little mutual understanding, when agriculture dominated exchanges, and when Australia was dependent upon links with the UK for its engagement with the rest of Europe. The burden of memory (Murray 2005) is no longer focused on agricultural trade and the impact of the 1973 accession of the UK to the European Economic Community (EEC). Within Australia, the EU is no longer perceived as a distant bloc. The past lack of mutual trust has been replaced by cordial engagement among the policy communities.

Economic and trade engagement has broadened beyond tensions regarding agricultural trade to encompass other aspects of trade, resulting, for example, in two Wine Agreements and a Mutual Recognition Agreement for conformity assessment. This was complemented by the increase in regular dialogues on issues ranging from migration to education and research, for example. The signing of the Framework Agreement in 2017 elevated the EU-Australia relationship to a ‘legally-binding framework for cooperation’ on a range of policy areas including economic and trade matters, research and innovation, education, crisis management, counter-terrorism, development cooperation and climate change and environment (Commonwealth of Australia and DFAT 2018, p.2). The Framework Agreement provides a substantial instrument for the EU and Australia to work more closely together. Combined with the negotiations for an EU-Australia Free Trade Agreement (FTA), it ‘builds on existing solid cooperation basis and will enable the further promotion and expansion of relations between the EU and Australia’ (EEAS 2018).

There have been several factors that have driven closer cooperation. Firstly, the bilateral relationship has both intensified and broadened with increased summity at prime ministerial, ministerial and commissioner levels, including en marge of multilateral and regional forums. Both interlocutors have shared concerns about the undermining of multilateralism in trade and in global governance. Although they will no doubt continue to share some disquiet regarding challenges to multilateralism, there is some reason to reflect on the implications of comments by Prime Minister Scott Morrison at the Lowy Institute in October 2019, where he argued that Australia should ‘avoid any
reflex towards a negative globalism that coercively seeks to impose a mandate from an often ill defined borderless global community. And worse still, an unaccountable internationalist bureaucracy’ (Morrison 2019). This was followed by a speech in the Australian Parliament where he identified the United Nations as the multilateral institution responsible for pursuing ‘negative globalism’ for calling on Australia to increase its emission reductions (Murphy and Martin 2019). Despite past unity, this perspective does not in any way accord with the EU’s longstanding commitment to effective multilateralism.

A second factor contributing to enhanced cooperation by Australia and the EU is a common perspective on Great Power rivalry, both globally and in the Asia/Indo Pacific. These concur in their apprehension regarding the erosion of global governance in multilateral institutions, and the use of tariffs and threats of trade wars to curtail free trade.

A third factor contributing to closer ties has been the EU’s search for what it calls a circle of friends in trade, a commitment that the European Commissioner for Trade Cecilia Malmström made clear in her promotion of the EU-Australia FTA (AP 2018). This aligns with Australia’s keen interest in a free trade agreement with the EU. Australian government ministers have enunciated their desire to fill their trade negotiations gap with an FTA with EU (e.g. Robb 2015).

THE CONTRIBUTIONS TO THIS VOLUME

This publication consists of eight chapters that assess relations between Australia and the EU. The contributors were asked to examine the dialogue and negotiations of key agreements and policy cooperation, identifying key challenges and presenting new paradigms for advancing the relationship. The publication examines areas where the EU and Australia have both common and divergent concerns, values, and interests. Finally, this edited volume explores areas where there is scope to develop closer cooperation.

The first chapter, by Philomena Murray, argues that the EU and Australia have a history of trade tensions focused on agriculture, which had marred the possibility of fruitful engagement for some decades. That relationship has now moved from being burdened by memory and trade tensions to strong shared commitments to bolster the multilateral trade regime and to safeguard global governance. She points out that the relationship is characterised by material and ideational factors and illustrates that there is evidence that some divergence remains, despite the broad consensus between the two interlocutors. The chapter explores the scope for deeper engagement and enhanced cooperation bilaterally, regionally and multilaterally. It concludes by providing recommendations capable of contributing to future scholarly and policy examinations of Europe–Australia relations.

In his chapter on the convergence of EU and Australian views on the international trading system, Richard Pomfret points out that relations between Australia and the EU have swung from being extremely negative in the 1970s to very positive in the 2010s. This shift has been driven by domestic economic and political change, and by changes in the international trading system. Due to the fragmentation of production along global value chains (GVCs), trade policies of both the EU and Australia have moved from protecting sensitive industries to embracing openness to international trade and promoting integration into the world economy. In addition, the creation of new trade technologies associated with the internet and the difficulty in agreeing on a regulatory regime within the WTO for new areas, have driven more developed trading nations to seek new institutional frameworks for trade relations. Pomfret argues that both the EU and Australia have discovered a common purpose. He suggests that they are now in a leadership position to promote global norms in a world of GVCs and digitalized trade, especially since the United States’ withdrawal from its position of leadership within global institutions.

Continuing with the trade relationship, Lachlan McKenzie and Evgeny Postnikov argue that although EU and Australian interests in trade have converged in recent years, divergence on sustainable development clauses remains a major obstacle to a negotiated FTA. They argue that any deepening of the trade agenda needs to be accompanied by a corresponding increase in the social component, including protections for the environment, labour and consumer rights. Through the current FTA negotiations, they suggest, the EU and Australia are in a unique position to lead by example by creating a template for others to follow in a global trading system which is struggling with the impact of rising protectionist populism.

In the area of security cooperation, Margherita Matera assesses how Australia and the EU have been strengthening their security interaction over the past decade, with a specific focus on crisis management. Matera argues that, although there has been an increasing convergence on shared threat perceptions and priorities between the EU and Australia, which has opened the door for Australia to participate in two crisis management missions, a series of factors will influence how this cooperation will deepen over time. Ultimately, both the EU and Australia will need to be committed to ensuring that Australia’s participation in the
EU’s Mission on Regional Maritime Capacity Building in the Horn of Africa (EUCAP Nestor) and EU Advisory Mission in Iraq (EUAM Iraq) does not constitute the only two missions where Australia is invited to contribute.

Both the EU and Australia are important development aid providers within the Pacific and have partnered in delivering assistance to the region through delegated cooperation arrangements. They have affirmed a shared commitment to working with Pacific countries to build resilience and have agreed to continue supporting Pacific island countries, ‘in line with their development priorities’ (epi)neonline 2019, n.p.; EEAS 2019, n.p.). In his chapter on EU-Australia engagement in the South Pacific, Isaac Kfir provides an assessment of how both interlocutors have shared interests in helping to improve conditions in the region and develop better mechanisms for cooperation. Kfir argues that Australia’s engagement in the region is generally framed through the provision of aid due to the islands’ fragility, the region’s strategic importance and Australia’s commitment to maintaining a rules-based liberal international order. The EU is seeking to engage more with the South Pacific countries, reflecting in part its desire to be part of a security community. Their joint engagement in the region is driven by Chinese interest in the South Pacific and challenges that this poses for their security.

Both the EU and Australia face challenges in the management of asylum arrivals. They have pursued similar strategies of externalisation and deterrence in response to maritime migration. They have adopted an approach to border protection that has undermined access to refugee protection, and offshored responsibility through agreements with Turkey and Libya in the case of the EU, and with Papua New Guinea and Nauru in the case of Australia. Tamara Tubakovic, in her chapter, suggests that the EU and Australia could coordinate their efforts to promote human rights and refugee protection in a region that is of mutual strategic interest. Tubakovic argues that the EU and Australia could focus on existing bilateral relations with ASEAN to mobilise and facilitate the exchange of ideas on a rights-based approach to refugee issues. However, she also concludes that in order for the EU and Australia to exert credible leadership, they would need to reflect on their own policy approaches and accusations of human rights violations.

Climate change has become an increasingly important global issue on which international actors are struggling to tackle. Even though both the EU and Australia have signed up to the Paris Agreement, they have adopted very different approaches to climate change mitigation due to divergent economic interests, especially within the area of energy resources. Nicholas Parry argues that there are possible emerging areas of alignment that could form the basis of a more cooperative relationship in the future within the areas of the energy transition; trade and the international rules-based order; and climate diplomacy.

Brexit represents significant challenges for the UK and the EU and also for third countries like Australia in their interaction with the UK post-Brexit. Laura Allison-Reumann assesses how Australia’s relationships with the EU and the UK have progressed since the UK’s decision in June 2016 to leave the EU. Although there has not been a privileging of one relationship over the other, Allison-Reumann argues that neither Australia nor the UK should be tempted to use nostalgia as a political tool in the future relationship. She also argues that Australia, the UK and the EU should take a careful approach to basing future relations on their ‘like-mindedness’ and ‘support for the rules-based order’ and cautions that this should be handled judiciously, and with analytical depth and reflection.

**CONCLUDING COMMENTS**

The relationship of the EU and Australia is characterised by considerable convergence of interests. Despite some differences and difficulties, there is a great deal that connects Europe and Australia. Undoubtedly, the contributions to this edited volume have chronicled a considerable interest in enhanced cooperation between the EU and Australia. At a time of geopolitical uncertainty, EU–Australia relations constitute an example of engagement across regions and within the Asia/Indo-Pacific region.

Both are concerned with the outcomes of the UK exit from the EU. Each regards Brexit as a challenge in trade, diplomatic relations and continuity of agreements and dialogues. The forthcoming departure of the UK from the EU, including its Single Market, its regulatory framework, its trade policies and international agreements, presents a challenge to the EU and to Australia, as well as to the UK itself (Murray and Brianson 2019). Although the implications of Brexit are yet to be fully realised, there is no reason to assume that Australia’s relationship with either the EU or the UK will undermine relations with the other. Both relationships are sufficiently robust to preclude a privileging of one relationship over the other.

There is scope for the EU and Australia to work together to urge and support the UK, as well as the United States and China, to ensure that their trade negotiations reflect a continued commitment to trade liberalisation and the WTO. Australia and the EU could well invite the UK to join regional...
and interregional bodies such as the ASEAN Regional Forum and the Asia Europe Meeting as an individual nation state, to ensure that the UK is welcomed into these forums and that there is continuity of shared positions on issues relating to security, trade and democracy. This could also ensure that the UK, like the EU and Australia, works with both the United States and China on matters of mutual interest as well as identifying areas for robust discussion regarding differences in global governance.

Finally, the EU and Australia will need to discuss the implications of apparently diverging views on the salience of multinational institutions and upholding the norms of global governance.

REFERENCES


Chapter 1
Reflections on EU-Australia Engagement and Prospects for the Future
Philomena Murray

ABSTRACT
The relationship between Australia and the European Union has moved from being burdened by memory and trade tensions to shared commitments to bolster the multilateral trade regime and safeguard global governance. There were trenchant critiques from Australia of the EU’s Common Agricultural Policy and protectionism over several decades, from UK accession to the predecessor to the EU in 1973. This chapter examines some material and ideational aspects of EU-Australia engagement. It considers the range of broad consensus that currently exists in terms of the values and interests that shape the stances of the two interlocutors. It seeks to provide fruitful research pathways and recommendations capable of contributing to future scholarly and policy examinations of Europe–Australia relations.

KEY POINTS
1. The EU and Australia have a history of trade tensions focussed on agriculture, which had marred the possibility of fruitful engagement for some decades.
2. The relationship is characterised by material and ideational factors, and some divergence remains, despite considerable broad consensus.
3. There is scope for deeper engagement and enhanced cooperation bilaterally, regionally and multilaterally.

MOVING BEYOND THE BURDEN OF MEMORY TO PARTNERSHIP
Many scholars of the relationship between Australia and the European Union (EU) recollect a period that was characterised by obstacles rather than opportunities (Benvenuti and Murray 2013; Gelber 1966; Kenyon and Kunkel 2005; Matera and Murray 2018; Villalta Puig, 2014). The most significant obstacle was the lack of market access for agricultural goods, with Australia offering trenchant critiques of the EU’s Common Agricultural Policy (CAP) over a period of several decades.

A decade ago, there were several factors constraining the relationship. From the Australian perspective, the abolition or further reform of the CAP and enhanced market access for its products constituted a desired precondition for further cooperation. From an EU perspective, it was a reversal of considerable Australian intolerance of the EU and a need to develop a more balanced understanding of the EU - in the media and policy making community in Australia.

This chapter examines some material and ideational aspects of EU-Australia engagement. It considers the broad consensus that currently exists in terms of the values and interests that shape the stances of the two interlocutors, and places it within the historical context to understand the motivations and challenges that influence current engagement. Finally, it seeks to provide fruitful research pathways and recommendations capable of contributing to future scholarly and policy examinations of EU–Australia relations.

MATERIAL FACTORS
The EU-Australia relationship has historically been dominated by material factors, particularly trade interests.
The most important material factor that featured over several decades is the critique made by successive Australian governments of the EU’s CAP, which limited access to the EU market for Australian primary produce and undermined the international trading system in agricultural goods. This was a longstanding feature of relations from the commencement of the UK requests for accession to the European Economic Community in the 1960s through to engagement with the EU in the 1990s. However, relations have improved over the past decade or so, first through an acceleration of sectoral agreements, on the supply of uranium and on wine, mutual recognition and conformity assessment, science and technology; and, more recently, through negotiations over a comprehensive free trade agreement (FTA). The domestic material concerns of each interlocutor were at the core of the sectoral agreements, as both derived benefit from these accords, while the FTA negotiations draw upon a broader commitment to ‘the rule of law, global norms and free and open markets’ (DFAT, 2019). The EU and Australia both perceive advantages in enhancing their current trade relationship with a deep FTA that features market opportunities and supports the liberalisation of global trade. There is also a keen interest in setting global agendas. Within this context, tensions over agricultural trade have also eased, with one of Australia’s largest agricultural lobby groups, Meat and Livestock Australia, noting that ‘[as] developed economies with a shared belief in a free, open market, Australia and the EU are natural partners’ (MLA 2019).

In the early 2000s, it was argued that the two partners had common ground but were worlds apart (Murray, Elijah and O’Brien 2002; Murray and Benvenuti 2014). That is no longer the case as cooperation has expanded to cover foreign policy, development cooperation, research and education, and common agendas within multilateral and regional forums. Australia and the EU belong to the same international organisations and groupings, such as the OECD, UN agencies, the UN Western Europe and Others Group, the Australia Group and the ASEAN Regional Forum. However, Australia has not supported the EU’s request to join the East Asia Summit, despite the EU making the case that it can contribute to the security of the Asia Pacific region (Mogherini 2015).

