

The EU and Australia: Shared Opportunities and Common Challenges



EU-Australia
Leadership Forum

Published by the Australian Institute of International Affairs on behalf of the EU-Australia Leadership Forum.

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ISBN 0-909992-99-1 ISBN 13 978-0-909992-99-6

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Cover: Opera House lit in EU colour on Europe Day, 9th May 2017.

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The EU and Australia

Shared Opportunities and Common Challenges

Edited by Melissa Conley Tyler and Antonia Mochan

Published on the occasion of the inaugural
EU-Australia Leadership Forum
Sydney, Australia on 2-6 June, 2017



Preface

Foreword

by Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission

When Minister for Foreign Affairs Julie Bishop and I launched the EU-Australia Leadership Forum – last September in Brussels – she made a passionate case for our friendship, and for a strong and united Europe. She remembered thousands of Australians who died fighting in our continent during the world wars, and the 70 years of peace that a united Europe has made possible for its member states. She celebrated economic prosperity inside Europe, and the European Union's contribution to a global order based on rules, on cooperation, on sustainable development.

The European Union and Australia share the same worldview, the same outlook on all major foreign policy issues, the same principles and values. Our partnership has evolved greatly since 1962, when ambassadors were first accredited to Canberra and Brussels, reflecting the evolution of the European project: from an economic common market to an indispensable global power. And in recent times we have taken an impressive step forward.

Our cooperation on foreign policy has become incredibly intense – both bilaterally and inside the United Nations, the G20, the World Trade Organization. From free trade to maritime security, we are working together to build win-win solutions based on cooperation and international legality.

In 2015 we have put a new crisis management mechanism in place; since then Australia has taken part in our operation fighting piracy off the Horn of Africa, and the cooperation with our military and civilian missions can only expand further. The EU currently runs 15 military and civilian missions around the globe, and beyond that, we are engaged in peace processes in all corners of the world. The European Union has become a global security

provider – a cooperative power and an indispensable power for peace, including in Asia and Oceania.

Beyond security, the European Union is Australia's largest trade partner in services and the largest direct investor. We are also the second-largest destination for Australian foreign direct investment. Our mutual interest in widening our trade relations is clear. For this reason, we are now negotiating a bilateral Free Trade Agreement, to be launched hopefully in the second part of 2017. The Agreement would open up new commercial opportunities, but would also promote innovation and employment in the EU and Australia. And our new EU-Australia Framework Agreement will soon bring our partnership to a new strategic level, in all fields from foreign policy to research, from energy to migration.

In this new era of our partnership, personal relationships between European and Australian leaders will be an important asset. The EU-Australia Leadership Forum can open new channels and create new ties. This innovative platform brings together young and senior leaders from politics, business, academia and the media from the European Union and Australia.

Ten years ago I took part in an international exchange programme; the friendships and the network I built back then are still with me today, in my daily work. Even in the world of social media, there is no substitute for personal relations and face-to-face conversations – particularly in the field of diplomacy.

In our difficult international environment, we need strong partnerships more than ever. Today we invest in a new generation of leaders, and a renewed friendship between Europe and Australia.

Foreword

*by Hon Julie Bishop MP, Minister for Foreign Affairs
of the Commonwealth of Australia*

Australia's relationship with the EU began 55 years ago and it has evolved into a close partnership of cooperation across a vast range of international issues, at all levels: political, business and civil society.

Our spirit of collaboration is founded in our shared military and cultural history. The sacrifice of Australian lives in both World Wars on the European continent, and Australia's strong European heritage is woven into the fabric of Australia's national identity.

Our cooperation is sustained by our shared democratic values, respect for the international rules-based order and free trade.

Australia works with the EU in a range of fora, such as the G20 and the World Trade Organization. We recognise that in an increasingly interconnected world, multilateral cooperation with the EU directly contributes to the security of our region.

The continued success of the EU and its institutions is critical to delivering peace, security and economic prosperity to over half a billion people in Europe and beyond – and is also critical to Australia's success.

Indeed, with the Indo-Pacific region an increasingly important part of the world politically and economically, Australia's engagement with the EU advances Europe's understanding of our region, and supports Australia's long-term economic and security interests.

In an era of uncertainty, with ongoing conflict in the Middle East and the emergence of non-state actors with extremist ideologies, it is more important than ever

that we uphold the vision of peaceful, open and free societies that brought about the formation of the EU following the disastrous events of World War II.

Reflecting the deepening of our bilateral relationship, and the importance of reiterating our steadfast commitment to the values emblematic of the EU, is the Australia-EU Framework Agreement. It is a legally-binding treaty that will provide a formal, comprehensive institutional framework for the cooperation that is already taking place between Australia and the EU.

We are also keen to launch negotiations for a balanced and mutually-beneficial Australia-EU Free Trade Agreement, as soon as possible. As Australia's second-largest trading partner and largest source of foreign investment, our economic relationship with the EU is crucial. Our cooperation on climate change, the environment and development, for example, are especially important areas for the future security of many of our Pacific neighbours.

I am pleased to launch this inaugural Australia-EU Leadership Forum. It marks a new chapter in the relationship between Australia and the EU, establishing frameworks, linkages across industry and civil society, necessary to ensure that the bilateral relationship remains dynamic, is well placed to respond to future global challenges, and continues to honour our shared history and heritage.

*I think the European Union
is an extraordinary venture*

Bruce Wilson

Director, RMIT EU Centre

The Berlaymont building
headquarters of the European Commission

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Introduction

A new era of EU-Australia relations

By Sem Fabrizi

His Excellency Sem Fabrizi is the Ambassador of the European Union to Australia and the Inaugural Chair of the Multi-Stakeholder Steering Committee of the EU-Australia Leadership Forum.

The European Union and Australia enjoy a long-standing bilateral partnership deeply rooted in common democratic values and shared commitments to promoting a global rules-based system.

Over the past few years this partnership has deepened and broadened to a level of strategic significance.

We are deploying a new institutional tool box to support the future of this partnership.

In particular,

1. The EU-Australia Framework Agreement, which defines the spectrum of political cooperation, is now ready for signature. This will replace the Partnership Framework of 2008.
2. We are working towards a prospective Free Trade Agreement, to bolster our substantial bilateral trade and investment relationship and strong cooperation in the multilateral trading system. The scoping phase of the agreement was successfully concluded earlier this year. This will be the first ever bilateral preferential trade and investment agreement between the EU and Australia.
3. We have agreed to make joint crisis management operations possible; we have delegated to each other the implementation of development cooperation projects in the Pacific and Africa; we have brought together capital cities to join forces on sustainable development; we have secured exchange of diplomatic personnel. We have also started several new Senior Officials' Committees to make real progress on such important matters as Counter-Terrorism and Violent Extremism, Migration, Innovation, and Environment.

The EU-Australia Leadership Forum will complement this complex institutional architecture with an innovative and fresh dimension by creating a community of like-minded leaders from the different sectors of society, reaching out to new stakeholders well beyond government.

While "Leadership Forum" initiatives are not unknown – indeed Australia has a Leadership Forum with the US – this is the first time the European Union has ventured into this public diplomacy space in recognition of the importance of Australia and its innovative and forward-looking diplomacy.

This three-year project is funded by the EU Foreign Policy Instrument (FPI) to advance the EU's strategic interests and tackle global challenges with like-minded players. Since its inception the EU-Australia Leadership Forum has enjoyed strong support from the Australian Government. It was officially endorsed by Prime Minister Malcolm Turnbull during his meeting with EU Presidents Jean-Claude Juncker and Donald Tusk at the G20 in November 2015 and officially launched by the EU's High Representative Federica Mogherini and Australian Minister for Foreign Affairs Julie Bishop in September 2016 in Brussels.

The EU-Australia Leadership Forum gathers emerging and senior leaders from business, government, academia, civil society and the media, in recognition of the multiplicity of stakeholders in the EU-Australia partnership, and the need for a comprehensive, but also flexible and creative, approach.

The EU-Australia Leadership Forum delivers on its objectives by holding an EU-Australia Leadership Forum, alternately in Europe and Australia, plus a number of more targeted workshops, such as the first on 'digital development' on how make the best use of digital technologies to advance our development policy goals, including in the Pacific, which was held in Canberra in March 2017

The inaugural Forum in Sydney in June 2017 - "Sharpen Your Perspective: Shared Opportunities and Common Challenges" – will see more than 150 Emerging and Senior Leaders from Australia and the European Union gathering together over five days to provide a focused analysis of the key political, security and social trends in the EU and Australia and the many opportunities ahead of us. They will conclude with targeted recommendations to take our partnership forward in today's challenging geopolitical scenario.

The EU-Australia Leadership Forum is guided in its work by a Multi-Stakeholder Steering Committee (MSSC) which I have the privilege to chair as Ambassador of the European Union to Australia. The MSSC draws on the expertise and support of eminent global leaders from Australia and Europe, who with different experience and background are committed to enhancing the EU-Australia relationship. I am most grateful to all of them for embarking on this new initiative.

