

EU statement at the Trade Policy Review of Australia, 21 and 23/04/15

Statement by EU Ambassador Angelos Pangratis

I would first like to welcome the Delegation of Australia, led by Ms Patricia Holmes, First Assistant Secretary Office of Trade Negotiations. I would also like to thank the WTO Secretariat and the Australian delegation for their comprehensive reports which form the basis for our discussion today. Let me extend my appreciation to Ms Irene B.K. Young (Hong Kong, China) for getting us started today with her remarks.

Mister Chairman, let me start noting the remarkable economic situation of Australia that has experienced 23 years of continuous economic growth.

As acknowledged by the Secretariat report, Australia's trade policy continues to be based on the premise that trade openness, economic growth and improved living standards are strongly linked and, as a result, Australia is one of the most dynamic and open economies in the world. The EU applauds Australia's sound macroeconomic policies and wide-ranging structural reforms, which have contributed to its strong economic performance over the past decade.

A word, Mister Chairman, on our bilateral relationship with Australia. The EU and Australia are long-standing partners. The commercial ties between the EU and Australia are strong and healthy. The EU is Australia's 3rd largest partner as regards trade in goods with €8.7 bn in 2014, representing 11% of Australia's merchandise trade (\$A56.6bn) and Australia's largest services trade partner, accounting for 19% (\$A24.9bn) of Australia's two-way trade in services in 2013-14. The EU is the largest market for Australia's services exports and largest source of its services imports. Then, the EU is the largest direct investor in Australia (stock of \$A156bn in 2013 or 25% of all foreign direct investment in Australia) and the second-largest destination of Australian foreign direct investment (\$A73.5bn or 15%).



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Both the EU and Australia believe in free trade and open markets and we maintain regular bilateral contacts on trade policy including in the annual bilateral Trade Policy Dialogue. In this respect, conclusion of the negotiations of the Framework Agreement between Australia and the EU is an additional step towards the further deepening of our bilateral relations.

I also wish to convey the EU's appreciation for Australia's significant contribution to the multilateral trading system. The EU shares Australia's keen interest in upholding and strengthening the WTO system. Australia remains a strong advocate of the benefits of global trade liberalization, and is a valued partner in seeking to achieve this objective. We especially appreciate the constructive contribution of Ambassador McCormick and his team in Geneva. The EU trusts Australia will continue exerting its positive influence in this Organisation and shares with Australia the willingness to assess the possibility of reflecting the outcomes of various plurilateral initiatives in the multilateral trading system.

Mister Chairman, despite Australia's exceptionally strong record, there are some areas where we would see room for further improvements. This leads me to some issues raised by the EU in the questions submitted ahead of this TPR and that we find particularly important.

You have probably noticed that many questions have been raised on government procurement. As acknowledged by the Secretariat report, Australia has continued to use government procurement as an instrument of economic policy aimed at fostering industrial development in certain sensitive areas. In the EU's view, Australia should further improve its government procurements regulatory system in particular at sub-federal level, where in some cases the principle of non-discrimination is not applied in a uniform manner, and price preference schemes for domestic suppliers are still applicable. The EU would encourage Australia to join the Government Procurement Agreement and awaits the outcome of its deliberations on whether to accede.

Another important issue relates to the tax system and its reform process. Whilst the EU notes that the Australian government has delivered on some of its tax priorities, and that progress is being made in relation to compliance costs for business, we would again urge Australia to rethink other burdensome taxes such as the luxury car tax which have *de facto* discriminatory effects on imports.

In the area of investment, the Australian government has recently adopted measures which impose an additional regulatory process on foreign investors (reduction of screening thresholds). These measures do not appear to be consistent with Australia's objective of reducing red-tape and improving Australia's competitiveness as an investment destination. The EU urges Australia to carefully assess the potential impact of these measures on current and future foreign investments.

Last but not least there are concerns regarding SPS measures. Australia needs to establish fair, non-discriminatory and transparent rules for biosecurity measures for imported products, and in particular to align its SPS measures with international guidelines and standards. In the EU's view, a large number of SPS constraints imposed on imports into Australia go beyond the relevant international standards, guidelines and recommendations, and appear to be stricter than necessary. The EU took note of the recent consultation

regarding the review of the import risk analysis process. It urges Australia to provide greater clarity and transparency on the functioning of this system, notably with regard to its impact on new market access for foreign origin products.

Mister Chairman, to conclude on a more positive note which Australia more than deserves, the EU applauds the transparency of Australia's trade policies and wishes Australia a successful review, being confident that all suggestions and feedback provided by Members during this exercise will be well received.