Nevertheless, security remains another important material factor where the interests of Australia and the EU are broadly aligned. The interlocutors face the task of managing regional power dynamics and rivalries and often share similar concerns about China, Russia and the United States. At a time of global geopolitical turbulence, there is more common ground on coordinated responses on geopolitical crises. The need to protect, or reform, the liberal order is part of narratives of the EU, Australia and many liberal democratic interlocutors, as they seek to avoid a potential breakdown of established patterns of multilateral cooperation. Furthermore, the long peace of Europe is being threatened not only by external states but by internal domestic forces of illiberalism and the far right. The long peace of Asia is also looking fragile, with China and the United States in confrontation and the South China Sea in dispute.

Although there is common ground, Australia and the EU challenges remain regarding such material factors as public procurement and geographical indications. In some cases, their stated objectives for the FTA do not always coalesce. The EU and Australia have different hierarchies of preferences on agriculture, the wine market and environmental issues. Agriculture is expected to feature prominently in the final rounds of negotiations on the FTA. They will also play a prominent part in Australian negotiations with the UK post-Brexit (Parliament of the Commonwealth of Australia 2017).

**IDEOATIONAL FACTORS**

Ideational factors in the relationship include historical perceptions of distance and of values (Murray 2003). Although they have enunciated a shared commitment to values and the rule of law (Mogherini and Bishop 2015), there are differences regarding the role of values in trade agreements (see McKenzie and Postkinov in this volume) and the incorporation of sustainable development and environment chapters in these agreements. In 1997, negotiations on a Framework Agreement came to a halt when Australia objected to the inclusion of a human rights conditionality clause in that accord (Murray 2005).

In relation to values, Article 1 of the Framework Agreement reaffirms ‘the shared values and common principles that underpin their bilateral relations and form a basis for cooperation’ and in Article 4, the interlocutors agree to ‘promote core principles regarding democratic values, human rights and the rule of law’. There is scope for Australia and the EU to work with other countries and regional bodies to support a humanitarian regime for people seeking asylum and seeking refugee protection. An enhanced partnership of the EU and Australia could seek to exert joint regional leadership in seeking to provide stability to democratic states and a humanitarian approach to refugee movement (see Tubakovic in this volume). This could be combined with support by the EU and Australia for postwar reconstruction in war zones, and strengthening development aid and humanitarian assistance programs already in place. This could be a key piece of the mosaic of
policies relating to crisis management; counter-terrorism; counter-radicalisation and poverty reduction.

**SOME RESEARCH PATHWAYS AND RECOMMENDATIONS FOR THE FUTURE**

Finally, this chapter seeks to provide some fruitful research pathways and recommendations capable of contributing to scholarly and policy examinations of EU–Australia studies. One question that comes to mind is whether, in material and ideational terms, there is scope for the EU and Australia to work in closer partnership. Groom (1992) had argued that the intellectual baggage of past conceptions of the Australian relationship with Europe must be cast aside. Those conceptions of distance and trade animosities have certainly been set aside to a degree. No longer can it be suggested that the EU neglects Australia because it is ‘[t]oo far away, too rich and too stable’ (Ludlow 2001).

The relationship has benefited from an aspiration for increased high-level political summity and the EU and Australia according more high-level attention to each other (Murray 2005, p. 261). Over the past decade, engagement has deepened among critical friends (Murray 2018; Stats 2015). Mutual misunderstanding has diminished, and the mutual comprehension deficit is less evident, as a shared interest in the stability of the multilateral trading regime and rules-based global governance has formed the basis for extensive cooperation. There remains scope to examine how they can best work together to identify precise areas for engagement and to define the nature of engagement, given differences of hierarchies of domestic concerns and actor preferences. Continued efforts may be necessary to ensure that perceptions of differences are managed.

There is latitude to develop deeper and broader dialogues that encompass trade and also agendas beyond trade, such as values. This could encompass representatives of civil society from both the EU and Australia. There remains a role for an advisory board to government on Australia–EU engagement that could comprise experts on issues relating to all major policy areas that are covered in the Framework Agreement and the putative FTA. The board could take the form of an Australia–Europe Vision Group with a commitment to the long-term development of the relationship. Participants would include policy makers; academics; civil society representatives; think tanks, members of the business community and other specialists who would provide policy advice and feedback on initiatives.

Relationships do not only require experts on policy, however. There is a role for enhanced understanding that might reflect on the challenges to trade liberalisation, the potential to work together on humanitarian issues such as refugee protection and human rights promotion, and responses to populist tendencies across much of the globe.

This could commence with an annual debate in both the Australian Parliament and in the European Parliament on EU–Australia relations and shared concerns. This would encompass both material and ideational concerns and interests.

Relationships flourish when sound results are clearly evident and regarded as beneficial to both parties. There is considerable commitment vested in a positive implementation of the Framework Agreement and the holding of meetings of officials to date has been positive. These meetings could be supplemented by more regular meetings of parliamentarians from the European Parliament and national parliaments of the EU with the Australian federal parliament and even state parliaments.

The relationship does not exist in a vacuum – it is more than bilateral, given common concerns about the Asia Pacific region, the global trading system and the withdrawal from, and even condemnation, of key multilateral forums of governance by the United States. There remains a role for policy cooperation and scholarly research on the EU and Australia working together with other partners to bolster multilateralism. There is scope for enhanced cooperation in Asia and the Pacific (see chapters by Isaac Kfir and Margherita Matera in this volume) within the ASEAN Regional Forum and the Asia Europe Meeting.

There is also scope for deepening non-traditional security cooperation across the Asia Pacific and Indo Pacific. These include counter-terrorism; cybersecurity, connectivity; civilian crisis management; crime; natural disasters; food security; water security; pandemics; humanitarian assistance; energy supply; environmental pollution; maritime security, preventive diplomacy and mediation, trafficking in persons, countering violent extremism and transnational crimes. In the context of these challenges and the desire to develop a more reliable relationship under the Framework Agreement, Australia may wish to consider how it balances its interests in the Asia Pacific/Indo-Pacific with the wish to work closely with the EU, and specifically in relation to the EU’s request to join the East Asia Summit.

There have been significant differences on climate policy (Hussey and Lightfoot 2010; Davies 2019) and commitments to dealing with climate change. A mutual commitment to the Paris Agreement on Climate Change is a standard feature in EU trade agreements and it can be expected that this will feature in the FTA. The EU has questioned
the continued expansion of coal mining in Australia and energy policy more broadly (UNFCCC 2019, pp. 15-17; Martin 2019). The interlocutors could usefully examine scholarly and policy proposals to work together on climate change adaptation; phasing out of coal and renewable energy.

Finally, the most pressing tasks are to seek the successful conclusion of negotiations on the FTA and to endeavour to work together to deal with the implications of Brexit. From the Australian perspective, it seeks significant benefits as a third country with close relations with both the UK and the EU (see Laura Allison-Reumann’s chapter in this volume). From the EU perspective, it seeks stability, continuity and good relations with its close neighbour, as the UK exits the EU including its trading regime (Allison-Reumann, Matera, and Murray 2017). The stability of that regime is intrinsically linked to its Single Market, which the UK will leave, as negotiations currently stand. Both EU member states and Australia have substantial interests in the UK, whether as a part of Global Value Chains or ownership of business and financial institutions, as well as workforce concerns and the right for citizens to remain in the UK. They also are keen to see financial and business stability maintained in the UK, and continuity of economic relations, with as little disruption as possible.

CONCLUSION

For Australia, the EU is no longer simply a common market and cannot be equated with the European Economic Community, Australia’s nemesis in the 1960s and 1970s. It is not only an important trader with Australia, but also a major partner and, increasingly, a potential ally in most international forums (Murray 2005, p. 245). It is a foreign policy actor, trade actor and values promoter. For the EU, Australia is aligned with it on shared concerns, even if both material and ideational concerns may differ at times (Murray and Matera 2019). This chapter has sought to illustrate that the EU and Australia have a history of trade tensions focused on agriculture, which has tended to mar the possibility of fruitful engagement for some decades. The relationship is currently characterised by material and ideational factors and although some divergence remains on each, a broad consensus exists. Finally, there is scope for deeper and more significant engagement and enhanced cooperation that can take place bilaterally, regionally and multilaterally.

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Chapter 2
Convergence of EU and Australian views on the International Trading System in the Twenty-First century

Richard Pomfret

ABSTRACT

Relations between the European Union (EU)\(^1\) and Australia were notoriously strained in the 1970s and 1980s as Australia demonized the EU’s Common Agricultural Policy and both sides introduced protectionist measures. In the 1990s both parties focussed on other parts of the world, Eastern Europe for the EU and Northeast Asia for Australia. In the twenty-first century Australia-EU economic relations have thrived and a deep free trade agreement has been under negotiation since 2018. The shift from antagonism or indifference to warm relations has been driven by well-known domestic economic and political change. This chapter will argue that two changes in the international trading system also underlie the shift in trade strategies. First, fragmentation of production along global value chains (GVCs) has made large integrated national industries such as the EU or Australian car industries of the 1960s and 1970s uncompetitive and attempts to protect such industries became doomed. Second, the development of new trade technologies associated with the internet and the difficulty of agreeing on a regulatory regime for new areas within the WTO have driven more developed trading nations to seek new institutional frameworks for trade relations. Within this setting the EU and Australia have discovered a common purpose and, have found themselves in a leadership position in promoting global norms in a world of GVCs and digitalized trade, especially since the withdrawal of the United States from a position of leadership within global institutions.

1 'EU' is used in this chapter to cover the current European Union and predecessor communities since the Treaty of Rome.

KEY POINTS

1. Relations between Australia and the EU have swung from extremely negative in the 1970s to very positive in the 2010s.
2. In both the EU and Australia trade policy has moved from protection for sensitive industries to embracing openness to international trade and promotion of integration into the world economy.
3. Important drivers of this change have been the increasing share of trade in goods and services along international value chains since the 1980s and the impact of new trade technologies associated with the spread of internet access since the 1990s.
INTRODUCTION AND CONTEXT

In the 1960s and 1970s, both the European Union and Australia were contracting parties to the General Agreement on Tariffs and Trade (GATT), but bilateral relations were poor. The EU’s external trade policy was driven by domestic considerations (the Common Agricultural Policy (CAP) and protection for textiles and clothing, cars and other sectors) and by discrimination among more or less favoured partners (the pyramid of preferences, which left Australia as one of only seven countries facing the MFN tariff). Australia had high tariffs to protect the manufacturing sector and non-tariff barriers on farm products.

Australian and EU trade policies each began to change dramatically in the 1980s and 1990s. Australia implemented major economic reforms after 1983, including substantial tariff cuts, although protection for sectors such as cars or textiles, clothing and footwear was still in place until after the turn of the century. In 1990 at the GATT ministerial meeting in Montréal, the EU committed to reform the CAP and to phase out one-way preferential treatment of trade partners; both commitments were honoured but took several years into the 2000s to implement. Meanwhile, bilateral relations remained poor as Australia continued to oppose the CAP and mobilized the Cairns Group – an alliance of agricultural exporting countries - to oppose EU trade policies. Outside of agriculture, neither the EU or Australia saw much common interest with the EU focussed on Eastern Europe after 1989 and Australia focussed on northeast Asia as trade partners.

In the twenty-first century, the EU has been in search of a new approach to trade policy. The shift was gradual. However, the extent of the cumulative change was highlighted in the 2015 Trade for All strategy document (European Commission 2015), which confirmed the goal of opening the EU to trade in support of participation in global value chains (GVCs). Deep trade agreements have been the means to this end. Meanwhile, Australia turned to bilateral trade agreements after 2000 and to mega-regional trade agreements in the 2010s with the goal of opening Australia to trade, including participation in GVCs (Pomfret 2019).

EU and Australian trade strategies appear to have converged over the past decade. Mending of bilateral relations was signalled by the signing of a Framework Agreement in 2017 and the commencement of negotiations over a comprehensive free-trade agreement in 2018 (Matera and Murray 2018). Since 2017, as the United States withdrew from its leadership position in promoting the liberal multilateral trading system, the EU and Australia have become more proactive in that promotion, a point that is explored further throughout this chapter.

Apart from the well-known narrative of domestic economic and political change described above, this chapter will argue that two changes in the international trading system underlie the shift in trade strategies. Fragmentation of production along global value chains has made large integrated national industries such as the EU or Australian car industries of the 1960s and 1970s uncompetitive and attempts to protect such industries became doomed. Secondly, the development of new trade technologies associated with the internet and the difficulty of agreeing on a regulatory regime for new areas within the World Trade Organization (WTO) have driven more developed trading nations to seek new institutional frameworks for trade relations.

DRIVERS OF CHANGE I: GLOBAL VALUE CHAINS (GVCs)

A feature of the global economy in the last decades of the twentieth century was the finer specialization in tasks coordinated along international supply chains, which contrasted to earlier arms-length international trade. This development was initially most obvious in clothing, electronics and cars, but in the twenty-first century it is characterizing ever more products (Baldwin 2016). It was also clear that although the term ‘global value chain’ was commonly used, most value chains were regional rather than global.

Distinctive regional value chains emerged in North America, Europe and East Asia. In North America the phenomenon can be traced from the 1965 US-Canada Autopact through to the 1987 Canada-US FTA and the North American Free Trade Agreement that included Mexico, and has been a top-down approach to realizing scale economies and offshoring labour-intensive tasks. In Europe, political integration was associated with falling costs of international intra-EU trade and specialization along international supply chains; an early example from the 1970s and 1980s was the Ford Fiesta car assembled in Spain with components from across the EU. The process accelerated in 1990s with the opening of Eastern Europe and of access to a skilled low-wage workforce; car assembly shifted to Poland, the Czech Republic, Hungary and Slovakia. Today Slovakia has the highest per capita car output in the world (OICA 2017; UN Data 2017). In Asia, the process was bottom up and market driven as countries unilaterally cut tariffs and other trade barriers, minimizing costs of international transactions, and facilitating the creation of Factory Asia. Since 2011, producers have integrated Eurasian value chains as daily
train services supply components to EU carmakers’ factories in China and bring electronic goods from Factory Asia to be marketed in Europe.