I am delighted to see this unique project come to fruition at the end of my posting to Australia. I am particularly grateful to my fantastic team at EU Delegation in Canberra who have worked extremely hard on this initiative and shared my enthusiasm.

The EU and Australia: Shared Opportunities and Common Challenges

By Melissa Conley Tyler, Antonia Mochan and Michael Zetting

Melissa Conley Tyler is the EU-Australia Leadership Forum Team Leader and National Executive Director of the Australian Institute of International Affairs.

Michael Zetting is the EU-Australia Leadership Forum Events Management Expert and Director of Policy at the German-Australian Chamber of Industry and Commerce.

Antonia Mochan is the EU-Australia Leadership Forum Media and Communications Expert and works as an independent consultant. She is a former European Commission spokesperson.

This publication, "The EU and Australia: Shared Opportunities and Common Challenges" is produced as part of the EU-Australia Leadership Forum project.

We have designed this publication to give an overview of the main themes of the EU-Australia relationship, from European, Australian and sometimes joint perspectives. For each theme, we present a timeline of milestones of the EU-Australia relationship as well as some interesting statistics.

We are grateful to the Hon Julie Bishop MP, the Australian Minister for Foreign Affairs, and Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission, for their support of the EU-Australia Leadership Forum, which they launched together in Brussels in 2016.

We are delighted to have original and reprinted pieces of analysis from some of the brightest minds in EU-Australia affairs. We are grateful to all the many members of the Multi-Stakeholder Steering Committee (MSSC), EU Centres in Australian universities and others who took time to contribute.

The publication starts by examining the security, foreign policy and development dimensions of the EU-Australia relationship, with articles on security co-operation, both intra-EU and from an EU-Australia

perspective. Following on from the workshop on digital development hosted by the EU-Australia Leadership Forum in March 2017, there are also articles on that crucial issue.

The section on the trade and investment relationship examines the current state of play in trade, and looks forward to the future Free Trade Agreement. Reflecting the reality of EU-Australia trade today, there is significant emphasis on trade in services. We also examine the implications of the UK leaving the EU for future trade relations.

We then turn to perhaps less widely recognised dimensions of the EU-Australia relationship. There is significant co-operation in the area of scientific research and innovation which is examined at both an institutional and global level. Again, our contributors examine how the UK leaving the EU will impact Australian partners.

Energy, climate change and environment are tackled by detailing some work being done with EU and Australian partners in developing clean energy, as well as a reminder of why this matters, looking at the health impacts of climate change.

Our final thematic area is migration, an issue high on the agenda of both the EU and Australia. Our contributors look at the global implications and what the two parts of the world can learn from each other's very different experience.

To close the publication, we present the findings of original research done by the project into perceptions of the EU in Australia. We are very grateful to all our interviewees for that project for sharing their views with us and allowing them to be published.

This publication comes at a key point in EU-Australia relations, with a Framework Agreement close to signature and negotiations about to start on a Free Trade Agreement. We hope you find it informative and thought-provoking.

Melissa Conley Tyler

Project Leader and National Executive Director, Australian Institute of International Affairs

Michael Zettinig

Events Management and Director of Policy, German Australia Chamber of Industry and Commerce

Antonia Mochan

Media and Communications

The EU-Australia Leadership Forum project is financed by the European Union and delivered by a consortium led by MWH – now part of Stantec, in partnership with the Australian Institute for International Affairs (AIIA), the German-Australian Chamber of Industry and Commerce (GACIC) and Agriconsulting Europe (AESA).



The Multi-Stakeholder Steering Committee

The EU-Australia Multi-Stakeholder Steering Committee brings together leaders from the European Union and Australia to guide the project over its lifetime.



His Excellency Mr Sem Fabrizi

Chair of the Multi-Stakeholder Steering Committee & EU Ambassador to Australia

HE Mr Fabrizi is a distinguished diplomat and accomplished representative of both his home country Italy and the EU abroad. Mr Fabrizi's academic background is in international law and international economy. He has held his current office since September 2013.



Mr Luis Alvarado Martinez

President, European Youth Forum

Mr Alvarado Martinez has extensive experience from a range of different European NGOs and youth forums. Most recently, he was appointed as Program Manager at 100 Resilient Cities, pioneered by the Rockefeller Foundation: a seminal project striving to improve urban adaptation to the challenges and stress factors of the modern era. Melbourne and Sydney are among the 100 member cities of the initiative.



Ms Jillian Broadbent AO

Chair, Clean Energy Finance Corporation

Ms Broadbent commenced as Chancellor of the University of Wollongong on 1 October 2009. She has served on the boards of a number of Australian and publically listed companies, government corporations and arts organisations. Ms Broadbent is a former Member of the Board of the Reserve Bank of Australia and currently Chair of the Clean Energy Finance Corporation, a Director of Woolworths Limited and Chair of the Board of Swiss Re Life & Health Australia Ltd. She was made an Officer in the Order of Australia in 2003 for service to economic and financial development in Australia.



Mr Tim Costello AO FAIA

Chief Advocate, World Vision Australia

Mr Costello is a leading voice on social justice and leadership and ethics. He has been fundamental in placing global poverty issues on the national agenda, as well as participating in public debates on gambling, urban poverty, homelessness and reconciliation both home and abroad, publicly commenting on topical societal phenomena such as the European migration crisis.



The Hon Nick Greiner AC

Chairman, European Australian Business Council

Mr Greiner was Premier and Treasurer of New South Wales from 1988-92. He was awarded a Companion of the Order of Australia for public sector reform and management and services to the community. Mr Greiner holds a number of positions, including as a Member of the Board of Governors of the Committee for Economic Development of Australia, in addition to enjoying well-established business connections to Europe.



Ms Louise Hand PSM

First Assistant Secretary, Europe Division, Australian Department of Foreign Affairs and Trade

Prior to her current post, Ms Hand served as Australia's representative overseas, holding positions such as Australian High Commissioner to Canada, Minister and Deputy Head of Mission in Indonesia and Ambassador to Cambodia. She is a senior career officer with the Department of Foreign Affairs and Trade and has been acknowledged for her efforts in Indonesia with a Public Service Medal.


Mr Peter Jennings PSM

*Executive Director,
Australian Strategic Policy Institute*

Mr Jennings has worked at senior levels in the Australian Public Service on national defence and security and taught politics and international relations at the University of New South Wales and the Australian Defence Force Academy. His areas of expertise include strategic policy, crisis management, international security and international policy. More recently, Mr Jennings has reflected upon the impacts on Australia of Brexit and European terrorist attacks. He was awarded a Public Service Medal in 2013 for his contribution to Australian overseas operations and the French decoration of Knight in 2016.


Mr Pascal Kerneis

*Managing Director,
European Services Forum*

Mr Kerneis is a legal expert with an academic background and an impressive career in European and international trade law. Until his appointment as Managing Director of the ESF he served at the European Banking Federation, participating as advisor in GATS and WTO negotiations on financial services throughout the 1990s. He is member of many European Commission Advisory Groups, including for the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US. He is a regular speaker on trade in services and investment conferences and author of articles on trade in services related issues in various publications. In his current position at the European Services Forum Mr Kerneis strongly advocates a Free Trade Agreement between the EU and Australia.


Mr Pascal Lamy

President Emeritus, Jacques Delors Institute

As a former European Commission for Trade and then Director-General of the World Trade Organization (2005-2013), Mr Lamy is a notable figure and opinion leader in European affairs, in particular trade and finance. He holds a number of public offices both in Europe and elsewhere, from Transparency International France to the Center on European Regulation to the Global Agenda Council on Global Governance at the World Economic Forum. An expert in European integration, a 2014 Prospect poll casted Mr Lamy among the top 50 of the world's leading thinkers.


Mr Christian Leffler

*Deputy Secretary General,
Economic and Global Issues, European
External Action Service*

A diplomat and senior figure within the European Commission and European External Action Service, Mr Leffler has built an impressive and versatile career in regional and international affairs. He joined the Swedish Foreign Service in 1980, and was posted in Egypt and France before basing himself permanently in Brussels in 1991. Before his current post as Deputy Secretary General, Mr Leffler served as Managing Director for the Americas. He has studied at the Graduate Institute of International Studies in Geneva and the London School of Economics, and speaks five languages.


Dr Enrico Letta

Dean of the Paris School of International Affairs (PSIA) of Sciences Po

Former Italian Prime Minister and current Dean of the Paris School of International Affairs at Sciences Po in Paris, Mr Enrico Letta has featured prominently both in Italy's domestic affairs and in European politics. During his tenure in the Italian government, he served as Minister for EU Affairs and Minister for Industry, Commerce and Crafts and Foreign Trade, in addition to being a Member of the European Parliament from 2004 to 2006. Mr Letta has a PhD in European Union Law and he has published extensively on EU affairs, in particular on EU enlargement, indicating his firm commitment to and interest in the continent's matters. He has been awarded a Distinguished Fellowship by the University of Technology Sydney (UTS).


