

## EU AND AUSTRALIA SERVICES INDUSTRIES CALL TO CONCLUDE AN AMBITIOUS EU-AUSTRALIA FTA

*Brussels & Sydney, 20 October 2023* – The European Services Forum (ESF) and the Australian Services Roundtable (ASR), representing the interests of the European and Australian services sectors of Europe and Australia in international trade and investment negotiations, urge the political decision-makers of the European Union (EU) and Australia to bring the comprehensive free trade agreement (FTA) negotiations to a rapid final conclusion, preferably at the forthcoming side meeting in the margins of the G7 Trade Ministers meeting in Osaka on 28-29 October.

ESF and ASR expect the FTA to yield numerous advantages for both our economies by eliminating or reducing barriers to trade and increasing market access and regulatory cooperation in services and investment. Beyond the headlines on agriculture and commodities trade, ESF and ASR would like to remind the negotiators that trade in services has a bigger and faster growing share of two-way trade than any other sector. For both partners, services make up over 1/3 of total trade. At the global level, digital services are taking a rapidly growing share in services trade, a trend which ESF and ASR would also like to see reflected at the bilateral level. Holding up this deal any longer means leaving the growth opportunities from 21<sup>st</sup> century services trade once again hostage to traditional agricultural market access sensitivities.

The two trading partners already have deep services business trade. Services imports from Australia to the EU27 were US\$ 7 billion while services exports from the EU to Australia amounted to US\$ 18.8 billion in 2021 (36.4% of total). For Australia, the services intensity of exports to the EU is especially high, with services representing over 43% of Australia's total exports to the EU, while its global average is 11%.

Services also dominate affiliate business activity in each-others' markets. There are twice as many EU affiliates in the services sector in Australia than in the mining or manufacturing sector. The Foreign Direct Investment (FDI) brought by Australian affiliates into the EU is similarly focused on services industries (+90% of EU Inward FDI in 2020). Services-related issues are crucial forward-looking components of the final agreement.

In times of geopolitical tension, negotiators need to look at the big picture and deliver appropriate compromise on outstanding sensitive matters; the industry reality is that conclusion of the FTA would contribute to services supply chain robustness and resilience across all modes of delivery (whether online or via movement of people) in professional services, in business services (including environment-related services) and in all digitally-enabled services trade. These are the fastest growing components of global trade today – the ESF and ASR expect the FTA to foster ongoing cooperation both bilaterally and globally on digital trade as well as sustainable trade.

The negotiations for an EU-Australia FTA have made significant progress in recent months, thanks to the willingness of both sides to strengthen bilateral ties, but the deal remains threatened by sensitive agricultural and commodity trade issues. There is a rapidly closing window of opportunity to conclude a deal. We urge political leaders to prioritize prompt resolution of all outstanding matters to enable an ambitious, balanced and comprehensive outcome, which leaves it to stakeholders to get back on with the conduct of international business.

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