GVC anecdotes are often about cars or electronic goods such as phones or laptops but similar stories can be told in many other industries (Pomfret and Sourdin 2018, p. 34). In the GVC era, to compete globally requires combining least-cost inputs effectively, i.e. being open to global trade and having low trade costs in terms of money, time and certainty. An import substitution strategy is no longer practical, as illustrated by the contrast between the Malaysian car industry which produced a national car behind high tariff barriers and the successful Thai car industry that assembled Japanese-designed cars. The GVC phenomenon also tolled the death knell for the Australian car industry, which could not compete with cars designed in Japan or Europe and made in the world (Pomfret 2015). Appropriate trade policies allow producers to source inputs from the world’s best supplier (measured in price, quality, reliability or whatever the buyer considered crucial), with minimal difficulty in trading across borders.

DRIVERS OF CHANGE II: NEW TRADE TECHNOLOGIES

The internet has dramatically changed international trade, both in the technology of trade and in the nature of goods and services that are traded. The impact can be timed fairly accurately as dating from the mid-1990s. Ironically, this coincided with the establishment of the WTO in 1995, and the consensus rule has constrained the WTO’s ability to develop new trade law. In the twenty-first century, the need to have common rules on e-commerce and digital trade has become widely recognized among major trading nations but difficult to implement.

Many commentators emphasize three ‘kingdoms’ when it comes to regulation of e-trade (Mitchell and Mishra 2018). The United States emphasizes commercial freedom with limited intervention. The EU has strong concerns about privacy and individual rights. China and Russia are more focussed on cybersecurity. Such divisions are stylized and may change, e.g. Chinese domestic legislation has evolved from a focus on cybersecurity before 2004 to easing access to the internet since 2014 (Wu 2018) and this appears to be in recognition of the significance of e-connectivity for trade competitiveness.

Another divide is between countries in GVCs, who recognize the importance of connectivity, and countries not in GVCs who are unwilling to cede sovereignty in these areas. Attempts to bring e-commerce and digital trade into the WTO have so far been unsuccessful because large members that have only minimal participation in GVCs, such as Brazil, India or Russia, show little interest. One pathway is to negotiate a plurilateral agreement among like-minded WTO members, as in the 1997 Information Technology Agreement that was originally concluded by 29 countries under the auspices of the WTO; this is being trialled by some members but is opposed by others as undermining the universality of WTO rules.

An alternative approach is to negotiate agreements outside the WTO. The risk is that a multitude of agreements will create a spaghetti bowl of incompatible rules. However, large groupings can be standard-setters. Thus, the Trans Pacific Partnership (TPP) and the aborted EU-US Transatlantic Trade and Investment Partnership (TTIP) contained fairly similar e-commerce chapters. When the United States pulled out of these negotiations in 2017, the chapters survived in only slightly modified form in EU agreements with Canada and Japan and in the successor to the TPP (the CPTPP) and potentially in the Regional Comprehensive Economic Partnership (RCEP); these four agreements cover all of the largest trading nations except the United States.

CURRENT ENGAGEMENT AND FUTURE DIRECTIONS

The EU’s external trade policy has evolved over the past two decades towards more open international trade. The 2006 Global Europe document (European Commission 2006) foreshadowed, and the 2015 Trade for All (European Commission 2015) strategy confirmed, abandonment of using trade policy as foreign policy and the goal of opening the EU to trade in support of participation in GVCs (Table 1).
Given the difficulty of progressing reform of world trade law through the WTO in order to address new issues, the EU has embarked on a series of deep trade agreements with like-minded countries: South Korea (signed 2010, in force 2015); Canada (signed 2014, applied since September 2017); Japan (signed July 2018); Mexico (agreement in principle, April 2018); Singapore (awaiting signature); Mercosur (negotiations concluded June 2019); and Australia and New Zealand (negotiations both launched in June 2018). Likewise, Australia has 11 FTAs in force, a further four that have been signed but are not yet in force, and seven under negotiation. The list could have included the United States, but after the 2016 election, President Trump terminated negotiation of the TTIP. The new generation trade agreements cover goods, services, intellectual property, investment, government procurement, access to energy, trade facilitation, competition and regulatory cooperation.

Elsewhere, a twenty-first century phenomenon is the rise of mega-regionalals, i.e. deep trade agreements that go beyond a geographical region. The leading example was the TPP which promised deep integration among twelve countries but was terminated when the United States failed to ratify the agreement in 2017. However, the remaining eleven went ahead with the CPTPP (with Australia playing a lead role). Australia is also negotiating the RCEP with the ten ASEAN countries, China, India, Japan, Korea, and New Zealand.

A logical conclusion to this pattern of convergence is the EU-Australia trade agreement that is currently under negotiation. The agreement will bridge these two groups of major trading nations, and GVC participants.

As the United States withdrew from its leadership position in promoting the liberal multilateral trading system, the EU has had to acknowledge that it has to become more proactive. This may be not without internal tensions, as several member states have strong illiberal political parties. However, especially in Eastern Europe, there is recognition that a positive economic development since the end of central planning has been their ability to participate in GVCs; this is especially true of Poland, the Czech Republic, Hungary and Slovakia, and most obviously in the car industry. Similarly, Australia stepped up, with Japan, after United States withdrawal from TPP to ensure the implementation of CPTPP in December 2018.
CONCLUSION

The dramatic improvement in Australia-EU relations between the 1970s and 2010s is well-known and the prospects for the trade agreement currently under negotiation are good. The convergence of EU and Australian approaches to trade policy is an opportunity to bring together their related approaches to new areas for trade agreements, such as trade facilitation and digitalization. What is less well appreciated is the conjuncture of global events that have pushed the EU and Australia to the forefront of defenders of the multilateral trading system.2

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2 Other potential leaders are hindered by their overwhelming dependence on economic (Canada or Mexico) or security (Japan or South Korea) relations with the United States. For example, Japan preferred to reach a bilateral agreement with the United States in September 2019 that included specific preferential commitments.
Chapter 3
The EU’s and Australia’s approaches to trade bilateralism: Discrepancies and synergies
Lachlan McKenzie and Evgeny Postnikov

ABSTRACT
In this chapter we examine the EU and Australian approaches to trade bilateralism, placing both actors in a comparative historical context and subsequently analysing potential synergies and obstacles to their bilateral FTA negotiation that is currently underway. We will illustrate how the EU and Australia try to balance the deepening of the trade agenda with social goals in their respective bilateral deals. Specifically, we will look at how both parties converge on advancing certain trade-plus issues and how they diverge over sustainable development clauses. The need to understand these synergies and discrepancies is particularly pressing given the recent global backlash to free trade and the need to ensure that any future agreement has public support while advancing the rules-based trade order. We maintain that any deepening of the trade agenda needs to be accompanied by a corresponding increase in the social component, including protections for the environment, labour and consumer rights. The current bilateral negotiation presents the EU and Australia with a unique opportunity to lead by example, setting a template for others to follow, as the global trading system is struggling with the rise of protectionist populism.

KEY POINTS
1 The EU and Australian interests in trade have converged in recent years, yet divergence on sustainable development clauses remains a major obstacle to a negotiated agreement.
2 The EU-Australian bilateral trade agreement negotiations are a significant test for both the EU and Australia’s commitment to rules-based trade liberalisation globally.
3 There are wide benefits to convergence of EU and Australian positions on sustainable development clauses, including bolstering ongoing public support for free trade.
INTRODUCTION

The European Union (EU) and Australia launched bilateral trade negotiations in 2018, aiming to sign an ambitious free trade agreement (FTA) that would significantly deepen mutual trade ties. While a lot has been said about some thorny issues that could complicate the signing of the FTA (for example geographical indicators), any bilateral negotiation today occurs against the backdrop of the ‘noodle bowl’ of existing FTAs and larger systemic trends (Morin and Meunier 2015), calling for a better understanding of the larger geo-economic context. In this chapter we focus on the EU’s and Australia’s approaches to trade bilateralism, placing both actors in a comparative historical context and subsequently analysing the potential synergies and discrepancies between their approaches and how these could play out in the bilateral FTA negotiation that is currently underway. The chapter explains how both the EU and Australia advance the trade-plus agenda in their bilateral deals and looks specifically at their corresponding approaches to the social trade agenda, specifically labour and environmental clauses in such deals (for example sustainable development chapters in EU agreements). Our goal is to provide a lens through which to understand both the EU’s and Australia’s approaches to trade bilateralism and the implications for the new FTA. The need to explore both the historical approaches and the current bilateral trade agenda and its components is particularly pressing given the ongoing backlash to free trade deals around the globe. This backlash reinforces the need to ensure that any future deals have public support while advancing the rules-based global agenda. We maintain that any deepening of the trade agenda – the increased focus on trade-plus issues – by both the EU and Australia needs to be accompanied by a corresponding increase in the social trade component – brining sustainable development to the forefront of the bilateral FTA negotiation – in order to not only successfully complete the FTA but also set an ambitious template for others to follow.

BACKGROUND

EU-Australia trade relations have been fraught for much of the relationship (Puig 2018). Since the 1960s, trade ties between the EU and Australia were developing in the shadow of severe disagreements over the Common Agricultural Policy (CAP), as Australia lost the UK as the major destination for its agricultural exports and advocated for agricultural trade liberalisation in the GATT and the WTO. Tensions over these issues escalated in the 1980s and 1990s during the Uruguay Round. According to our interviews with Department of Foreign Affairs and Trade (DFAT) officials, Australian opposition to what was seen as EU and US agricultural protectionism in the GATT shaped an entire generation of Australian politicians and bureaucrats, instilling an anti-protectionist culture which still reverberates today. Importantly, the EU was specifically singled out as a ‘protectionist monster’ by these officials. However, this view has been diminishing as the GATT generation of Australian officials is gradually replaced by a new generation of trade policy-makers.

Since the 2000s, both the EU and Australia have been quite willing and active in moving away from multilateral negotiations towards ambitions bilateral trade agendas. While both actors maintain a strong commitment to the WTO, they see bilateral deals as a necessary way of advancing their trade agenda in light of the stalling of the Doha Round. Both parties also aim at the deepening of the trade agenda through their bilateral deals by including multiple trade-plus, regulatory provisions focussed on removing non-tariff barriers (NTBs).

At the same time, both the EU and Australia have modified their approach over the last decade and a half, having negotiated an increasing number of FTAs. In the case of the EU, while FTAs remain commercially driven, there has been a greater emphasis on the ‘trade-development nexus’, as well as the acknowledgement of the intersection between trade and foreign policy (McKenzie 2018, p. 265). In the case of Australia, there has been increasing flexibility in the interest of concluding bilateral deals, particularly with economically important East Asian neighbours including China, Japan and the Republic of Korea, which has seen a relaxation of some of the classic Australian ‘red lines’ on protectionism and even agriculture. We argue that these changes can be understood through the ‘pragmatic’ framing of trade policy by Australian officials.

There are both similarities and divergences between the EU and Australian approaches towards trade bilateralism. The similarities include their attempts to advance the trade-plus, regulatory agenda and focus on NTBs in bilateral and plurilateral deals. This suggests that there is a case that could be made for synergy between the two approaches (and interoperability of Preferential Trade Agreements (PTAs) is the mutual priority), especially given that there is already some regulatory equivalence, particularly with regard to intent (Elijah et al. 2017, p. 8). At the same time, there are some important discrepancies between the two, particularly when it comes to agricultural trade and sustainable development – while the EU promotes sustainable development through its bilateral FTAs, Australia does not.
We argue that the convergence between the EU and Australian approaches and a closer bilateral trade relationship is needed in order to collectively manage complex interdependence in the absence of the traditional leadership by the increasingly protectionist United States. The power vacuum in the global trade system that it has left represents both a threat of global institutional breakdown and a window of opportunity for the EU and Australia to become the leaders and rule-setters. Thus, the focus of current negotiations should be not only on narrow economic benefits but also on geopolitical and geo-economic gains. Because ‘no agreement is an island’ (Morin and Meuinier 2015), the existing FTAs and the future agreement between the EU and Australia also needs to be understood within the broader global and regional context. Critically, the EU and Australia acting jointly could set a template, ensuring that emerging powers remain responsible global stakeholders on the side of liberal internationalism and a trade system that is not only rules-based but also fair. This, however, hinges on the willingness of both to adjust some entrenched approaches to bilateralism for the sake of greater coherence and to signal their commitment to rules based global trade liberalisation through bilateral FTAs.

THE EU’S APPROACH TO TRADE BILATERALISM

Although the EU used to insist on multilateralism in its trade policy, it has lately become one of the most active bilateral trade liberalisers. It has concluded agreements with major economic players, such as Canada, which are regarded as ambitious in terms of their behind-the-border trade liberalisation measures and inclusion of trade-plus issues. As a result, the EU is now seen as a leader in the scope and ambition of its bilateral trade liberalisation agenda. However, some EU negotiations have indefinitely stalled, notably with developing economies, such as India and Malaysia, in part because of sustainable development chapters, including labour protections. The uncertainty of negotiations with the United States, which are frozen in large part due to domestic opposition within EU member states to the expansion of US business interests and undermining of European social protections, points to the challenges the EU faces in advancing its trade agenda bilaterally (The Guardian 2016).

This makes Australia an extremely attractive partner for an FTA and there are both economic and political gains to be obtained from such agreement. The EU needs greater cooperation with like-minded middle powers such as Canada, Australia, Japan, and Korea, in order to collectively manage competitive interdependence and exercise the first-mover advantage in setting the rules for global trade (Sbragia 2010, p. 368). The Asia-Pacific is an important testing ground for the external power competition, which means that the EU needs to view Australia as an economic and political anchor in the region through which it can exert its market power and values. This, however, hinges on the convergence of EU-Australian interests and mutual realisation that much more than a trade agreement is currently at stake. In the context of US-China trade wars and the stalling of major agreements including the EU-US trade negotiations, the imperative for both the EU and Australia to demonstrate their ongoing commitment to trade liberalisation through their mutual negotiations is heightened.

Regulatory externalisation is said to often be the ultimate goal of EU FTAs, although the evidence of the effectiveness of this externalisation is mixed (Young 2015). In the Asia-Pacific, externalisation might not be very effective due to relative bargaining power parity and multiple, potentially conflicting commitments within the ‘noodle bowl’ of PTAs. Thus, the EU needs to moderate its attempts at regulatory externalization and explore opportunities for synergies with Australia (and other important middle powers in the region and beyond). The focus needs to be on longer-term gains, not only economic but also geo-political. It would also be important for the EU to relax its highly legalistic approach in trade negotiations, aiming at the mutual recognition approach, and there is already equivalence of regulatory intent and high levels of trust across like-minded partners, (Hussey and Tidemann 2017, p. 112). European officials should prioritise harmonising the trade-plus agenda which is especially critical today, when global value chains could be split into two rival camps, the United States and China, and their respective trade blocs. Hence, convergence of the FTA templates between the EU and Australia for the sake of greater coherence and prospective multilateralization should be seen as essential.