Mr Ross McInnes

French Special Representative for economic relations with Australia, Chairman of the Board of Safran

An Oxford graduate, the French-Australian Mr McInnes possesses extensive global experience in and knowledge of economic diplomacy. Prior to his current post he worked as Chief Financial Officer in the defence and aerospace sector. Mr McInnes currently sits on three major European company boards in addition to his main position as Chairman of the Board at Safran. In 2015, Ross McInnes was appointed special representative of the French Minister of Foreign Affairs for economic relations with Australia.


Dr Robin Niblett CMG

Director, Chatham House

Dr Niblett has served as Director of Chatham House since 2007. Before this he was the Executive Vice President and Chief Operating Officer at CSIS in Washington. Dr Niblett is well-known as the author of and contributor to a number of publications, particularly on transatlantic relations between the UK and the US. An accomplished public speaker, Mr Niblett recently delivered a speech on the implications of Brexit at the Australian Institute of International Affairs in Canberra.


Ms Laura Tingle

Political Editor, Australian Financial Review

An awarded reporter and investigative journalist, Ms Tingle has written extensively on markets, economics and politics over 30 years. As a recognition of this commitment and of her outstanding reporting skills, she has won two Walkley awards and the Paul Lyneham award for Excellence in Press Gallery Journalism. Before taking her current position at the Australian Financial Review, Ms Tingle served as Political Correspondent for The Sydney Morning Herald, The Age and The Australian, as well as National Affairs and Economics Correspondent at the latter.


Emeritus Professor Gillian Triggs FAIA

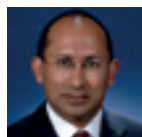
President of the Australian Human Rights Commission, Acting Aboriginal and Torres Strait Islander Social Justice Commissioner

Emeritus Professor Triggs is a distinguished academic and international commercial lawyer. She has advised governments and international organisations on international human rights law, commented on current phenomena such as the European migration crisis from a legal expert's perspective and contributed to the implementation of human rights treaties in Australian law. She is also the co-editor of Trade and Cooperation with the European Union in the New Millennium (2002).


Mr Herman Van Rompuy

President, European Policy Centre

Mr Van Rompuy was elected the first full-time President of the European Council in 2009, holding the office up until 2014. Prior to this he served as Prime Minister of Belgium and held several other government positions in his home country from Minister of Budget to Secretary of State for Finance and Small Businesses. An economist by background, Mr Van Rompuy has been involved in politics since 1973. Today he serves as professor at several universities, including Sciences Po in Paris. Recently in 2014 Mr Van Rompuy led the EU Delegation at the G20 Summit in Brisbane.


Mr Peter Varghese AO FAIA

Chancellor, University of Queensland

Mr Varghese took up his position as the fourteenth Chancellor at The University of Queensland on 11 July 2016. Prior to this appointment Mr Varghese was Secretary of the Department of Foreign Affairs and Trade from December 2012 to July 2016. His diplomatic appointments include High Commissioner to India (2009-12), High Commissioner to Malaysia (2000-02) and postings to Tokyo, Washington and Vienna. Mr Varghese was appointed an Officer in the Order of Australia (AO) in 2010 for distinguished service to public administration, particularly in leading reform in the Australian intelligence community and as an adviser in the areas of foreign policy and international security.


Ms Jennifer Westacott

Chief Executive, Business Council of Australia

Ms Westacott has enjoyed a prolific career in both the public and private sectors. Her policy experience extends to economics and competitiveness, infrastructure and sustainable growth, education, healthcare, global engagement and innovation. Of late she has expressed her concerns over the implications of the UK's leave-vote for global financial uncertainty and Australia's credit rating.



Whenever we're looking for policy innovation, we would go to Europe. Whenever we're looking for ideas, whenever we're looking for people who are pushing the boundaries, we'd go to Europe.

Jennifer Westacott

Chief Executive of the Business Council of Australia

Part I: Setting the Scene





A timeline

of EU-Australia relations 1962-2017

1962

Sir Edwin McCarthy becomes Australia's first Ambassador to the European Communities.

1968

Agreement between EU and Australia negotiated under Article XXVII (5) of GATT.

1974

Australian Prime Minister Gough Whitlam visits the European Commission.

1975

Agreement between EEC and Australia negotiated under Article XXVIII of the GATT.

1981

The Delegation of the Commission of the European Communities to Australia is established in Canberra. The Head of the Delegation is the official representative of the European Commission in Australia.

1982

A 30 year Agreement between Euratom and Australia comes into force.

1985

In February Australian Prime Minister Bob Hawke visits Brussels to meet the new President of the Commission, Jacques Delors.

1986

Australian PM Bob Hawke visits Brussels.

1960

1970

1980

1990

1976

Ministerial consultations begin between the EU and Australia.

1977

Australian Prime Minister Malcolm Fraser visits the EC and proposes to President Roy Jenkins that the informal discussion be transformed into regular high-level consultations.

1979

Council of Ministers approves directives on an EC-Australian agreement on the transfer of nuclear materials.

1994

European Community-Australia Wine Agreement is signed.

European Community-Australia Agreement on Scientific and Technical Cooperation comes into force.

1995

Exchange of letters between the European Commission and Australia suggesting a Framework Agreement to achieve common goals.

1996

Negotiations commence on Framework Trade and Cooperation Agreement and Joint Political Declaration.

1998

First Australia-EU Troika Talks on Asia held in Brussels.

1999

Agreement on Mutual Recognition in relation to Conformity Assessment, Certificates and Markings between Australia and the European Community signed.

2001

Opening of the ANU Centre for European Studies at the Australian National University, Canberra, the first of five EU Centres in Australia.

2002

EU-Australia Consumer Protection Agreement signed in Brussels.

Australia Prime Minister John Howard visits Brussels and meets the full College of Commissioners.

2010

Australian Prime Minister Julia Gillard attends the Asia-Europe Meeting (ASEM) Summit.

2011

European Commission President José Manuel Barroso visits Australia.

2013

First visit to the EU by an Australian Governor-General.

2014

Minister for Foreign Affairs Julie Bishop and EU Commissioner for Development Andris Piebalgs sign Delegated Cooperation Agreement.

2000**2010****2003**

Agenda for Cooperation signed.

2004

Inaugural Development Dialogue held in Brussels.

2008

EU-Australia Partnership Framework is agreed.
Revised EU-Australia Wine Agreement signed.

2015

The EU-Australia Crisis Management Cooperation Agreement is signed in Brussels.
Negotiations are concluded for the EU–Australia Framework Agreement.
European Commission and Geosciences Australia sign earth observation arrangement.
EU and Australia agree to begin a Free Trade Agreement (FTA) scoping exercise.

2016

Launch of the EU–Australia Leadership Forum.

2017

European Commissioner for Trade Cecilia Malmström and Australian Trade Minister Steven Ciobo announce conclusion of the EU–Australia FTA scoping paper.
Inaugural EU–Australia Senior and Emerging Leaders Forum takes place in June in Sydney.

Working together for a common future

By Herman Van Rompuy

Mr Herman Van Rompuy is President of the European Policy Centre. He is a former President of the European Council and a member of the EU-Australia Leadership Forum Multi-Stakeholder Steering Committee.

Australia and Europe have a close relationship. This may not be true geographically, but certainly historically and of course politically, we have much in common.

We belong to the Western world. We share the same values. We also have strong economic ties. There are many people in Australia with family and historical ties to countries that are now part of the European Union. This leads to ties that are economic, certainly, but also have something ungraspable that unites them: a notion that encompasses civilisation, identity, and culture. Those bonds are even more durable than the economic ones.

The European Union was created as value-based. It was not in the first place an economic project. It was our answer to the cruelty and barbarism of World War II and all the preceding wars. The Union was based on reconciliation between nations and thus, on the restoration of human dignity, and the irreplaceable value of each human person. We renounced revenge. By dehumanising others inexorably we are dehumanising ourselves in a never-ending spiral of violence and hate. The EU stopped this fatal evolution. The fall of the Berlin Wall was also value-based. It was a victory over deceit, over dictatorship, over ignoring the uniqueness of every human being. A person was only one million divided by one million. A person was only part of the main. Joining the Union meant joining those values. But these values are not unique to

the European Union. We find them in many of our closest partners and together we have to defend those values. We have to defend the idea that these values are the guarantors of freedom and prosperity. Australia and the EU belong to the Western world.

Within the European Union we know that people want us to defend their interests and keep threats at bay when it comes to global and cross-border issues. These are issues such as international tax evasion, illegal immigration, environment and climate change, cybersecurity and the threat of international terrorism. We cannot fight such threats by retreating behind our borders. We can best fight them hand-in-hand with like-minded international partners such as Australia. Because these are issues that affect Australians too. There is no place in this world for standing alone and for nationalism.

Power and influence in the world are more and more a matter of economy, and less of weapons. The global economic scramble for markets and resources is still about confrontation and competition. It is, at the risk of distorting the thought of Clausewitz, the continuation of politics by other means. In that respect, the "old play" of rivalry is still on. Yet there is one vital

difference: today's global economic interdependence. The major powers cannot achieve prosperity by undermining what is the right way to peace. The EU as a peace project is underpinned by economic interdependence.