Importantly, the EU has also led the incorporation of sustainable development chapters into bilateral FTAs, despite the challenges it faced when negotiating such clauses with developing markets (e.g. India) or with developed trade partners (e.g. Canada). The need to continue linking free trade with social goals is well realised by the EU, as evidenced in its Trade for All strategy. The Trade For All strategy acknowledges that, in order to continue to make free trade attractive and politically palatable to the
public, the EU needs to pursue its social trade agenda based on international standards. This is important for legitimising the trade-plus trade agenda globally.

**AUSTRALIA’S APPROACH TO TRADE BILATERALISM**

Australia, like the EU, has been proactive in the negotiation of bilateral PTAs. Australia differs from the EU in that it has been somewhat more successful in concluding bilateral negotiations. This speaks to greater flexibility as well as a high level of public support for the Australian trade agenda, which is relatively uncontested both politically and publicly. Our research found that a narrative of pragmatism was significant for Australian trade officials, which seems to facilitate flexibility and a willingness to make concessions on certain issues. In the past and in the multilateral context, the EU and Australia have clashed over issues including the CAP and agricultural protectionism (McKenzie 2018, p. 262). Nowadays, many of these obstacles could be significantly diminished in the context of ongoing negotiations with the EU, in part because of Australia’s ‘pragmatic approach’.

However, through bilateral FTAs, Australia has adopted an approach towards trade liberalisation that focuses on trade-plus, regulatory issues, such as investment and intellectual property rights, while shying away from the social trade agenda. It remains the only OECD member that does not incorporate labour or environmental clauses in its trade deals – with the exceptions of those cases where these clauses are demanded by negotiating partners (e.g. the United States). We found the reason for this to be the absence of politicisation of free trade among Australians who have benefitted greatly from the uninterrupted economic growth and are overwhelmingly supportive of globalisation. This means that government decision-makers do not need to sell free trade to the public by making concessions on issues of public concern, including sustainable development. Lobby groups in Australia advocating for this agenda have much less influence and visibility than commercial or business interests. Yet, there is a pragmatic rationale for fair trade clauses which is neglected in Australia’s trade agenda. The focus on trade fairness is important in countering the potential backlash to further trade liberalisation which will be growing as trade policy is more politicised globally. While the EU and other major players have realised this and tended to the public demands, Australia has lagged behind. Australian decision-makers should be aware of this global context. Despite being relatively lucky in not having to deal with a strong domestic backlash, Australian trade policy should begin to incorporate fair trade clauses to help guard against future domestic opposition.

The endorsement of fair trade and sustainable development would have multiple positive externalities for the Australian agenda of trade liberalisation. Such provisions are already included in existing FTAs with the US and the Republic of Korea. The further adoption of fair trade and sustainable development as part of Australia’s trade policy goals, in addition to the trade-plus agenda, would bring Australian trade policy into closer alignment with the EU and other OECD states, reinforcing the inclusion of sustainable development provisions which are intended to guard against the negative consequence of trade liberalisation and ensure domestic support for open global trade in the long term.

**THE CASE FOR SYNERGY**

In the negotiation of the EU-Australian FTA, the aforementioned factors suggest significant shifts towards a closer alignment of interests are taking place than we have seen historically in the relationship. However, close attention to the institutions will be key in understanding the progress and outcomes of these bilateral negotiations. If we see Australian claims of protectionism and resistance to EU sustainable development clauses, this will be the evidence of past narratives (the memory of the Uruguay Round tensions on the Australian side) shaping contemporary decision-making. The failure of two likeminded partners to reach agreement would compromise the credibility of both actors in their quest for global leadership of the liberal international order.

Importantly, we believe it is paramount for both the EU and Australia to assume collective leadership responsibilities in the global trading system and the new bilateral agreement can be a step in this direction. It can signal a strong commitment to international economic openness and rules-based system, creating a building block, not stumbling block for the global trade system under attack by protectionist forces. Because the ‘noodle bowl’ of FTAs in Asia-Pacific is more conducive to bloc rivalry as geopolitical tensions abound, the prospective FTA should aim at setting the standard for multilateralising multiple PTAs, attempting to make their rules consistent across different agreements and the WTO system which would raise the potential costs of rivalry among various players. Both parties would be wise to focus on eliminating conflicting rules of origin, including in trade in services and investment, to bring them in line with the prospective Trade in Services Agreement (TiSA) and mutual recognition agreements, relying on the negative list approach toward service trade liberalisation. The larger goal should be to harmonise the FTA as much as possible with the Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP) and use the negotiations
as a leverage with the China-led Regional Comprehensive Economic Partnership (RCEP), both of which Australia is a party to, to push for the deep trade agenda based on the respect for the rules-based order and economic openness.

Ultimately, the new FTA should integrate free and fair trade and set the high standard for others to follow. Considering that labour and environmental chapters are already part of the CPTPP as they were mandated by the US and the EU’s sustainable development chapters incorporate similar provisions (the difference in enforcement strategies notwithstanding), the case for deepening of the social trade agenda is strong. Australia should be willing to redefine its long-term narrow thinking on trade policy as a technical, apolitical process aimed at market-making and endorse a more holistic view. This help ensure Australian public support for trade liberalisation, benefitting Australia, a trade-dependent economy relying on the global rules-based framework.

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Chapter 4
EU-Australia security cooperation: strengthening crisis management engagement
Margherita Matera

ABSTRACT
Australia and the European Union (EU) have been strengthening their security interaction over the past decade. The signing of a Framework Participation Agreement in 2015, allowing Australia to participate in the EU’s Common Security and Defence Policy (CSDP) civilian and military crisis management missions, is one manifestation of how this security cooperation has evolved. Both the EU and Australia have recognised that they share common interests and values in contributing to global peace and stability and in the importance of working with ‘like-minded’ partners to tackle threats to peace and security. This chapter argues that although there has been an increasing convergence on shared threat perceptions and priorities between the EU and Australia, which have facilitated Australia’s participation in two CSDP missions, there remain several factors that will influence how cooperation will deepen over time. These include whether the EU and Australia regard each other as strategic or even priority partners to tackle the increasingly transnational and interconnected security threats, and whether their geographical spheres align with their interests and priorities. Although Australia’s participation in EUCAP Nestor and EUAM Iraq represent two tangible examples of crisis management engagement between the EU and Australia, much work still needs to be done to strengthen this cooperation. It requires a commitment on the part of both interlocutors to ensure that these do not remain the only two missions where Australia is invited to contribute.

KEY POINTS
1 The signing of a Framework Participation Agreement on crisis management reflects the extent to which Australia and the European Union have been strengthening their security interaction over the past decade.

2 Although Australia’s participation in EUCAP Nestor and EUAM Iraq represent two tangible examples of crisis management engagement between the EU and Australia, work still needs to be done to strengthen this cooperation.

3 Although the EU has identified that partners are important to its ability to be a responsible global actor and to strengthen CSDP missions, Australia must also commit to work more closely with the EU to identify areas for future engagement.
INTRODUCTION

Australia and the European Union (EU) have been strengthening their security interaction over the past decade. The EU has developed a number of avenues for increased security and defence cooperation with non-EU states (third countries). These have included allowing third countries to participate in the Common Security and Defence Policy (CSDP) civilian and military crisis management missions and operations; opening the Permanent Structured Cooperation (PESCO) military projects to the possible limited involvement of third countries on a case-by-case basis; and the sharing of classified information. Australia is party to agreements with the EU to share classified information and participate in CSDP missions. In addition, the EU has made a point of emphasising ties with partners in its Global Strategy, calling on its partners to share in the responsibility for advancing the rules based global order. In order to share such responsibility, the EU has acknowledged the need to revamp its ‘external partnerships’ and ‘work with core partners, like-minded countries and regional groupings’ (EEAS 2016, p. 8) to pursue its goals. In the 2017 Foreign Policy White Paper, the Australian government also made it clear that it would work with ‘like-minded’ partners such as the EU to tackle global challenges (Australian Government 2017).

The EU’s activities in crisis management represents a major component of its security role. Since the launch of the first CSDP mission in January 2003 in Bosnia and Herzegovina, third countries have partnered with the EU in these missions. As Tardy (2014, p. 4) has argued, ‘[T]he visibility and effectiveness of the EU in crisis management partly relies on its capacity to attract non-EU countries and institutionalise relationships with them’. The signing of Framework Participation Agreements (FPAs) on crisis management and the involvement of third countries in CSDP missions is seen to indicate how the EU is perceived as a crisis management actor from actors outside of the EU and validate the EU’s crisis management role (Tardy 2014, p. 4). This external validation remains important, especially for enhancing the ‘credibility and the normative value’ of the EU’s external actions (Törö 2010, p. 345) to protect its core values of freedom, democracy, equality, the rule of law and respect for human rights. In addition, third countries are vital to the EU’s goal of ‘strengthening its own ability to take responsibility and share the burden with our partners in security and defence’ (Council of the European Union 2016, p. 4). In the Security and Defence Implementation Plan of November 2016, the EU made the case that its ‘strategic autonomy entails the ability to act and cooperate with international and regional partners wherever possible, while being able to operate autonomously when and where necessary. This adds to the EU’s credibility vis-à-vis partners’ (Council of the European Union 2016, p. 4).

Initially facilitated through ad hoc arrangements, which were found to be time consuming to negotiate, participation today is made possible through either ad hoc arrangements or the conclusion of a FPA. In announcing the commencement of FPA negotiations between Australia and the EU, the then EU High Representative for Foreign Affairs and Security Policy (hereafter referred to as the EU High Representative), Catherine Ashton stated that developments ‘in North Africa and the Middle East have underlined the value in Australia and the EU cooperating closely in responding to international crises’ (Rudd and Ashton 2011).

This chapter provides an assessment of the significance of the FPA for EU-Australia security relations. It argues that the signing of the FPA reflects an increasing convergence on shared threat perceptions and of priorities between the EU and Australia. Although this convergence has allowed for Australia to participate in two CSDP missions, the chapter will illustrate that several factors will shape how this cooperation could deepen over time. These include whether the EU and Australia regard each other as strategic or even priority partners to tackle the increasingly transnational and interconnected security threats and whether their geographical spheres align with their interests and priorities.

DEEPENING SECURITY COOPERATION THROUGH CRISIS MANAGEMENT

The signing of the FPA represents an important step in the deepening of EU-Australia security cooperation. It illustrates that the relationship has evolved and deepened to move beyond purely economic issues. It reflects a recognition of shared common interests and values in contributing to global peace and stability. This was acknowledged in a report assessing the FPA by Australia’s Department of Foreign Affairs and Trade. The report concluded that the proposed agreement would strengthen ‘the already broad-based cooperation on security and development matters’ (DFAT 2015, p. 3). In signing the agreement, the EU High Representative Federica Mogherini and then Australian Foreign Minister Julie Bishop (2015) reinforced that the FPA marked ‘a concrete expression of our resolve to respond jointly to the resolution of international crises’. The agreement was an acknowledgement that
both interlocutors had engaged within the same areas of operation (the Middle East, Gulf of Aden and Asia), addressing similar security concerns (counter-piracy, capacity-building, rule of law, and counterterrorism). The FPA further provided an opportunity for Australia to build on its long-standing crisis management commitment to peacekeeping and post-conflict stabilisation missions in the Asia-Pacific, Africa and the Middle East.

The importance of the FPA was reflected in the Framework Agreement that was concluded in 2017, and has been provisionally in force since October 2018. In the Framework Agreement, both Australia and the EU confirm their 'commitment to cooperate in promoting international peace and stability' (Australian Government and European Union 2017, Art. 5.1); to explore possibilities to coordinate crisis management activities, including possible cooperation in actual operations; and to work towards implementing the FPA.

On 8 August 2018, Bishop announced that Australia would deploy civilian expertise to EU-led crisis response and capacity-building missions in third countries of common interest under the FPA. This move paved the way for the interlocutors to commence preparations for Australia’s involvement in the EU’s Advisory Mission (EUAM) in Iraq. EUAM Iraq was launched in October 2017 in response to a request by the Iraqi government for advice on how to undertake civilian security sector reform (SSR). It was part of wider SSR assistance being provided to assist with building and consolidating stable state institutions to prevent the renewal of conflict in the country.

Following EU approval, Australia deployed a single SSR specialist to EUAM Iraq on 3 June 2019. This deployment marks Australia’s first involvement in a CSDP mission under the FPA. Although Australia had previously contributed a legal drafting expert to the EU Mission on Regional Maritime Capacity Building in the Horn of Africa (EUCAP Nestor) between August 2014 and August 2015, this was facilitated through an ad hoc arrangement (Matera 2018). Australia’s contribution to EUAM Iraq thus represents an important first step in providing the FPA with some operational substance. Australia’s contribution to EUAM Iraq demonstrates, even in these early stages, a tangible output of growing acknowledgement by the EU and Australia of their shared common interests in contributing to security in the Middle East.

The Australian government regards its contribution to EUAM Iraq as 'a significant deployment as it is the first time Australia has made a contribution to an EU-led humanitarian mission through the Australia Assists’ program (DFAT 2019). Through Australia Assists, the government has deployed personnel for peacebuilding, election support, disaster recovery, disaster preparedness, humanitarian aid, law and justice assistance and anti-piracy work. When compared with the core task of the CSDP, in the Lisbon Treaty and expanded in the Global Strategy, there is significant overlap and scope to explore opportunities for further cooperation through the FPA. The EU is developing options ‘for a more strategic approach to CSDP partnership cooperation with partner countries which share EU values and are willing and able [to] contribute to CSDP missions and operations’ (Council of the European Union 2016, p. 6). Although the details of this ‘more strategic approach’ have yet to be finalised at the EU level, Australia could position itself as a reliable and willing participant of CSDP missions where they have common interests. In addition, the participation of third countries provides the EU with additional resources in terms of expertise and equipment.

Australia became the first third country to contribute to EUAM Iraq (EEAS 2019). The fact that Australia is the first third country to participate in EUAM Iraq is useful for understanding why third countries contribute personnel to CSDP missions. This contribution builds on Australia’s extensive engagement in Iraq through its role with NATO and ‘underlines Australia’s internationally recognised expertise in humanitarian capacity building’ (DFAT 2019). It is a clear example of where both the interests of Australia and the EU have aligned.

**CHALLENGES TO FURTHER COOPERATION**

Although there has been increasing convergence on shared threat perceptions and priorities between the EU and Australia, several factors will influence whether cooperation will deepen over time. Firstly, neither the EU nor Australia regard each other as key strategic or even priority partners. Australia’s security architecture has centred around the US alliance, and on bilateral and multilateral security arrangements like the Five-Eyes alliance, whereas the EU has been focussed on threats closer to home and on the transatlantic alliance. Yet, the changing global context and geostategic great power rivalries among such actors as the United States, China and Russia adds a greater imperative for ‘like-minded partners’ (see for example, DFAT 2018) to identify new opportunities for cooperation and render each other a mutually attractive partner. Both the EU and Australia need to demonstrate that they can be effective and reliable partners to each other.

Secondly, their own primary geographical spheres of concern and interest have often not overlapped, with each primarily concerned with developments within their own
neighbourhood. However, increased interaction in the Middle East has created an opportunity to develop more tangible forms of cooperation. Opportunity for increased EU-Australia engagement in the Asia-Pacific/Indo-Pacific provides another area where they can engage more. The EU has indicated that it wishes to work with its Asian partners on security issues, specifically in training and monitoring. Through their bilateral dialogues and participation in regional bodies such as the ASEAN Regional Forum and Asia–Europe Meeting, both the EU and Australia have indicated an interest in working more closely together in the region. The challenge for both partners will be to capitalise on opportunities for greater cooperation when they arise to help mitigate regional tensions and strengthen local capacity.

Finally, the very nature of the security threats that countries and regional bodies are facing today has changed, as threats have become more transnational and interconnected and thus cannot be effectively dealt with at the national level. Protracted crises, conflicts, natural disasters, poverty, epidemics and economic downturns impose hardships and undercut prospects for peace, stability, and sustainable development for states and their citizens. These crises overlap. The widespread and cross-cutting nature of security threats require a network of partners working increasingly together to tackle both the root causes and the effects of these security threats. Identifying and working with partners that share common interests and values provides opportunities for collaboration and helps distribute responsibility for peace and stability.

CONCLUSION

Although Australia has participated in two CSDP missions, this participation has been limited in terms of personnel (and duration as with EUCAP Nestor). Participation has been restricted to civilian missions and has not extended to CSDP military operations. The next step in the evolution of the EU-Australia crisis management partnership would be Australia joining a CSDP military operation. Over the years, the EU’s CSDP military operations have focused on capacity building or naval deployments, a trend that is unlikely to change in the foreseeable future as there is little appetite among EU member states for large scale combat military operations. Recently, there has been some discussion within the EU relating to the possibility of deploying a naval operation to the Strait of Hormuz to protect freedom of navigation in the region and to de-escalate heightening tensions between Iran and the United States (see Barigazzi 2019; Mogherini 2019; The Maritime Executive 2019). If such an operation were to eventuate, this could provide an opportunity for Australia to participate in an EU military operation. The decision of the Australian Government in August 2019 to contribute to the US-led mission in the Strait of Hormuz illustrates that Australia has a strategic interest in protecting maritime flows in the region.

EU–Australia security cooperation has been strengthened through the signing of the FPA. The FPA recognise shared interests in facilitating international peace and security, and provides a practical mechanism to allow the EU and Australia to work together on the ground. Although Australia’s participation in EUCAP Nestor and EUAM Iraq represent two tangible examples of crisis management engagement, work is needed to strengthen this cooperation. It requires a commitment by both interlocutors to ensure that these do not remain the only two missions where Australia is invited to contribute. For the EU, partners are important to its ability to be a responsible global actor and to strengthen its CSDP missions. This provides opportunities for Australia to broaden its capacity to act on numerous fronts, but it also requires a commitment on the part of Australia to work more closely with the EU to identify areas of shared interests.

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Chapter 5
Australia and the European Union promoting a normative, security agenda in the South Pacific Islands

Isaac Kfir

ABSTRACT
This chapter seeks to show that Australia and the European Union (EU) have many shared interests when it comes to the South Pacific and its inhabitants, and better cooperation can help improve conditions in the region. In looking at the shared interests, the chapter focuses on humanitarianism but viewing it through a broad security lens. Australia’s engagement in the region is generally framed through aid due to the islands’ fragility, strategic importance and Australia’s commitment to maintaining the rule-based liberal international order. The EU, which has a more complex area, is looking to become a security community and therefore has an interest in the region.

INTRODUCTION
The Australia-EU Framework Agreement makes direct reference to the issue of humanitarianism as both parties seek to portray themselves as normative actors (Manners 2006, 2002). The clearest indication as to the presence of normative agenda is found in the desire to preserve and promote the post-World War Two, rules-based international order (Bishop 2014; Corbett and Dinnen 2016; Kennedy and Crowley 2018). When looking at the South Pacific, Australia and the EU are showing revised interest in the region, emphasising their historical relationships with the Islands and its people. This chapter, drawing on discourse analysis, will show that Australia and the EU are keen to engage in the region for several reasons, First, both are concerned over Beijing’s ‘revisionist’ agenda, which challenges the post-World War Two global order, especially as it pertains to the South Pacific (Dibb 2012; Wallis 2015). Rhetorically, they present their engagement along normative lines, manifested in humanitarian assistance and development aid. An additional reason for the engagement is their respective commitment to liberal economic principals and their belief that if the Islands embrace liberal economic reform, they will cease to be dependent on aid.

It is useful to see these reasons as part of a continuum, and not as independent factors, although it is the security concern, particularly as it relates to China, that is largely driving the ‘step up’ in the commitments of both Australia and the EU. However, as neither wants to appear as if they

KEY POINTS
1. Australia is using humanitarian assistance to support the securitisation of the South Pacific;
2. The EU is looking to engage more with the South Pacific countries and this engagement is in part because it wants to be a security community;
3. The engagement is driven by Chinese interest in the region.

1 The 2013 Defence White Paper emphasised that one reason to engage with the Pacific nations is to ensure ‘that no major power with hostile intentions establishes bases in our immediate neighbourhood from which it could project force against us’ (Commonwealth of Australia 2013, p. 25). See also the 2017 Foreign White Paper (Commonwealth of Australia 2017), and Defending Australia in the Asia Pacific Century: Force 2030 (Commonwealth of Australia 2009).
are securitising their engagement, they are framing their engagement through a development, humanitarian aid and assistance lens. Such an interpretation is not unusual as Australia and the EU fuse within their normative agenda a recognition that early intervention can prevent greater catastrophes.

**AUSTRALIA, THE SOUTH PACIFIC ISLANDS AND THE ‘STEP UP’**

Central to understanding Australia’s relationship with the Pacific Islands is the disparity it terms of size, wealth, population and military power, all of which makes the islands reliant on Australia and New Zealand for commerce, development, education, medical treatment, work, and humanitarian aid.

For years, successive Australian governments emphasised the importance of the South Pacific, but the engagement was limited, never really moving beyond specialist government departments. This is seen by how few statements senior Australian politicians made and how few visits they made to the region beyond key conferences. Increasingly, Canberra has taken a more realpolitik, security-focused approach to the region, which includes using humanitarianism as a tool to project power and influence.

It has become obvious that in 2018 and 2019, the security concerns played a key role in encouraging Prime Minister Scott Morrison to reengage with the South Pacific Islands albeit through a revamp of the humanitarian and development agenda vis-à-vis the Islands, which effectively hides a security agenda. It was therefore unsurprising that Morrison was determined to change the way Australia approached the South Pacific, which is why his first overseas trip following his 2019 election victory was to the Solomon Islands - the first time an Australian Prime Minister had visited Honiara since 2008. The renewed focus was also evident in Australia’s 2017 Foreign Policy White Paper and subsequent speeches by the Prime Minister and the Foreign Affairs Minister, Marise Payne (Commonwealth of Australia 2017; Morrison 2018; Payne, 2018). One suspects that Morrison chose the Solomon Islands because Beijing was known to actively court the Islands in the hope of getting them to end their diplomatic relations with Taiwan and as part of Beijing’s revisionist foreign policy (Manthorpe 2019).

From a normative perspective the focus on critical infrastructure was advisable as it is hoped to make the Islands more resilient in the face of climate breakdown. The low-lying Pacific Islands are particularly vulnerable to climate impacts so Australia redirected $500 million towards renewable energy and ‘climate and disaster resilience’ (Clarke 2019). However, a close look at what investment in critical infrastructure entails, reveals that it is security, specifically a desire to deny or block Chinese access to the region that is the primary objective. There is concern that if China is to engage in critical infrastructure building two things become possible. First, the Chinese build to different specifications and therefore if they are to build ports, railways, building, etc. they will conform to Chinese specifications. Once a particular specification is embedded into a country, it is hard to change the format. A second concern is that the Chinese will embed listening tools or other nefarious equipment into the Islands’ critical infrastructure, something that they have been accused of doing in other locations (Reuters 2018).

Under the security-critical infrastructure agenda, Canberra has agreed to support the building of a new office complex to house the Prime Minister’s office and the Ministry of Foreign Affairs in the Solomon Islands; provide loans for temporary workers to travel to Australia; and develop a naval base on Papua New Guinea’s Manus Island in part to offset Chinese interests in carrying out such an endeavour (Dziedzic 2019). Another example of Canberra’s concern with Chinese investment is a proposed 4,000km underwater high-speed internet cable between Australia and the Solomon Islands. The Solomon Islands government had been in discussions with Chinese company, Huawei, which was deemed to be a security threat by the Australian government due to its close relationship with the Chinese Communist Party. Australia sought to negate this perceived threat by committing to support the construction of the cable. On the environment and resilience, Canberra allocated $300 million over four years (2018-2022) to help the islands improve their climate and disaster resilience. In 2018, the Australian Department of Foreign Affairs and Trade provided $75 million for the formation of the Australia Pacific Climate Change Action Program (APCCAP) Support Unit, aimed at ensuring that those investing in the Pacific are climate and disaster risk informed, which includes funding the Secretariat for the Pacific Regional Environment Program (SPREP).

On the economic side, Canberra understands that development support must be targeted at helping the economies of the Pacific Islands to grow and prosper. The intention is to help make the Islands resistant to humanitarian crises, which is consistent with the ideological outlook of the government agency responsible for the delivery of foreign aid, Australian Aid. Canberra has taken this position because Australia is often called upon to help addresses these disasters, and the assumption is that by
having a more capitalist economic system, the islanders could build infrastructure that would be resistant to climate change (Corbett and Dinnen 2016; Garrett and Wanner 2017). Concomitantly, improving the economic conditions, primarily through investment, of the islanders would also demonstrate Australia’s commitment to the liberal international economic order and help reduce the region’s reliance on overseas aid.

Recognising the interdependence aspect of Australia’s engagement with the region, since the mid-2000s, the Australian Defence Force has participated and supported the US-led Pacific Partnership, which by 2019 had become the largest humanitarian and disaster response-preparation exercise in the region. It began as a response to the 2004 Boxing Day tsunami, which underlined the fact that in a disaster-prone area, international cooperation is vital for effectively dealing with humanitarian catastrophes. Thus, the 2019 Pacific Partnership exercise involved more than 500 military and civilian personnel from Australia, Canada, Japan, Malaysia, Peru, the Philippines, South Korea, Thailand, the UK, and the United States. The purpose of the exercise is no longer just operational but rather to promote cooperation that involves 60 humanitarian assistance and disaster-relief preparedness expert exchanges through workshops, scenario-based exercises, and symposiums. The participating countries stop at various locations where they engage in specific exercises such as dealing with flooding (Lopez 2019). Between 2006 and 2016, this annual, three-months long exercise provided medical treatment to over 430,000 people, completed 49 civil engineering projects and undertook 102 community-service events (Baldino and Carr 2016).

An example of the security-economic-people nexus as it pertains to Australia’s engagement with the region is the Pacific Patrol Boat Program (PPB). The PPB began in the early 1980s and has now evolved into a $2 billion Pacific Maritime Security Program, aimed at providing 21 replacement patrol boats across the Pacific and Timor-Leste and an aerial surveillance capability to bolster Pacific Island maritime security. The objective of the program is to enable the Pacific Islands to guard their fisheries, but also provide search and rescue, medical evacuations, hydrographic surveying, anti-smuggling, and sovereignty patrols. The project also includes training for the crews, naval advisers posted to each recipient country, and through-life logistic and technical support through the Follow-On Support Agency (Bergin and Bateman 1999).

**THE EUROPEAN UNION AND THE SOUTH PACIFIC: MOVING FROM HUMANITARIANISM TO SECURITY**

The Pacific region is not a top priority for the EU, which currently faces a multitude of internal and external threats. It is therefore unsurprising that the rate and scale of collaboration in terms of politics and economics has been low. EU-Pacific relations are therefore a specialised subject that has elicited insufficient analysis. There is also less official commentary on the region, making it harder to assess the EU’s current and future engagement with the region. Moreover, many of the things that the EU does in the region are not publicly acknowledged, as seen recently with the opening of Tuvalu’s first waste transfer station, which was funded by the EU (EEAS 2019).

EU-Pacific interactions are largely driven by the Cotonou Agreement and the EU Development Fund, both of which emphasise a development and humanitarian agenda, and includes a commitment to address climate change. Such an approach fits with the EU’s desire to promote itself as a normative actor in international relations but also as a security community. Besides the EU’s engagement with the region, the UK and France, and increasingly Germany, are intensifying their bilateral relations with the Pacific states in part because of the tremendous economic potential of the region, as seen for example with New Caledonia, a French overseas territory that has 25% of the world’s nickel reserves.