And that is why we have to work together to deepen the good relationship we already have. The EU-Australia Leadership Forum is a good step in that direction, bringing together not just governments but our business people, media, academics and civil society. We have to deepen our relationship. An EU-Australia FTA would be a major achievement. It will of course take a lot of work and political will. In a world with new and unexpected protectionist threats the EU is ready

to defend free and fair trade. I welcome the statement made by our leaders to commence work towards the launch of negotiations for an FTA. It would more than complete the EU-Australia Framework Agreement.

My last overseas engagement as President of the European Council was attending the G20 Summit in Brisbane in November 2014 and I have also travelled the country in a personal capacity while I was Prime Minister of Belgium in 2009. So I think I have a good idea of the similarities (as well as the differences) between the EU and Australia. Most of all I remain convinced of the importance for our common future of working together.



Australia and the EU are likeminded partners with a shared interest in promoting a rules-based global order. In this context, the Leadership Forum is a very important and welcome initiative and I am convinced that it will be successful in its aim to address key global issues of joint interest.

Antonio Tajani MEP

President of the European Parliament

Stories of EU-Australia relations

By Louise Hand

Louise Hand PSM is the First Assistant Secretary, Europe Division in the Australian Commonwealth Government Department of Foreign Affairs and Trade. She is a member of the Multi-Stakeholder Steering Committee of the EU-Australia Leadership Forum.

In the 55 years since Australia and the European Union (EU) established formal ties, we have built a dynamic and enduring relationship based on a shared commitment to freedom and democracy, not solely based on our close institutional links but also through interpersonal bonds. As well as cooperating in multilateral forums, Australia and the EU are valued partners in a range of areas including combating terrorism, addressing economic and sustainable development challenges, and fostering good governance. It is a close, productive and diverse relationship, and in many ways a relationship focussed on individuals undertaking an amazing array of activities. We've chosen some for you to enjoy with us.

"Fresh Science"

In 2013 the Australian Wine Research Institute (AWRI) joined a trilateral partnership for grape and wine research, education and technology transfer with the University of Bordeaux in France and Germany's Hochschule Geisenheim University. Known as the 'BAG alliance', each partner contributes to an aspect of the group's work. One key project is researching the genomics of the wine spoilage yeast *Brettanomyces bruxellensis*, comparing strains from Australia, France and Germany.

PhD student, Marta Avramova, from the University of Bordeaux, is spending 12 months at the AWRI to work on this project

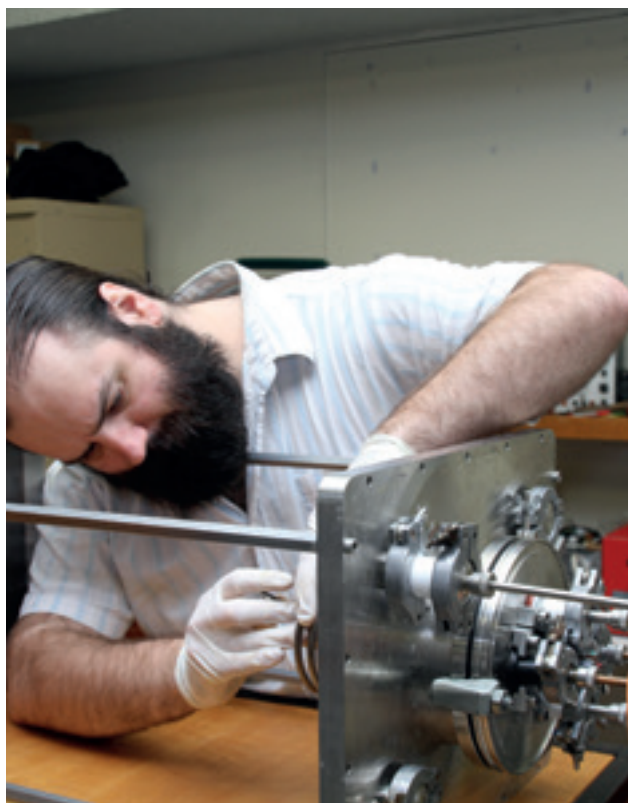


Marta Avramova presents her work at the Australian Wine Industry Technical Conference, July 2016.

Photo: Andy Steven Photography

and is co-supervised by AWRI and Bordeaux scientists. Marta presented her work at the Australian Wine Industry Technical Conference in July 2016, and was awarded a prize for the best 'Fresh Science' presentation in the study of wines.

The BAG alliance project on *Brettanomyces* genomics complements the AWRI's existing research on this spoilage yeast, which is supported by Australia's grapegrowers and winemakers through their investment body Wine Australia, with matching funds from the Australian Government.



Dr Paddy Neumann works on the Neumann Drive.

Photo: Horst Burghardt

Actually, it IS rocket science!

Australian rocket scientist, Dr Paddy Neumann, has invented technology that could revolutionise space travel: his rocket drive recycles space junk for fuel and is will be tested soon on the International Space Station (ISS).

Named the Neumann Drive, the rocket engine heats solid metal turning it into plasma to propel the space vehicle. While similar ion thruster propulsion systems have previously been used on space missions, they employed Xenon gas atoms as propellant, which is expensive, limited supply, and cumbersome to deploy. The Neumann Drive's use of widely available metals could be a breakthrough for space travel.

"If we were to recycle space junk, we would be actively removing debris from the near-Earth environment, lowering rates of collision, increasing the lifespan of valuable assets in orbit, and processing it for fuel for the drives. We have created a market for material in space, sourced from space," Neumann says.

The latest landmark for the Neumann Drive was formalised in late 2016, when the start-up Neumann Space agreed to a deal for European company Airbus Defence & Space to transport a drive to the ISS in 2018 for a 12-month test program. Tests will take place on the Bartolomeo platform, a commercial research platform attached to the European Columbus module of the ISS. The aim is to demonstrate how the drive performs in a real out-of-world environment for an extended period.

Encouraging confident and ambitious women in Fiji's sugar industry



Agnes Rounds, an Industrial Nurse for the Fiji Sugar Corporation, graduated with a Certificate IV in Frontline Management and a Certificate IV in Project Management Practice from the Australia-Pacific Technical College in 2016. **Photo:** APTC

The women employed by the Fiji Sugar Corporation (FSC) have grown in ambition and confidence after being trained under the EU-funded Training Support to the Fijian Sugarcane Industry Project.

Together, the EU and the Australian Government engaged the Australia-Pacific Technical College (APTC) to deliver training to more than 160 women and girls. These women tell us they have better leadership skills

and an improved ability to implement projects in a way that increases productivity and efficiency. One of those trained is Industrial Nurse, Ms Agnes Rounds, who says the training provided by APTC has built up her confidence and knowledge.

"It gave me the confidence to innovate new things and I was able to speak very boldly assisting others, if they needed my help," she says.

Bold is a great development, and we congratulate her! Following her training, Ms Rounds established an information centre at the FSC mill in Ba, Fiji to help employees develop a better understanding of the mill, its structure and its layout, making it a safer place to work.

Bilateral support for closer cooperation of this kind was boosted recently when European Commission Director-General Stefano Manservigi met senior DFAT representatives in March for the 2nd EU-Australia High-level Dialogue on Development Cooperation. Our development cooperation is especially visible in the Pacific where the EU is the second largest donor, after Australia, having allocated EUR 800 million for regional programs from 2014-20.

These stories illustrate the imaginative, enquiring, and sleeves-rolled-up nature of the current Australia-EU relationship within our region - and all the way to outer space! Collaborative development activities, business ventures and exchanges are occurring on a daily basis with excellent results. The Australia-EU Framework Agreement and the Australia-EU Leadership Forum are examples of structures that will take us toward deeper cooperation in the future.

The EU and Australia: working together in uncertain times

by Christian Leffler

Christian Leffler is the Deputy Secretary-General for Economic and Global Issues, European External Action Service.

The European Union's Global Strategy for foreign and security policy, which High Representative Federica Mogherini presented in June last year, described the state of world affairs as one of "predictable unpredictability."

Europe, as many other regions of the world, faces the challenge of how to manage migration. Our citizens look to us to provide security against the perceived threat of violent extremism. Beyond our southern borders, Syria is still ravaged by civil war, and to the east, conflict continues in eastern Ukraine. Meanwhile, on the Korean peninsula, tensions are escalating. Even within the EU, recent elections have shown some parts of the population rejecting the liberal economic model which has brought prosperity to the West for the last 70 years.

In these uncertain times, the EU stands as a reliable, cooperative and predictable force in this troubled world. As the very foundations of a rules-based international system are being questioned, the EU will be more and more an indispensable power to preserve, strengthen and enlarge a cooperative global order.

We are the second global economy. We are the largest global market and the leading foreign investor in most parts of the globe. We invest more in development cooperation

and humanitarian aid than the rest of the world combined. We are a force for multilateralism, for human rights and for international cooperation. And we are increasingly active as a global security provider.