The EU’s increased interest in the Pacific Islands emerged in the mid-2000s. The EU and the Pacific Islands have signed two Regional Indicative Programmes, the first covers the period 2008 to 2013 and the second covers the period 2014 to 2020. One reason for the engagement is because the Pacific is one of the most disaster-prone regions in the world. Moreover, limited development, caused in part by economies of scale and historical underinvestment caused by colonial neglect have worked to undermine growth in the region. The EU and its member states are the world’s largest providers of humanitarian and disaster relief and it therefore makes sense for it to be engaged in a region that is affected by so many disasters. The EU’s increased commitment to support the Pacific Islands can be seen in the €200 million it provided to increase climate change resilience and the EU’s commitment to support the implementation of the Boe Declaration, a regional security agreement that commits Pacific Islands to cooperation on addressing a range of threats, including climate change.
The EU has a keen interest in promoting engagement through the umbrella of the African, Caribbean and Pacific (ACP) Group of States managed by the Cotonou Agreement, with its three key pillars of development cooperation, trade and political dialogue. Using the ACP, which was established in the mid-1970s, and composed of over 70 countries, allows the EU to first promote the ACP, but also to ensure that the EU can present itself as seeking to support and uphold institutions. By working through the ACP, the EU avoids being castigated or portrayed in a negative way, as it can claim that it is looking to work through the differences as opposed to imposing its way.

A second avenue used by the EU to engage with the region is through the European Development Fund (EDF), which began in 1959 and has clear development goals. The latest version of the EDF has a total budget of €30.5 billion. Since the mid-2000s, the EU has slowly sought to move away from a donor-recipient relationship to one of political relations as seen in the 2012 Joint Communication, entitled Towards A Renewed EU-Pacific Development Partnership (European Commission 2012), which built upon the 2006 Joint Communication, EU Relations with the Pacific Islands - A Strategy for a Strengthened Partnership (European Commission 2006).

The 2012 communiqué emphasised governance, regionalism and sustainable management of natural resources, but it also seems that the EU wants to move the discussion from the development and humanitarian aspect to a more meaningful political and strategic engagement, seen most clearly in the EU’s 2016 Global Strategy (EEAS 2016) through which the EU emphasises its commitment to principled pragmatism and the need to uphold international law as a way to maintain international peace and security (Pejsova 2019).

**BY WAY OF CONCLUSION, WHY COOPERATE?**

Canberra is determined to keep China out of what it considers its sphere of influence. Such an interpretation does not undermine the assertion that Prime Minister Morrison’s Stepping Up in the Pacific campaign is based on a real passion, commitment and interest towards the region.

Many European policy-makers share Australia’s concerns over China’s revisionist agenda. In respect to China, French President Emmanuel Macron, has declared that ‘The time of European naïveté is over’ (Ishikawa et al. 2019). It also explains why Macron trumpeted in 2018 a Franco-Australian-Indian strategic alliance, which has seen France deploy its only aircraft carrier group to the Asia-Pacific to conduct freedom of navigation operations in the South China Sea (Vey and Rose 2018; Zhang 2019). However, despite increased attention paid by some EU member states – France and the UK in particular - the EU, as an entity, is a newcomer to the Pacific and would need and benefit from working with a trusted partner, such as Australia, which has considerable interest, knowledge and access in the region.

This engagement is to be welcomed because the region needs support. However, whereas Australia is openly securitising the region, the EU is taking a more human security approach, which is winning it friends and allies. It therefore makes sense for Australia to look more closely at how the EU is seeking to engage with the South Pacific and follow its lead, especially as the EU and some member states seem committed to establishing a presence in the region.

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Chapter 6
Cooperation beyond deterrence: The prospects for an EU-Australia rights-based approach to refugee protection in Southeast Asia

Tamara Tubakovic

ABSTRACT

The management of asylum arrivals is a common challenge faced by both the EU and Australia. Notwithstanding their geographical distance, the EU and Australia have pursued similar strategies of externalisation and deterrence in response to maritime migration. Although these policies have failed to address the protection needs of asylum seekers, this chapter suggests that the EU and Australia could better coordinate their efforts to promote human rights and refugee protection in a region that is of mutual strategic interest. In the context of the provisional implementation of the Framework Agreement, the chapter considers the prospects of an EU-Australia led rights-based approach to refugee protection in the Southeast Asia region. The chapter argues that the EU and Australia could focus on existing bilateral relations with ASEAN to mobilise and facilitate the exchange of ideas on a rights-based approach to refugee issues. However, the chapter concludes that in order for the EU and Australia to exert credible leadership, they would need to reflect on their own policy approaches and accusations of human rights violations.

KEY POINTS

1. The EU and Australia have pursued similar strategies of externalisation and deterrence in response to maritime migration and asylum arrivals. These policies have aimed to deny asylum seekers access to refugee procedures and to expel them to third countries.

2. Despite these securitised and militarised asylum policies, the Framework Agreement between the EU and Australia has provided an opportunity for both parties to work together to promote a humanitarian and rights-based approach to refugees in the Southeast Asian region.

3. Yet for the EU and Australia to exert credible regional leadership, they would need to reassess their own approaches to asylum seekers, which have been subject to serious criticism on the basis of human rights abuses.

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INTRODUCTION

With the adoption and provisional implementation of the Framework Agreement, the EU and Australia have recognised that they share interests in ‘irregular migration, refugee and asylum seeker issues’ (Commonwealth of Australia and DFAT 2018, p. 7). This chapter begins by providing a critical comparative assessment of the approaches adopted by the EU and Australia to tackle maritime asylum migration. It illustrates that both the EU and Australia have pursued an approach of externalisation of refugee protection and border control responsibilities to third countries. The intention behind these policies is to reconceptualise maritime migration from a humanitarian issue where asylum seekers are viewed as deserving recipients of state protection, to a national security issue where asylum seekers are framed as a threat to border integrity and public order. It considers the implications of such approaches on the prospects for refugee protection and human rights. The chapter then proceeds to analyse the prospects for EU-Australia leadership on a rights-based approach to the refugee situation in Southeast Asia (SEA). The chapter argues that despite the trend towards the militarisation and securitisation of responses to asylum seekers, the EU and Australia could enhance their efforts toward exerting joint regional leadership on a humanitarian approach to refugees in a region that is of mutual strategic interest.

A CONVERGENCE OF APPROACHES?
REFUGEE EXTERNALISATION IN THE EU AND AUSTRALIA

Since 2014, migration to the EU has escalated, with the unprecedented arrival of over a million persons in 2015 (UNHCR 2015). This heightened moment has also been accompanied by the tragic loss of life, with approximately 15,700 deaths in the Mediterranean since 2015 (IOM 2019). Although those arriving were mainly refugees fleeing Syria, Iraq and Afghanistan (Frontex 2019, p. 17), the EU’s response has been characterised by an intention to outsource border control and protection responsibilities. The EU has sought to deny asylum seekers access to refugee procedures and to expel them to third countries, which the EU has deemed as safe (Asylum Information Database 2019). The EU-Turkey Statement (Council of the EU 2016), for example, allows the EU to return any person that arrives in Greece from Turkey under accelerated procedures. For every person returned, the EU has committed to relocating one Syrian refugee from Turkey. The agreement with Turkey has allowed the EU to effectively externalise its migration control, shifting the responsibility for assessing asylum claims to Turkey. Similarly, the EU’s engagement with the Libyan coastguard, which aims to build capacity for maritime interdiction and returns, as well as the capacity to contain migrant communities, is intended to disrupt migration pathways, preventing individuals from reaching or entering EU territory, and ‘offshoring and outsourcing legal and administrative responsibilities for refugee protection’, and return, to third countries (Murray 2019a, n.p.). The impact of these policies on refugee protection and human rights has been significant. Turkey does not have a functioning asylum system and does not officially recognise refugees from outside of Europe (Weber 2016, pp. 36-37). There have been reports by Amnesty International (2016) that Afghan refugees have been deported back to Afghanistan where they are likely to face persecution. Libya, similarly, has not ratified the 1951 Refugee Convention, which is the central condition that the EU uses to assess whether a country is safe for refugees. UNHCR (2018) has documented violations and abuses of international human rights in Libya.

Australia’s policies towards asylum seekers and refugees have also drawn criticism for violating international refugee, human rights and maritime law (Moreno-Lax 2017; McAdam and Chong 2014). The Pacific Solution, developed under the Howard Government in response to the Tampa Affair in 2001, involves the offshore detention, processing and resettlement of asylum seekers and refugees (Davidson 2016). Under this approach, maritime arrivals without authorisation are intercepted and turned back to the country of origin or departure (Moreno-Lax 2017, p. 3). Australia has also concluded bilateral agreements with the governments of Nauru and Papua New Guinea to transfer asylum seekers to mandatory detention and processing centres in these countries (Larking 2016, p. 87). Indefinite detention on Manus Island and Nauru has had a severe effect on the physical and mental health of individuals detained (Gleeson 2016; McAdam 2018). The Australian government has been accused of subjecting asylum seekers to torture, crimes against humanity and the intentional infliction of harm in operating its offshore processing centres (Davidson 2018). In 2013, the Coalition government

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2 On 26 August 2001, then Prime Minister John Howard refused permission for the Norwegian ship MV Tampa, carrying 438 rescued asylum seekers from a distressed vessel to enter Australian territory and disembark on Christmas Island.
introduced ‘Operation Sovereign Borders’, which mobilises military operations to prevent the unauthorised arrival of vessels transporting asylum seekers to Australia (Baker 2019, n.p.).

Despite the deterrence policies adopted by the EU and Australia, the following section suggests the Framework Agreement has provided an opportunity for both parties to exert joint regional leadership on a humanitarian approach to refugees in a region that is of mutual strategic interest.

THE FRAMEWORK AGREEMENT AND THE PROSPECTS FOR A RIGHTS-BASED REFUGEE APPROACH IN SOUTHEAST ASIA

The Southeast Asian region hosts the third largest protracted refugee population in the world (Davies 2014, p. 283). The main refugee-receiving countries – Thailand, Malaysia and Indonesia – have not adopted national legislation to govern asylum entry and asylum procedures. Only two SEA states are signatories to the UN Refugee Convention – the Philippines and Cambodia. Instead, national governments often confine refugees with undocumented migrants, which has resulted in further rights violations, as refugees are often associated with ‘transnational crimes’ such as trafficking (Kneebone 2011, p. 158). By framing refugees as irregular migrants, states in the region have responded with deterrence measures rather than considering the ‘potential protection and humanitarian needs of the persons concerned’ (Moretti 2018, p. 238). In particular, maritime migration and search and rescue operations have been ‘narrowly interpreted to suit national interests and have taken the form of pushbacks and military operations to counter people smuggling’ (McAuliffe 2016, p. 19; Moretti 2018, p. 242). The human rights implications for refugees have been profound. The lack of refugee protection recognition has also been a cause of regional instability. The persecution of Rohingya refugees has placed relations between Myanmar, and the main Rohingya receiving countries – Bangladesh, Malaysia and Thailand- under strain.

The EU and Australia share a strategic interest in maintaining the security and stability of SEA (European Union 2016, p. 37; DFAT 2017, p. 43). They also share similar approaches to promoting stability in the region. A joint statement by High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission (HR/VP) Federica Mogherini and the then Foreign Minister Julie Bishop referred to the EU and Australia as sharing ‘the same values in respect of democracy, human rights and a rules-based international system.’ The Framework Agreement now strengthens the EU’s and Australia’s pursuit of ‘international peace’ and the promotion of ‘shared democratic values’ (Commonwealth of Australia and DFAT 2018, p. 3). It provides an opportunity for the EU and Australia to harness these commitments to liberal democracy and human rights by exerting regional leadership in the non-traditional security (NTS) context. As Murray (2019b, n.p.) argues, ‘an enhanced partnership of the EU and Australia could seek to exert joint regional leadership precisely in seeking to provide stability to democratic states and a humanitarian approach to refugee movement.’ As ‘like-minded’ partners seeking to promote ‘democracy based on liberal values and social justice,’ (EEAS 2018, n.p.) such a humanitarian approach would involve recognising forced migration as a human rights challenge and assisting countries in the region to build capacity for refugee protection.

One possibility is for the EU and Australia to build on existing bilateral engagements with regional institutions to mobilise change towards a rights-based approach on refugee issues. They could work within the SEA regional institutional structures to support and facilitate dialogue on refugee movement and maritime migration that promotes a humanitarian approach while also ensuring national security interests are met. They have already developed important institutional relationships and synergies with ASEAN on human rights and migration related challenges3. The Bali Process has been an important platform for policy dialogue, information sharing and practical cooperation between Australia and Southeast Asian countries on migration issues. However, since the primary focus is on issues relating to people smuggling, trafficking in persons and transnational crime, policy coordination within this forum has failed to tackle the protection needs of refugees.

The Plan(s) of Action adopted between the EU and ASEAN and Australia and ASEAN, on the other hand, clearly reflect enthusiasm to cooperate on developing capacity for good

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3 The EU and ASEAN have held two Policy Dialogues on Human Rights in 2015 and 2017. Australia and ASEAN cooperate through the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (co-chaired by Australia and Indonesia); the Australia-Asia Program to Combat Trafficking in Persons (AAPTIP); and development cooperation programs that promote safe and legal migration and protection of women migrant workers. Australia has also participated in the Asia-Pacific Consultation on Refugees, Displaced Persons and Migrants along with Southeast Asian countries, although the APC is now no longer active. The Australian government’s ASEAN and Mekong Program also aims to strengthen regional responses to trafficking and the exploitation of migrant workers.
governance, human rights protection and humanitarian approaches to maritime migration and search and rescue operations. The EU and Australia could exert joint leadership by coordinating and sharing best practices in their efforts to promote human rights and good governance in the region. In fact, Article 10 of the Framework Agreement commits ‘the parties [to] cooperate by exchanging views and, where appropriate, coordinating positions in international and regional organisations and fora.’ The Framework Agreement makes specific mention of the ASEAN Regional Forum (ARF) as a forum to undertake this coordination. Wong and Brown (2016, p. 82) argue that the ARF ‘has been identified as the core of the regional security architecture in the coming years, with cooperation on NTS challenges an explicit objective.’ The EU and Australia could coordinate their interests and combine efforts in the ARF to facilitate the exchange of ideas and values on human security issues from a humanitarian perspective.

The promotion of a rights-based approach to refugees in the region offers several strategic policy benefits for the EU and Australia. In the case of Australia, by coordinating with the EU to build robust protection frameworks in the region, a rights-based approach could reduce the incentives for asylum seekers to try and reach its shores. Whereas Australia has provided ‘foreign aid, funding and infrastructure’ to assist countries such as Indonesia and Malaysia to implement effective border management (Larking 2017, p. 86), the EU and Australia could concentrate their aid funding to create better conditions for asylum seekers to stay in their host countries and build a new life. For the EU, a stable environment in Southeast Asia is a key element of its Global Strategy (European Union 2016, p. 38). Creating conditions for peace and prosperity for refugees also constitutes a core normative value that the EU seeks to espouse globally.

Nevertheless, in order to exercise credible leadership, the EU and Australia will need to reflect on the broader implications of their own asylum policies. Considering that the EU and Australia have faced significant criticisms for their externalisation approaches, any decision to adopt a joint humanitarian approach to migration in the SEA could be vulnerable to allegations of hypocrisy.

CONCLUSION

This chapter has provided a critical assessment of the approaches adopted by the EU and Australia to tackle maritime asylum migration. It has demonstrated that both interlocutors have pursued the externalisation of refugee protection and border control responsibilities to third countries. The deleterious impact of these policies on refugee protection and human rights has been extensive.

Yet, the chapter suggested that with the provisional implementation of the Framework Agreement, the EU and Australia could enhance their policy coordination towards the promotion of a rights-based approach to refugee protection in the SEA region. It argued that joint leadership could focus on existing bilateral relations with ASEAN to mobilise and facilitate the exchange of ideas on rights-based approach to refugee issues. It also considered possible challenges to promoting a humanitarian approach in the region. The chapter concluded that for the EU and Australia to exert credible leadership, they would need to reflect on their own policy approaches and accusations of human rights violations.

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Chapter 7
Climate and energy: Divergent interests and approaches between Australia and the European Union
Nicholas Parry

ABSTRACT

Australia and the European Union (EU) have adopted markedly different approaches to climate change mitigation. Whereas Australia is regarded as a ‘laggard’, the EU has adopted a position of international leadership. Divergent economic interests, particularly in relation to energy resources, can explain much of this difference. Australia is one of the world’s largest exporters of coal and gas and has sought to protect these industries. The EU is a net energy importer and has sought to diversify its energy production away from fossil fuels. However, areas of possible alignment are emerging and could form the basis of a more cooperative relationship in the future.

KEY POINTS

1 Australia and the EU have demonstrated very different levels of ambition in climate policy, with Australia regarded as a laggard and the EU as a leader.
2 Divergent economic interests, particularly in relation to energy resources, can explain this difference.
3 However, three areas of convergence and possible cooperation are emerging: the energy transition; trade and the international rules-based order; and climate diplomacy.

INTRODUCTION

Since the negotiation of the first international agreement on climate change at Kyoto in 1997, Australia and the European Union (EU) have adopted markedly different approaches to climate change. The EU has been regarded as a leader in international climate politics (Oberthür and Kelly 2008; Parker and Karlsson 2017), whereas Australia is seen as a laggard (Christoff 2005; Tobin, 2017). This chapter argues that divergent economic interests, particularly as they relate to energy, have driven the different approaches. However, it also argues that there is significant potential for alignment and cooperation and that a more forward-looking approach from both parties could yield significant environmental, economic, and diplomatic benefits.

The chapter begins by providing a brief history of Australian and EU approaches to climate change, examining the persistent tensions between the two parties that first emerged during the negotiations over the Kyoto Protocol in 1997. It will trace these tensions to the divergent economic interests of Australia and the EU. The chapter will then assess the prospects for increased cooperation in three areas: the energy transition; trade and the support of a rules-based international order; and climate diplomacy.

FROM KYOTO TO PARIS: DIVERGENT APPROACHES

The Kyoto Protocol was the first international treaty for reducing greenhouse gas (GHG) emissions. It was negotiated in 1997 and established national emissions reduction commitments for the period from 2008 to 2012 (a second commitment period from 2013 to 2020 was finalised in 2012). Australia and the EU adopted very different positions during the negotiations. Australia was regarded as a major obstacle to the agreement, exploiting the need for consensus to hold out for preferential treatment (Oberthür and Ott 1999, pp. 137–138). While nearly all industrialised countries agreed to
decrease emissions by between 6% and 8%, Australia was permitted to increase its emissions by 8%. The then European Commissioner for the Environment, Ritt Bjerregaard, said that Australia had ‘got away with it’ after presenting a misleading case during the negotiations (in Hamilton 2000, p. 89). Despite the concessions, the Protocol was opposed by all of Australia’s major industry groups and the government ultimately refused to ratify the agreement (Christoff, 2005 p. 30).

The European Commission had initially proposed a 15% reduction target ahead of the Kyoto negotiations, arguing that an ambitious target would place pressure on the United States and Japan to increase their own commitments (Ringius, 1999, p. 151). The EU settled on an 8% target when the United States refused to move beyond 7%, but eventually met the 15% target by 2012 regardless (Ringius 1999, pp. 151–152).

A change of government in Australia in 2007 saw a significant shift in climate policy and a convergence between Australia and the EU. The Kyoto Protocol was ratified and a carbon price that drew upon the experiences of the EU’s Emissions Trading System (ETS) was implemented in 2012 (Nielson 2008). However, the brief window of climate policy ambition in Australia ended with another change of government in 2013.

Despite having a government that was at the time largely hostile to climate policy, Australia did become a signatory to the Paris Agreement on Climate Change in 2015. The Paris Agreement is the successor agreement to the Kyoto Protocol and aims to hold ‘the increase in the global average temperature to well below 2°C above preindustrial level’ and to pursue ‘efforts to limit the temperature increase to 1.5°C’ (UNFCCC, 2015). As part of the Agreement, each signatory submitted a Nationally Determined Contribution (NDC), which provided an emissions reduction commitment for the period from 2021 to 2030. Again, Australia’s commitments are weak relative to the EU. The EU committed to a minimum 40% reduction by 2030 on 1990 levels whereas Australia committed to a 26% to 28% reduction by 2030 on 2005 levels (equivalent to 25.3% to 27.3% on 1990 levels).

The EU had reduced emissions by 22% on 1990 levels at the end of 2017 and although emissions plateaued in the three years from 2014, a climate and energy policy framework agreed upon in 2018 will likely ensure that the EU exceeds its 40% target (European Commission 2016).

Australia had reduced emissions by 11.6% on 1990 levels at the end of 2017. After peaking in 2007, Australia’s emissions fell every year until 2015, but increased again in 2016 and 2017 (UNFCCC 2019a). The government’s own projections show that Australia will not meet its 2030 commitment (Commonwealth of Australia 2018, p. 5). However, the Australian Government has indicated that it will utilise carry over credits from the Kyoto Protocol to meet its target. Australia overachieved on its Kyoto commitments by about 370Mt and if this amount were counted toward its 2030 target it would nearly halve Australia’s commitment under the Paris Agreement.

The EU also exceeded its commitments under the Kyoto Protocol, but has ruled out using carry over credits toward its 2030 target. It also questioned Australia’s use of carry over credits at the Bonn Climate Change Conference in June 2019, but Australia reaffirmed its intention to utilise the credits (UNFCCC 2019b, pp. 15–17).

CLIMATE AND ENERGY: DIVERGENT INTERESTS

The EU also questioned the continued expansion of coal mining in Australia at the Bonn Conference, which highlighted a key point of difference between the two parties. Energy is responsible for about 60% of global emissions; therefore transitioning to renewable and low-carbon sources of energy is critical to climate change mitigation efforts. However, there are very different drivers shaping energy policy in the EU and Australia. The EU relies on imports of oil, coal and gas for more than half of member states’ energy needs (European Commission 2017). Energy security has therefore been a key driver behind the development of low-carbon energy sources in the EU (nuclear and renewables) in the EU, which account for 26% of the bloc’s energy consumption. Australia, on the other hand, has access to abundant fossil fuel resources and is one of the world’s largest coal and gas exporters (BP 2019, pp. 40–47). In the absence of energy security and economic drivers, Australia has been slower to deploy low-carbon energy sources, which account for just 7% of Australia’s energy consumption (BP 2019, p. 9).

Despite the divergent interests in relation to energy, the Paris Agreement implies a rapid transition of global energy systems away from fossil fuels. Limiting global warming to below 2°C will require a near complete global phase out of coal by 2050 and only a limited role for gas (IEA 2017, p. 29). Coal will largely be displaced by renewable energy, which provides significant potential for cooperation. The EU leads the world in renewable energy capacity (REN21 2017, p. 34), R&D expenditure (Frankfurt School-UNEP Centre 2017, p. 78) and renewable energy patents (European Patent Office-UNEP 2015, p. 9). Although the proportion of renewable energy in Australia’s energy system is half that of the EU, Australia’s climate and geography are very favourable for solar and wind power (Lu et al. 2009; World Bank 2016). Australian states have also implemented ambitious renewable energy targets that will drive increased deployment over the next three decades. This provides opportunities for European renewable energy companies to increase their cooperation with the Australian energy sector.
There is also a particular opportunity for renewable gas, particularly hydrogen. If hydrogen is produced using renewable electricity, it can become an alternative low-carbon energy source in a range of applications, including electricity generation, heating and transport. Australia has identified hydrogen as a potential export industry and cooperative networks between Australia’s CSIRO and European energy companies have already been developed (CSIRO 2018).

EU-AUSTRALIA FTA: AN OPPORTUNITY FOR CONSENSUS

The current FTA negotiations provide another potential catalyst for cooperation. A mutual commitment to the Paris Agreement has become a standard article in EU trade agreements. It was included in both the EU-Japan Economic Partnership Agreement (EPA), which entered into force on 1 February 2019, and the preliminary agreement between the EU and Mercosur in July 2019. The European Commission has indicated that a similar provision will be included in any EU-Australia FTA.

Any clause in the FTA relating to the Paris Agreement is unlikely to include specific targets. Therefore Australia could continue to claim that it is respecting the Agreement by simply remaining as a signatory. However, FTAs negotiated by the EU need to be ratified by the national parliaments of member states, and Australia’s use of carry-over credits from the Kyoto Protocol could be used to justify the rejection of the FTA. EU member states that are potentially threatened by Australian agricultural imports may be particularly inclined to utilise this tactic. It is noteworthy that the two countries that were most vocal in calling for a review of the Mercosur agreement following the large-scale fires in the Amazon in 2019 were France and Ireland - two of the largest beef producers in the EU (DW 2019; Eurostat 2019).

More broadly, the FTA also represents a mutual commitment to liberalised trade and a rules-based international order (see McKenzie and Postnikov in this volume). The Paris Agreement implies fundamental changes to the global economy, and if Australia and the EU are to work together to uphold a rules-based order, then global agreements will need to play an increasingly important role. Two areas where both parties could cooperate are emissions trading and carbon tariffs.

EMISSIONS TRADING SYSTEM AND CARBON TARIFFS

The Australian carbon price was originally meant to link to the EU ETS by 2018, but it was repealed by the new conservative government in 2014. The repeal marked the end of a ‘long and bruising’ political debate and neither of the major parties has proposed its re-introduction (Jotzo 2012, p. 476). However, economic analyses have consistently shown that some form of carbon price is the most efficient method of reducing emissions (Aldy and Stavins 2012; Metcalf and Weisbach 2009; Nordhaus 1992). It is therefore possible that Australia will return to some form of carbon price in the future to facilitate emissions reductions that are consistent with the Paris Agreement.

The EU has now had fifteen years of experience with the ETS, and Australia could again draw upon that experience to design a new mechanism. New Zealand has recently committed to deepening its cooperation with the EU in relation to its ETS (European Commission 2018a), thus providing a potential framework for an international ETS.

One of the most commonly cited arguments against any form of carbon price is that it has a negative impact on the competitiveness of trade-exposed industries (Martin et al. 2014, pp. 78–79). One potential solution to this is a carbon tariff, which places an external tariff on imported goods, depending on their embodied carbon content (Monjon and Quirion 2010).

About one quarter of global emissions are embodied in international trade with developed countries generally net carbon importers (Sakai and Barrett 2016, p. 102). As one of the world’s largest exporters of coal and gas, Australia is an exception amongst developed countries, and therefore unlikely to support any attempt to impose carbon tariffs in the near-term. However, as demand for these two commodities declines – as Paris Agreement implies – Australia may be more receptive to ensuring that its manufacturing and agricultural sectors are competing on a level playing field with international competitors.

There is some debate as to whether a carbon tariff would comply with World Trade Organisation (WTO) rules if it is applied unilaterally (Holmes et al. 2011; Holzer 2014). However this issue would likely be negated if uniform tariff were applied to all members of the WTO (Monjon and Quirion 2011). Both the EU and Australia have deep competence in international trade regimes and could therefore work cooperatively to design a WTO-compliant carbon tariff program. This could form part of a broader cooperative arrangement on WTO-related matters.

CLIMATE FINANCE, FOREIGN AID AND THE PACIFIC

A third area of potential alignment and cooperation is climate finance, with a particular emphasis on the Pacific. There are a number of climate finance mechanisms in place that aim to
mobilise financial resources to fund mitigation and adaptation activities, particularly in the developing world (Watson and Schalatek 2019, p. 1). The EU and its member states are the world’s largest contributors of climate finance, having provided over €20 billion in 2017 (European Commission, 2018b). Australia had committed to providing AUD1 billion in climate finance in the five years to 2020, which places it in the mid-range of donors amongst OECD countries (Gayfer et al. 2018, p. 63).

Although Australia’s contribution to climate finance is small relative to the EU, it could have a particularly important role to play in the Pacific (see Kfir in this volume). Australia is the largest foreign aid donor to the region, and although most of its aid has focussed on governance and infrastructure rather than climate change, there is a growing recognition that aid should be more closely tied to the climate (Gayfer et al. 2018). The low-lying islands of the Pacific are particularly vulnerable to climate change (Barnett 2005; Betzold 2015) and the issue is increasingly shaping the relationship between Australia and its Pacific neighbours. Australia was heavily criticised for its stance on climate change by other regional leaders during the Pacific Islands Forum in August 2019 (Doran 2019).

Australia could work with the EU to create financial mechanisms that focus on climate change mitigation and adaptation in the Pacific. It would likely have positive impacts on one of the most vulnerable regions in the world, and also improve Australia’s diplomatic standing amongst its Pacific neighbours.

**CONCLUSION**

The relationship between Australia and the EU on climate change related matters has been marked by divergent approaches and occasional tensions. Current policy settings in Australia are unlikely to alleviate those tensions. However, climate change is a long-term threat, Therefore it is necessary to look beyond short-term political cycles to identify areas of potential alignment and cooperation in the longer term. Keeping global warming to well below 2°C will require fundamental changes to the global economy and Australia and the EU have a mutual interest in ensuring that these changes do not undermine the international rules-based order and existing relationships.