As the EU seeks to protect and project its values, it is more important than ever that we work as closely as possible with countries and organisations around the world that share our beliefs, that value global security and open markets, that see the importance of working together to tackle the challenges that are too big or too complex for one country or region to solve on their own.

This is what lies at the heart of the EU-Australia partnership. Our close relationship has been substantially strengthened over the past years, including through the negotiation of a treaty-level Framework Agreement, the signature of a Framework Participation Agreement on Crisis Management, increased development and humanitarian cooperation and the ongoing work towards a future EU-Australia Free Trade Agreement.

The High Representative's Global Strategy represents a bold statement of intent, a "vision" of the EU as an active global player, well aware of the need to match words with deeds. Its five priorities are to:

- strengthen security;
- improve the resilience of societies in our wider region;
- develop an integrated approach to conflicts and crises;
- develop cooperative regional orders; and
- establish an updated model of global governance for the 21st century, based around the UN as the bedrock of a multilateral order.

This is the kind of world we want and are ready to work for. For those countries, like Australia, who broadly share our goals and priorities, we see a number of ways in which we can work together.

We can push for the continuation of open markets and a global economic system that delivers a more equitable sharing of the benefits. We can accelerate growth by using all the policy tools at our disposal, including promoting innovations that can help us deliver more effective growth. We can deliver an international system that is fair and just, for example through tax transparency and anti-corruption measures.

We can show our determination to implement the Paris Agreement on climate change and provide for united engagement on climate issues with the new US administration, including on the nexus between climate and security. We can work together to strengthen global security of energy supply, including through more efficient use of renewable energy.

We can deliver on our international commitments to scale up humanitarian and development assistance to refugees and internally displaced persons as well as to people and communities affected by conflicts such as the one in Syria. We can tackle the scourge of unscrupulous networks of smugglers and traffickers who target vulnerable people, especially children.

We can act together to improve the working of international institutions such as the UN, the WTO and bodies such as the G20, while maintaining the principles of a global world order that underpins peace and stability.

This is an ambitious vision. But it is one that I believe matters to both the EU and Australia and together we can bring it closer to reality, not least through our joint engagement in the EU-Australia Leadership Forum.



For historical reasons, I think, there will rightly be a lot of attention on Australia's relationship with the UK over the next couple of years and that has the potential to distract from the otherwise generally positive relationship with the EU as an institution and with its member states. Compounding this effect will be the fact that the EU will be self-absorbed over the next period.

Brendan Pearson

Chief Executive, Minerals Council of Australia

Australia and the European Union: continuity & change

By Annmarie Elijah and Jacqueline Lo

Jacqueline Lo is Executive Director of the Australian National University Centre for European Studies.

Annmarie Elijah is Associate Director of the Australian National University Centre for European Studies.

Australian thinking and policy on European integration has, from the outset, been driven by two convictions: first, that the fundamental objectives of the European project are sound and in Australia's broad interests; second, that an 'open' version of regional integration would best suit Australian economic interests.

The first of these usually prevails as a priority, and the second is responsible for much of the noise and trouble in the history of the bilateral relationship.

Historical documents reveal these twin convictions – and their uneasy coexistence – from the first Australian encounters with the European integration process.

On the one hand there was no denying the benefits of the peace and security that the member states proposed to bring about through European integration. On the other, the particular form that European integration took presented clear challenges for Australia – especially once the UK became formally involved and acceded to the European Community in 1973. The development of the Common Agricultural Policy, its impact on Australia-UK trade and later on Australian third country markets meant that the initial stages of the bilateral relationship were difficult. Despite a clear basis for like-mindedness internationally, formal progress in the relationship between Canberra and Brussels was slow.

In this context recent developments are noteworthy. Australia-EU relations have come a long way in the last decade, with a treaty-level political agreement (the Framework

Agreement) and high-level commitment to a bilateral trade treaty. This is not before time. A cursory glance at the EU map of international trade agreements reveals that Australia, together with New Zealand, remains one of the only countries with which the EU does not have some kind of formal trade relationship, in spite of solid economic relations. The diplomatic consensus is that this relationship's time has finally come, and serious bilateral work with partners inside the EU (the Netherlands, Germany and France, to take three examples) now underpins a constructive relationship.

No wonder then that there is some Australian head-scratching over the Brexit vote of June 2016 and the triggering of Article 50 by the British Government to formally commence negotiations to leave the EU. Just as the long shadow of British accession and its ramifications for Australia-EU relations appear to have given way to cooperation – perhaps genuine goodwill – the UK has once again called the terms of Australian relations with the EU28 into question with the proposed split. It is, at best, inconvenient.

The practical challenges for Australia are clear: additional (complex) trade negotiations with the UK once the terms of Brexit are known; major trade partners which are more concerned with each other than with distant third countries; and disruption to the Australia-EU relationship at a time when it had actually improved.

There is also the danger that Australia becomes implicated in the politics of Brexit by being put forward as some kind of alternative partner in a post-EU British foreign and trade policy.

Australian policy makers would do well to blow this notion out of the water. It is difficult to see the benefits for third countries of an 'either/or' scenario with the UK and the EU, which could so easily arise from Brexit politics. This is not to suggest for a moment that the Australia-UK relationship is not important, or that Australia is uninterested in the final terms agreed by the UK and the EU27. But Australia has long been incidentally involved in UK-EU politics, and so far it has done precisely no good. Australia is not being forced to choose between the UK and the EU, and Australian economic interests do not have to be collateral damage a second time.

Brexit also needs to be put in perspective. Euroscepticism is demonstrably on the rise, and there is no doubt that the European project has taken a serious hit. Its future direction is the subject of debate and political contestation across European capitals. Multispeed Europe is now a live possibility – perhaps a necessity. Yet European integration does not rise or fall with the fortunes or commitment of the UK. There are 27 other member states, and the original six were committed to integration well before UK accession in 1973. Third countries might expect to witness plenty of European soul-searching about how the EU will function – perhaps with new impetus after the election of President Macron in France – but European integration is not at an end.

The EU is potentially being transformed, and not only its membership. These changes may matter more to Australia than whatever messy divorce terms the UK and the EU27 can agree. The impact of Brexit on Australia will depend on a range of factors, not least British domestic politics, and these may not be clear for years. The material impact on Australia may ultimately

be negligible. Australia could not afford to be so sanguine about the fate of the European project, a key plank of the post-war liberal international order and the source of peace and prosperity across a continent for more than half a century.

The Australia-EU relationship has rarely had more diplomatic attention, press coverage or public interest. There is plenty of scope for noise and trouble: perhaps as the historical differences surface in the bilateral trade negotiations, or from the politics of Brexit, or both. The relationship is stronger than at any other time in its history. Australian policy makers will continue to see the logic and necessity of European integration. They will also have to deal with the 'downstream' consequences of EU politics for third countries, where outcomes will not always align with Australian interests. Plus ça change...



*Brexit has brought...
a focus on the EU
and why it exists and
what it stands for and
what benefits it brings
to its members.*

Mat Tinkler

Director Policy & International Programs,
Save the Children Australia

Part II: Issues & Analysis







Security, Foreign Policy & Development

1997 Joint Declaration on relations between Australia and the European Union established common goals in the area of development and foreign policy

2003 Agenda for Cooperation focuses on security & strategic Issues, development cooperation in the Asia-Pacific region and migration & asylum.

2008 EU-Australia Partnership Framework signed, includes increasing dialogue on foreign policy, security and development co-operation in Asia-Pacific

2014 Australia-EU Delegated Cooperation for Development signed, leading to first arrangements between DFAT and Europe Aid to work together in Fiji and Sudan

Formal dialogue set up on counter-terrorism

2015 EU and Australia finalised negotiations on a Framework Agreement across all areas of EU-Australia cooperation



I think there is a bit of a subtle shift in government policy which is to think more globally and less regionally, in terms of foreign policy priorities, so Europe is having a bit of a comeback in terms of the level of Australian interest.

- **Peter Jennings PSM**

Executive Director of the Australian Strategic Policy Institute

Among the top 10 beneficiary countries of Australia's overseas aid in 2015, EU institutions and EU Member States were the **top donor for two**, the **second top donor for three** and the **third top donor for four**.



In 2014 Australia contributed for the **first time** to an EU-led crisis management mission –

EUCAP NESTOR,



a maritime capacity building mission in the Horn of Africa.



The EU and Australia are the **two major donors** in the Pacific region

Australia-EU cooperation on security, foreign policy and development

By Peter Jennings

Peter Jennings PSM is the Executive Director of the Australian Strategic Policy Institute. He is a member of the Multi-Stakeholder Steering Committee of the EU-Australia Leadership Forum.

After years of benign neglect Europe is re-emerging with higher priority in Australian thinking on security, foreign policy and development.

The change has been driven by several factors. First there is the reluctant realisation that Australia has become unhealthily dependent on the Chinese economy and that a strategy of diversification is needed. Second, the decision to select a French design for Australia's new submarine fleet creates a strong imperative to build a closer strategic relationship with Paris. Third, the Australian Defence Force has worked closely with NATO counterparts for well over a decade in Afghanistan, and with the EU and others on counter-piracy and maritime security in the Arabian Gulf and Horn of Africa regions. As an 'enhanced partner' of NATO, Australia has built close military ties and could expand these beyond the Afghanistan theatre.

Canberra also realises that Britain's exit from the EU means that more Australian effort is needed on the European continent itself to strengthen ties. If it ever was a sensible conduit to Europe for Australia, London can't convincingly play that role after Brexit. Australia and Europe also face shared threats that are not limited by geography and are increasingly high priority. Cooperation on counter-terrorism and on cyber security draws key intelligence and security agencies closer together.

Finally, it should be said that some key figures in Government – Malcolm Turnbull, Julie Bishop and Mathias Cormann in particular – have deep interests in closer European engagement. Cormann, for example worked hard to establish an Australia-Germany Advisory Group enabling Canberra and Berlin to substantially strengthen ties.

Taken together these factors create an opportunity to intensify Australia's engagement with European countries and the EU as an institution. While this is a positive thing, enhanced cooperation will only be sustained by practical forms of cooperation that deliver real benefits to both Australia and EU countries. Opportunities can fail to be acted on and Canberra, Brussels and the European capitals all suffer from resource constraints. Delivering a step change in Australia-EU cooperation on security, foreign policy and development will require carefully considered and well-targeted practical policy measures, backed up with a focus on implementation.

In terms of security cooperation there is a lengthy list of areas where closer engagement between Australia and EU

countries is already happening and likely to grow further. Sadly, there will continue to be a need to work more closely on counter-terrorism and in developing counter-radicalisation strategies.

No country has a monopoly on how to do this effectively and there is a real urgency to intensify intelligence cooperation and data sharing by bringing police forces and other security agencies together. Likewise, the need for closer collaboration on cyber security will continue to grow. Protection of cyber systems is an essential enabler for business, military and science and technology collaboration.

Industry collaboration will drive closer defence cooperation. The next Australian submarine – 12 are to be constructed over a 20-year period – headlines a growing list of Australian-European military acquisitions. The days of simply exporting defence equipment are long gone. Large defence projects today are elaborate joint ventures that will hopefully create shared opportunities to do business in Asia and elsewhere. A cautionary note is needed: Australia has had a few unhappy experiences in the past with European defence industry collaboration. The submarine project simply must be made to succeed or else it will damage broader Australia-Europe industrial collaboration for years.

Distance will always impose limits on practical military-to-military cooperation, but some of this needs to happen if we are to sustain a genuinely closer Australia-EU relationship. Canberra should look for opportunities to second military and intelligence personnel to counterpart agencies in EU countries. It is more than likely our armed forces will cooperate together in Afghanistan and in other theatres for years to come. Where possible we need to promote deeper interoperability for our defence plans and systems so that our military forces will work together more effectively.

A new Australian Foreign Policy White Paper due later this year will hopefully sustain the momentum in closer collaboration with Europe. We should consciously look for opportunities to do more together to promote shared values and interests. Europe and Australia are strong proponents of the international rule of law, a concept which is under sustained challenge from Russia and China and was recently dismissed by the Russian Foreign Minister Sergey Lavrov as ‘an instrument for ensuring the growth of an elite club of countries and its domination over everyone else. It is clear that such a system could not last forever.’¹ In the face of such illiberal challenges to the world order, Australia and the EU should look to more actively promoting the international rule of law through diplomacy and development assistance designed to strengthen such capabilities among partner countries. This might include such activities as joint Australia-EU peacekeeping and stabilisation missions; closer alignment of development assistance projects; joint work to enhance the cybersecurity of developing countries and partnering on the best way to build military training ties with developing countries.

There have been some impressive developments in the last few years to strengthen Australia and EU cooperation on security, foreign policy and defence. In many respects our alignment is natural given our shared values and similar strategic perspectives. There is no doubt that further cooperation would yield practical benefit. International partnerships work best when their members maintain high expectations of what each will deliver. It's up to Australia and European governments, institutions and civil society to set some stretch targets for new forms of cooperation.

¹ Russia's Foreign Minister Sergey Lavrov, speaking at the 53rd Munich Security Conference in Germany, 18 February 2017.

The EU's collective security: stronger together!

By Jacques Delors, António Vitorino, Pascal Lamy, Enrico Letta and Yves Bertoncini

Jacques Delors is a three-time president of the European Commission; António Vitorino served as Justice Commissioner in the Prodi Commission; Pascal Lamy is a former Director-General of the WTO; Enrico Letta was prime minister of Italy; and Yves Bertoncini is director of the Delors Institute.

Pascal Lamy and Enrico Letta are members of the Multi-Stakeholder Steering Committee of the EU-Australia Leadership Forum.

Place collective security (back) at the heart of the European construction

The EU's neighbourhood is rife with threats impacting our borders and our territory: the war in Syria, the chaos in Libya, Islamist terrorism, Russian aggression and so forth. These threats have triggered a civic demand for security that may well fuel the temptation to fall back into isolationism if national and European leaders appear to lose control of the situation and fail to demonstrate that "strength lies in unity" also rings true in the sphere of security.

It was first possible to set the European project into motion because Europeans feared for their security, which was threatened by Soviet expansionism and their age-old tendency to make war with each other. It is once again to the tune of the "ode to fear" that Europe needs to be given a fresh boost in a context marked by fears of climate change, unbridled finance, uncontrolled waves of immigration, and above all else threats to the security of individuals and their property.

People's aspiration to security must lie at the heart of an agenda bringing together the EU member countries as a whole, exposed as they are in one way or another to threats looming to the east or to the south of our borders, but also on our own soil where a majority of the terrorists were born.

Make the best use of Europe's collective security tools

The activation of the mutual aid clause provided in the Treaty on European Union (TEU) following the terrorist attacks in Paris symbolises the European people's will to collectively face armed aggression on any given member state's territory. In particular, it has led to joint military operations against the Islamic State, in addition to a strengthening of police cooperation among the most vulnerable countries.

The activation of the Schengen safeguard clauses has permitted the temporary revival of national border controls in certain EU countries; the use of the "European arrest warrant" has led to the very rapid transfer of terrorists from one country to another; tougher European legislation governing the arms trade is going to make it more difficult for terrorists to operate; and the adoption and subsequent implementation of the Passenger Name Record system gives Europeans another valuable tool in their struggle against terrorism and organised crime.

The creation of hotspots for registering refugees and migrants in Greece and Italy does not only mark welcome financial and technical solidarity in the EU: it also prompts a decline in the mistrust shown towards the effectiveness of controls on the Schengen area's external borders, including effort to identify terrorists.

And finally, the EU has used the other tools that it possesses to tackle instability in its neighbourhood, such as commercial and financial sanctions against Russia in the wake of the latter's invasion of Crimea, the establishment of energy solidarity with Central European countries and Ukraine in an effort to bolster their security of supply, an increase in European aid to countries such as Turkey in order to strengthen their struggle against organised crime and so forth.

Strengthen Europe's collective security architecture

National and European authorities at this juncture need to project their vision beyond the short-term emergencies of recent years in order to promote a shared vision of Europe's collective security architecture, combining a variety of complementary pillars on our soil, on our borders and in our neighbourhood.

It is up to these authorities to work on the creation of a "European Prosecutor General's Office" capable of acting effectively to hunt down criminals and terrorists by rapidly mobilising the member states' police and judicial apparatuses; and it is up to these authorities to promote both full police cooperation within a strengthened Europol and the effective communication of information held by national intelligence services by promoting a European culture of exchange to complement bilateral cooperation.

It is up to those same authorities to succeed in completing the transformation of Frontex, which is already under way, into a fully-fledged "European Border Control Corps", which must be allotted independent logistical and human resources and be enabled to act even outside of emergency periods in order to consolidate mutual trust.

Authorities must also pool their military resources to a greater degree in order to better protect us: greater solidarity in the funding of European external operations through the Athena mechanism; an effective use of "battle groups" and new cooperation in the field of arms through industrial mergers and joint commands; a gradual strategy aiming at the implementation of a

"permanent structured cooperation" in the defence sphere by those countries willing to take part; and last but by no means least, increased and improved coordination of military budgets and investments so as to avoid redundancies and to improve our intervention capacities.

This "military leap" is a crucial precondition if we are to have the resources to engage in our neighbourhood and in the world without allowing our security to depend on our US allies, who play a crucial role but are eager to disengage and are thus favourable to the principle of the construction of a "European pillar" in the Atlantic alliance.

Lastly, it is up to the national and European authorities to complete this security strategy with agreements and partnerships capable of mobilising the EU's traditional tools – financial aid, technical cooperation, trade agreements, etc. – in order to avoid relying solely on the virtues of "soft power" at a time of crisis and war in our neighbourhood.

Every country in the EU should contribute to strengthening our collective security. Where security and numerous other global challenges are concerned, we are "stronger together"!

This article originally appeared in English in Euractiv: euractiv.com/section/security/opinion/the-eus-collective-security-stronger-together and is used with permission.