Many cooperative networks already exist between the EU and Australia. At a scientific level, European and Australian researchers interact through various international forums. At a policy level, the EU is regarded as a policy innovator (Schreurs and Tiberghien 2007, pp. 19–24) and Australian governments, particularly at the state level, have drawn upon the experiences of EU member states in creating their own policy frameworks. At an economic level, European companies are well placed to take advantage of Australia’s emission reduction efforts and Australia could carve out specific export niches in areas such as hydrogen. However, given the scale and complexity of the challenge that climate change poses, deeper cooperation is required in order to reduce emissions in line with the Paris Agreement, and to realise the potential economic and diplomatic benefits.

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Chapter 8
After Brexit: Australia’s relations with the EU and the UK
Laura Allison-Reumann

ABSTRACT
Australia’s relations with the European Union (EU) and the United Kingdom (UK) have progressed significantly since the UK’s decision to leave the EU in 2016. Relations with one have not been privileged over the other, and while there have been intermittent debates framed around a more historical rationale for the pursuance of Australia-UK relations post-Brexit, pragmatism has prevailed over nostalgic decisions thus far. However, as Brexit is far from resolved, this chapter argues that neither Australia nor the UK should be tempted to use nostalgia as a political tool moving forward. It also argues that Australia, the UK and the EU should take a cautious approach to basing future relations on their ‘like-mindedness’ and ‘support for the rules-based order’ and that this should be handled judiciously, and with analytical depth and reflection.

KEY POINTS
1 Australia has made progress in consolidating and developing its relations with the EU and the UK since the UK’s referendum on Brexit in 2016.
2 Moving forward, nostalgia as a political tool should be avoided. Australia, thus far, has managed to do this, despite intermittent debates framed around a more historical rationale for the relations post-Brexit. A pragmatic approach to Australia’s relations with the EU and the UK would offer more opportunities and be in the interests of all parties.
3 Basing relations on terms such as ‘like-mindedness’ and ‘support for the rules-based order’ and objectives such as working together in the Indo- or Asia-Pacific need to be approached with care and analytical depth. ‘A’ rules-based order should be supported, rather than ‘the’ rules-based order.
INTRODUCTION

In the period of more than three years since the United Kingdom’s (UK’s) Brexit referendum, Australia-UK and Australia-European Union (EU) relations have progressed significantly.

Early analyses of the future of these partnerships in the context of Brexit recommended that Australia take a pragmatic rather than nostalgic approach to the development of its ties with the UK and the EU, and that it must ensure that it does not pursue one relationship at the expense of the other (Allison-Reumann, Matera and Murray 2018). Events since have shown that Australia-EU relations have continued to gain momentum (Allison-Reumann, Matera and Murray 2019), and that the UK and Australia both have well-defined objectives related to a future partnership.

Yet the nature of the UK’s exit from the EU is far from settled. With an extension of Article 50 until October 31, 2019, the resignation of Theresa May as UK Prime Minister and the election by the Conservative Party of Boris Johnson as the UK’s Prime Minister in July 2019, the final nature and impact of Brexit are yet to be revealed.

This chapter presents a brief overview of recent developments in EU-Australia and UK-Australia relations. It then moves to the future of these partnerships, arguing that using nostalgic political rhetoric to strengthen relations should be avoided, but that reflective nostalgia, as opposed to restorative nostalgia, may be useful to the UK-Australia partnership in particular. The chapter also presents the argument that Australia, the EU and the UK need to consider how their oft-mentioned like-mindedness and support for the rules-based order will be utilised in practice.

CURRENT ENGAGEMENT: CHALLENGES AND SHARED CONCERNS

AUSTRALIA’S ENGAGEMENT WITH THE EU

The Australia-EU relationship has been progressing positively in recent years, including after the Brexit decision. Brexit has not undermined the Australia-EU relationship, if anything the opposite. While the relationship had, for a long time, been strained and marked by tension (Murray 2005), the ‘UK lens’ through which Australia had at times viewed the EU has all but disappeared (Allison-Reumann, Matera and Murray 2018).

Especially since Brexit, the EU has been determined to advance its trade agenda (see Mogherini 2018), which has been of benefit to Australia, despite its other challenges. Several milestones have marked a renewed, more positive EU-Australia relationship. The EU-Australia Framework Agreement was signed in 2017, the EU-Australia Leadership Forum was established in the same year, and EU-Australia free trade agreement (FTA) negotiations commenced in 2018.

AUSTRALIA’S ENGAGEMENT WITH THE UK

Key developments have also occurred between the UK and Australia since the Brexit referendum. In 2016, they agreed to establish a Trade Working Group to prepare for a future trade agreement. In 2018 they launched the Australia-UK Leadership Forum (AUKLF) to strengthen dialogue and cooperation. More recently, they signed a bilateral Wine Agreement and Mutual Recognition Agreement (UK Government 2019) to ensure the continued flow of trade post-Brexit (Koziol 2019) and that arrangements already in place between Australia and the EU for wine and other exports continue to apply to the UK after Brexit (Allison-Reumann, Matera and Murray 2019). The Australia-UK Nuclear Cooperation agreement was also signed in 2018, which is the first Brexit-related treaty between Australia and the UK.

In addition, bilateral arrangements that were in place prior to the Brexit decision offer some continuity in the relationship during this time of upheaval. The Five Eyes Intelligence Alliance, the Five Powers Defence Arrangements and the Australia-UK Ministerial Dialogue (AUKMIN) are continued avenues for cooperation between the UK and Australia. On 20 July, 2018, the AUKMIN Action Plan – The UK and Australia: A Dynamic Partnership for the 21st Century – set out the future direction of the relationship and areas for cooperation, which included enhancing their strategic defence partnership, collaborating on global issues and strengthening international rules and norms, countering global threats such as terrorism and chemical weapons, strengthening their Pacific partnership, enhancing their economic partnership and building closer ties between their diplomatic services (UK Government, 2018). The Action Plan is therefore an important framework for the Australia-UK bilateral relationship moving forward.

Thus, Australia seems to be on the UK’s radar post-Brexit, despite some early concerns that it would be overlooked, and that Australia would need to convince the UK that it is a priority (Allison-Reumann, Matera and Murray 2018). Potentially, it may be the other way around, especially as
the UK realises the need to engage with the Asia Pacific. With regard to trade, Lydgate, Rollo and Wilkinson (2016, p. 7) suggest that ‘negotiating agreements with English-speaking countries, and/or where the legal system and trade objectives are broadly similar – so there are likely to be fewer opportunities for misunderstandings and mistakes – is attractive’, and this seems to be the approach of the UK thus far.

Nevertheless, there remains a lack of clarity regarding the UK government’s broad ‘Global Britain’ strategy (Brinke et al. 2018), and it is still unknown how the UK will approach its future trade relations. There are still some challenges and uncertainty as the final outcome of Brexit remains unknown. While UK and EU leaders have agreed to a deal, this is yet to be approved by the UK Parliament, as well as the 27 EU member states (Usherwood 2019). We are still waiting to see how London will situate ‘Global Britain’ in world affairs, and how the type of Brexit deal that eventuates will impact the UK economy – and thus, importantly for Australia, its resources for foreign policy.

FUTURE DIRECTIONS

NOSTALGIA AS A POLITICAL TOOL

The idea of nostalgia, and the use or even exploitation of nostalgia can be seen in its expression as a remedy for social or economic discontents, even as a basis of some populist arguments, and as a means to assert a global role or position for states. Statements and slogans such as President Trump’s ‘Make America Great Again’, Xi Jinping’s ‘National rejuvenation’ and even the idea of ‘Global Britain’ all resonate with sentiments associated with nostalgia for a past that has been lost, and needs to be re-established (Campanella and Dassù 2019).

It has been argued that the campaign to leave the EU was constructed on a mythology of the country’s imperial past (Campanella 2019a). Boris Johnson has long argued that ‘Brexit will free up Britain to play more of a global role, untethered from the constraints of commitments in Europe’ (Connelly 2017, p. 1). However, Campanella and Dassù (2019, p. 3) argue that nostalgia can lead to ‘the oversimplification of reality, leading to unprecedented political miscalculations and rising geopolitical tensions’.

In the context of UK-Australia relations, Australia’s and the UK’s historical legacies will influence their future relationship – they have a shared heritage, and many cultural, economic and political values in common. Yet an overly nostalgic approach to the UK based on their Commonwealth heritage that does not take into account, for example, the developments and opportunities associated with Australia’s relations with the EU, or other regions of the world such as Asia, skews present challenges and risks missing opportunities. Within the UK’s Conservative Party, some have advocated focusing on ‘Anglosphere’ countries after Brexit, and pursuing renewed relations with countries such as the United States, Australia, Canada and New Zealand (Wellings 2017). Others have argued for a reinvigoration of Commonwealth ties with former colonies (Kenny and Pearce 2016; Wellings and Baxendale 2015).

Two types of nostalgia have been identified by Svetlana Boym – reflective and restorative nostalgia. Restorative nostalgia ‘puts emphasis on nostos (returning home) and proposes to rebuild the lost home and patch up the memory gaps’ (Boym 2001, p. 41). Reflective nostalgia ‘dwells in algia (aching), in longing and loss, the imperfect process of remembrance’ (Boym 2001, p. 41) and includes acceptance that the past cannot be fully recreated. It is restorative nostalgia that is concerning as this type of nostalgia aims to recreate, restore and rebuild the way things were in the past.

It does seem as though reflective nostalgia, which acknowledges the past but at the same time accepts that the past remains in the past, has taken precedence thus far, with Australia choosing to pursue and support its partnerships with the EU and the UK. Yet Boris Johnson has been described as the ‘quintessential nostalgic leader’ (Campanella 2019b, p. 1). His vision for Brexit is one in which ‘Global Britain’ is reconstructed through reinvigorated Commonwealth ties, and a rediscovery of the Anglosphere. Even a ‘no deal’ Brexit is framed positively, as it aligns with the nostalgic narrative of breaking away from the EU to reinstate a revised version of an imperial power. This strategy, rooted in restorative nostalgia, overlooks the UK’s current position in the global order. It also disregards a possible lack of acceptance such a strategy would have among potential UK interlocutors, either for practical or ethical reasons.

THE BASIS OF FUTURE RELATIONS

References to like-mindededness and support for the global rules-based order appear in all key foreign or defence policy documents that mention the Australia-EU relationship, including the EU’s Global Strategy of 2016, Australia’s 2017 Foreign Policy White Paper and the UK’s 2015 National Security Strategy. Those references are particularly prevalent in statements and speeches made about the relationship in the context of cooperation in the Asia-
In the Indo-Pacific region (Peel 2018). The EU-Australia Framework Agreement and the AUKMIN Action Plan (UK Government 2018) also refer to these aims.

In 2018, EU Trade Commissioner Cecilia Malmström stated that:

The world is changing. Both Australia and the EU need to be ready for that change. At home we can do that by moving up global value chains, and cooperating with partners to bring about new opportunities. On the global stage we can do it through building a solid, rules-based system that is fair and works for everyone. We believe that the EU and Australia can be partners in this. We have shared values, a progressive worldview and a global outlook. That makes us natural partners’ (Malmström 2018, p. 5).

A senior EU official, Gunnar Wiegand (2018), has stated that: ‘There are few issues that are as relevant to the EU and to Australia as challenges to the rules-based international order.’ (Wiegand 2018, p. 1).

In the UK, the National Security Strategy and Strategic Defence and Security Review identified the Asia-Pacific as an important region for the UK’s economic growth. It specifically stated that the UK will ‘work with like-minded partners in the region’ such as Australia ‘to defend and protect our global shared interests, uphold the rules-based international order and to strengthen cooperation on settling international and regional disputes’ (UK Government 2015, pp. 57-58).

The Australian Foreign Policy White Paper of 2017 emphasises the importance of cooperation with the EU and the UK, describing them as ‘like-minded partners who support strong rules and institutions’ (Australian Government 2017, p. 80).

Whilst these can be useful foundations on which to base cooperation, merely repeating these terms is inadequate. There are some risks involved, particularly when these terms are used to such an extent that they lose their significance or even their meaning. As we look to the substance of Australia’s relationships with the EU and the UK, there is a need to reflect on the rules-based order, rather than staunch and unreflective support of it by like-minded partners.

This reflection would acknowledge that political, security and economic realities differ from when a post-war rules-based order they support emerged, and also that such an order was not perfect. It was Western-dominated and exclusionary, and even amongst states that advocated for this order, there are those that feel that it has not benefitted them (Chatham House 2015; Dworkin and Leonard 2018; Acharya 2018).

Serious reflection would also acknowledge the fact that the challenges, and pressures to reform the current order are internal as well as external, and that there are multiple voices projecting their own rules, which may challenge, or complement their likemindedness (Dworkin and Leonard 2018; Nasu and Tan 2017). Without this reflection, there is a risk of too much emphasis on restorative nostalgia, that does not allow for flexibility or an ability to address current challenges.

This is not to suggest that a rules-based order should not be pursued and supported, but Australia, the UK and the EU, moving forward, need to continue to give their combined support more nuance and reflection to ensure that they respond to current dynamics, tensions and opportunities – and also that they are talking about the same things when they mention like-mindedness and the challenges to, and support for, a rules-based order.

CONCLUSION

This chapter has argued that since the Brexit referendum, Australia has been able to pursue political and trade relations with the EU and the UK, without allowing one partnership to undermine the other. Trade relations with the UK in particular, however, cannot progress to a substantial degree before the UK formally exits the EU.

The chapter has also argued that nostalgic political rhetoric masks the present-day interests of all parties involved. Thus far, pragmatic decisions and negotiations have not been overridden by nostalgic tendencies. Yet, the recently instated UK Prime Minister, Boris Johnson, has presented arguments for Brexit that emphasise a nostalgic portrayal of the UK’s role in the world.

With regard to Australia’s future relationship with the UK, Allison-Reumann, Matera and Murray (2017) have argued that Australia would need to ‘balance ideological imperatives, which often stem from history rather than present-day truths, with practical realities, and complement values with material interests’. The same would need to be applied to the approach of the EU, the UK and Australia to a rules-based order – and it is here that reflective, rather than restorative, nostalgia would be more beneficial.
REFERENCES