International development in a digital age

By Chris Locke

Chris Locke is the Founder of Caribou Digital, a research and delivery consultancy dedicated to building ethical, sustainable digital economies. He was previously Managing Director of GSMA Mobile for Development. He was co-chair of the EU-Australia Leadership Forum's Sectoral Policy Workshop on Digital Development held on 28 March 2017. This article provides extracts of a discussion paper written for that event.

There has never been a more important time to address the role of digital services in international development.

Mobile technology has been the most rapidly adopted new technology in human history, and is a major achievement in driving innovation, business models, and value for customers worldwide. From its formal beginnings in the 1980s it has achieved remarkable penetration around the world, with an estimated 3.8 billion unique mobile subscribers and 7.7 billion connections. Unique subscriber penetration is close to 50%, with 40% of all connections utilizing mobile broadband (3G & 4G) connections, in 2014.

This rapid growth and penetration has been driven by a mix of factors, principal among them the rapid pace of technology advancement, effective marketing and sales, and in most cases supportive government regulation allowing the private sector to drive the growth. The universal winners have been consumers who have seen their costs for service drop, coverage increase and the value for money of the service becoming increasingly attractive.

The public sector has had a strong hand in this success. Governments have played a supporting role, with policies that ensure an open and competitive environment, and which drive increased demand, whilst raising revenue from auctioning radio spectrum, and taxing mobile services.

The private sector has seen the activities of a range of actors work in concert to drive this growth. Network vendors have played their role in building and managing the mobile operator's networks, in parallel technology companies have developed smartphones, app stores, applications and social networking, increasing the value of the network to consumers and driving demand for high speed data.

On top of all of this activity, more recently foundations and multi-lateral donors have also supported programs to accelerate the use of mobile technology to impact on development challenges, for example donors have supported many mobile initiatives in areas such as Mobile Money, mAgri, mHealth and mEducation.

But one of the most impactful uses of mobile technology has not been in using SMS messages for communications, but as the transport system for payments. The launch of mPesa in Kenya is a well-documented success, with 70% of the population now using the service and a significant percentage of the GDP of Kenya transported over the platform. It has been shown to lift users out of poverty, with a stronger impact on women. But its more immediate impact has been in providing the payment 'rails' upon which a wide range of further

innovation has been built. As CGAP illustrates in their 'Digital Finance Plus' model, mobile payments enable innovation and decreased costs of delivery and payment processing for a wide range of industries:

As well as providing the 'rails' for a wide range of innovative products and services, technology adoption is also providing the backbone for completely new ways of delivering international aid and assistance.

Looking forward, we need to rephrase the question. We should not just ask how we do what we're already doing using digital tools, but instead ask what exactly is the role of international development in a digital age?

The previous decade or so of ICT4D and M4D interventions have primarily focused on the role that digital technology can play in delivering existing development interventions more cost effectively and to a broader audience. Behaviour change communication

programmes have looked primarily at mobile, for instance, as a channel that's an alternative to radio, television or an extension of outreach workers, and used technology as a way of extending reach and impact, and in some cases also using it to create an easier two-way communication channel with clients.

The World Bank's World Development Report 2016 focused on the 'digital dividends' and argued persuasively that they are unevenly distributed, and without intervention the significant economic and social gains that can be delivered via digital access will not be realised in many markets outside of the developed world. The report illustrates that although we have seen exponential increases in digital adoption, and the infiltration of digital technology into every aspect of people's lives, during that same period of time we have actually witnessed a decrease in global productivity, a decrease in access to free and fair elections, and a huge increase in income inequality.



Australia has a very unique insight and perspective on Asia...Its insights, its knowledge its experience...could be very important for the European Union.

- Shada Islam

Director of Policy, Friends of Europe

The questions posed by the rise of largely monopolistic digital platforms – that themselves may contribute more to the income inequality identified by the World Bank in the WDR 2016 report than they alleviate it – are critical to international development and humanitarian aid organisations. Facebook, for example, is a phenomenally useful tool in crisis situations, and is to be lauded for the efforts they have made to make the platform work well in times of natural disasters and humanitarian crises.

This benefit does, however, need to be weighed against the negative social and political impacts that come as an unintended consequence of Facebook's dominant role in the media landscape. We have seen the oft-discussed impact of fake news on Facebook and Twitter during the recent US elections, and more worryingly in Myanmar – a country that has accelerated from virtually zero mobile

phone adoption to being an almost entirely smartphone-only country in the space of a few years – where the recent adoption of Facebook is leading to fractious political exchanges and the dominance of fake news.

The role of civil society, the public sector, Governments and humanitarian and aid organisations is fundamentally recast by the rapid adoption of digital technology, not just as an end-user device but as the very architecture upon which the media, work, society and the economy run. We therefore need to ask this question of ourselves and the organisations we lead – what is our role within a digital age, and how do we need to change what we do to meet the rapidly changing needs of our clients whose lives are being shaped by digital technology?

Digital disruption in development

By Claire Rogers

Claire Rogers is the CEO of World Vision Australia and was co-chair of the EU-Australia Leadership Forum's Sectoral Policy Workshop on Digital Development held on 28 March 2017

At a recent EU-Australia Digital Development Seminar, experts from Australia and the EU came together to discuss digital technology as a powerful driver of social and economic development around the world.

Digital moves quickly and we need to move quickly too if we are going to embrace the transformative power of technology in all its compelling applications, for the simple reason that harnessing this power can make the world a better place.

In developing countries, the inventive use of technology can provide communities with the skills and expertise to mitigate the impact of and withstand conflict and disaster. We know that the lack of skills and resilient workforces are drivers of displacement and migration following conflict. Technology can also be used to build the skills of displaced populations.

Driving education

For example, Facebook, Google and Microsoft among other tech giants recently joined forces with World Vision at a summit in Jordan to thrash out digital solutions for the education crisis facing more than 6 million displaced Syrian children. The use of mobile apps, video learning, tablet-based literacy tools, online courses, educational games, remote teacher-training, online

assessments and teacher monitoring tools for Syrian refugee children were all on the table.

This is of profound significance in the context of war, which can turn the clock back generations, particularly in terms of children's education. People go from living secure lives comparable to those we are privileged to enjoy in Australia, to living in tents relying on rations with little or no access to schooling. How can we educate children in these conditions?

All the education gains made in Syria over the past decade have been wiped out, according to the United Nations. One in three Syrian schools have been damaged. Their homes and schools may have been destroyed, but technology could be the gateway that lets Syrian children catch up on years of lost education.

I look forward to seeing how schooling is delivered digitally to refugee children over coming months and years; the education of this generation of children is of vital importance to future peace and leadership in the Middle East.

Where there's smoke

Technology can also be used to save lives. World Vision is piloting a unique fire alarm in Bangladesh, called the Lumkani. Slum fires kill thousands every year and entrench many more in poverty when, without insurance, people lose homes, businesses and even identification documents. High density slums are tinderboxes, with their mix of flammable materials, exposed wiring, and smoky open fires. Over 800 million live in slums worldwide, including 500 million in Asia.

What kind of fire alarm will work in these situations? The Lumkani fire alarm combines two key innovations. Firstly, it detects rapid rises in heat, rather than smoke, which is critical in smoky slum environments where open fires are used for heating, cooking and lighting. The detection of rapid heat sets off an alarm within the household. Secondly, a signal is sent to all other detectors within a 60-metre radius, along with phone text messages, to alert the surrounding community.

Part of running the pilot in Dhaka involves developing a sustainable implementation model that World Vision can replicate across Asia, potentially protecting millions. However, one of the challenges we face is unrolling technology at a scalable level to see and measure results.

Overcoming constraints

The widespread dispersion of information communications technology (ICT) also has important benefits for micro, small and medium enterprises in developing countries. Through new and traditional forms of ICT, small business people have greater opportunities to expand their businesses, grow their customer base and access critical market information, new innovations, new production technologies and finance. Women entrepreneurs are especially likely to benefit from the ways that ICT can overcome constraints when it comes to accessing finance, skills and training.

All too often, countries see a two-speed economy for digital solutions. The availability of technology often grows at uneven rates. In my view, it works best when the actual embedding of digital into development programming runs at the pace of infrastructure.

Non-government organisations (NGOs) can also leverage technology to improve their own data and better track people's participation in programs. The transformation of digital within NGOs is just as important as transforming developing societies into digital natives, and probably the fastest way to see real change.

World Vision's Livelihoods Academy, for example, is an online learning model to assist small business people in developing countries. It works by capturing the learnings of field-based staff from across its development programming around the world. World Vision partnered with Dynamind eLearning to design an award-winning Project Model Accredited Learning and Support (PALS) approach that promotes peer-to-peer learning and coaching.

The PALS approach is constantly evolving based on participant input. Using the Moodle platform, it supports World Vision field staff working directly with communities. So far over 300 certified staff have supported more than 200,000 smallholder farmer households to increase their economic resilience.

Governance

Technological development is also changing how people engage with governments. Like other NGOs, World Vision is establishing the best uses of technology to enable communities to participate in democratic processes and hold governments to account. Our program model, Citizen Voice and Action, mobilises and equips citizens to monitor government services. So far, we've seen how this can improve relationships between citizens, governments and service providers, resulting in the better delivery of health and education. All these things contribute towards the well-being of children.

Digital is also changing how NGOs communicate with their donors. It is more direct and real, and we need to keep up. This is critical when it comes to building people-to-people links around the world.

Because digital moves so fast, it's clear that courage, rather than caution, is required. We must fearlessly explore the good, bad and ugly when it comes to digital technology. Especially as a sector, traditionally cautious not-for-profit organisations need to recognise that it is ok to fail sometimes; provided we are rigorous in the learning we glean from these failures.

Digital is transforming the aid landscape in ways that we couldn't have anticipated even ten years ago; let's embrace it and relish that we live in exciting times that mean when it comes to finding innovative solutions to many of the world's problems, the sky, literally, is no longer the limit.



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Trade & Investment

- 1997** Trade was a major focus of a Joint Declaration on relations between Australia and the European Union
- 1999** Agreement signed on Mutual Recognition in Relation to Conformity Assessment, Certificates and Markings
- 2003** Agenda for Cooperation highlighted a number of important trade issues, such as wine, WTO, market access for least-developed countries, agriculture
- 2008** Trade Policy Dialogue created by Partnership Framework Agreement
Agreement on trade in wine signed
- 2015** Agreement to work towards a Free Trade Agreement

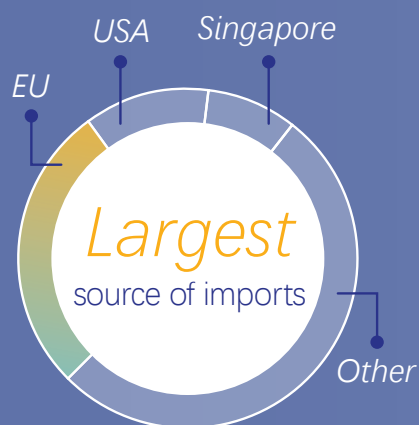


I still feel that the EU is a force for global good, a force for growth, for creativity, a force for the power of free trade, for the power of democracy; what it has to do is unshackle itself from the temptation of regulation and government intervention....
It will be trade routes that will allow Europe to come out of this stagnating growth... The greatest opportunity is to stand side-by-side with countries like Australia, Canada and New Zealand and the more free-market Asian economies and say the only way for global prosperity and peace is free trade

- **Jennifer Westacott**

Chief Executive of the Business Council of Australia

The EU is one of Australia's *largest* trading partners



19.7% of Australia's total imports in 2015-16



14.4% of Australia's total two-way trade in 2015-16



8.5% of Australia's total exports in 2015-16

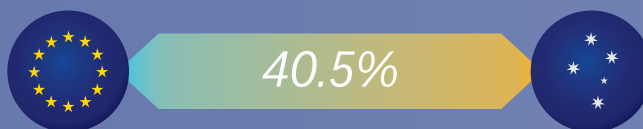
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of Australia's foreign direct investment comes from the EU

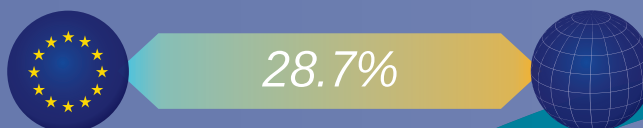


Australia's exports to the EU are dominated by **mineral commodities** (fuels and mining products) and **agricultural products**.

EU's exports to Australia are predominantly **manufactured goods**.



The structure of the EU's total two-way trade with Australia is *more services dominated* compared to trade with the Extra EU-28 World.



The Australia-EU trade and investment relationship

By Nick Greiner

The Hon Nick Greiner AC is the Chairman of the European-Australia Business Council and a Member of the Board of Governors, Committee for Economic Development of Australia (CEDA). He was Premier and Treasurer of New South Wales from 1988-1992. He is a member of the Multi-Stakeholder Steering Committee of the EU-Australia Leadership Forum.

Australia's economic relationship with the European Union (EU) is strong and dynamic. Two-way trade in goods and services totals over A\$95bn, making the EU Australia's second largest trade partner behind China, and ahead of both the United States (A\$69bn) and Japan (A\$60bn). Services trade is a considerable and rapidly growing component of this, amounting to A\$30bn annually. Underpinning this relationship is a vast two-way investment partnership, having grown from A\$585bn in 2004 to nearly A\$1.6 trillion today, confirming the EU as Australia's most significant investor.

Despite this positive record, the architecture for the economic relationship is underdeveloped, and is critically missing a Free Trade Agreement (FTA). Obviously, the EU and Australia are like-minded partners with strong cultural, historical and political linkages. We share common values and respect for human rights, democracy, the rule of law, the strength of international institutions, and the mutual benefits of free and open trade. Australia has or is negotiating FTAs with all of its major trade partners: the US, China, Japan, South Korea, India, Indonesia – and an FTA with the EU has crucially been the missing link.

The EU's recently concluded FTA with Canada, CETA, could easily serve as a template for such an agreement with Australia and would allow a similarly comprehensive agreement to be locked in for the mutual benefits of both partners. Given the momentum behind forces

seeking to wind back the clock on global trade, an accelerated agreement would be a powerful reaffirmation by two like-minded partners of the benefits of open trade and the positive economic benefits which undeniably flow.

The surge of protectionist and nationalist forces must be met with conclusive counter-arguments making the case for how consumers overall, not just a privileged few, benefit from access to cheaper and better quality goods and services, and technological advancements which use fewer resources and produce better outcomes. Such goods and services are also inputs in an increasingly integrated global economy, allowing domestic businesses to compete in markets around the world.

By removing trade barriers and facilitating investment flows, FTAs boost the competitiveness of exporters which flow into the creation of new businesses and jobs. Progressive trade policies also provide opportunities for growth of less-developed economies, providing access to markets whilst at the same time encouraging capacity-building reform. FTAs enhance regional economic integration and build shared approaches to trade and investment.

An Australia-EU FTA would help the relationship achieve its full potential. An ambitious and comprehensive agreement will help dismantle trade barriers (including behind-the-border barriers) and improve market access for both sides,

including agricultural products. European firms will be on a level playing field with Australia's Asian FTA partners in relation to foreign investment approvals, and mechanisms will be developed for ongoing co-operation on fast-growing services trade.

An ambitious agreement would lay the foundations for mutual recognition of professional qualifications as well as labour mobility, especially for particular skilled workers. It would also reduce significant regulatory burdens faced by companies and individuals alike by adopting common or mutually recognised standards (for instance, rules of origin, border control, and biosecurity measures).

A comprehensive Australia-EU FTA should aim to enhance co-operation in areas beyond the scope of traditional trade and investment agreements, to help both parties develop solutions to shared

industrial and societal challenges, including the future of manufacturing, energy and climate change, defence and security, healthcare, transport, infrastructure, the digital economy, intellectual property and many others.

Two like-minded partners, Australia and the EU are both open economies whose prosperity is fundamentally linked to the global trading system. As noted by the World Bank, trade constitutes over 41% of Australia's GDP, while it amounts to 83% of the EU's GDP. Europe's market of 500 million middle class consumers presents enormous opportunities for Australian companies to export high-quality goods and services abroad, whilst Australia's economic growth and integration with Asia, the fastest growing region in the world, makes it an obvious strategic partner for Europe.

A great opportunity is there to be realised. Let us move quickly to achieve it.

Australia's exports and imports with the EU show **significant** growth rates between 2014/15 and 2015/16.



EU goods export have **risen by 18%** compared to just **2% growth in exports to China** and **18.3% decrease in exports to Japan** – Australia's other top export markets.

Trade and investment between the EU and Australia

By Jane Drake-Brockman

Jane Drake-Brockman is the Director of the EU Centre for Global Affairs at the University of Adelaide.

The narrative on commercial relations between Australia and the EU has traditionally been about agriculture. That is largely yesterday's story.

In retelling it, we risk remaining blind to current Australian business realities and ignore new emerging public policy priorities. The fact is today's big bilateral trade and investment stories are all about services.

The first story is that balance of payments data for 2015-16 show direct services exports accounting for nearly 40% of Australian exports to the 28 Member States of the EU. This is a remarkable outcome, given that services average a mere 22% in total Australian exports. What this means is that when it comes to Australia's commercial relations with the EU, the services industries have nearly doubled their average importance relative to other sectors. From an Australian perspective this suggests that they deserve perhaps twice as much public policy attention.

The second story is that the EU is generally Australia's top services export market. In 2015-16, Australian services providers sold \$10.5 billion to clients in the EU. Probably half of this is tourism – but Australian professional, business and technical services providers are also big contributors to this strong export performance. The EU is also a services growth market, though it has not been growing as fast as China which surged ahead to reach \$10.7 billion in 2015-16,

due to rapid growth in Chinese tourists and sustained growth in Chinese student numbers. In China's case, services account for only 12% of Australia's exports.

A third aspect of this story is that the EU is also Australia's largest source of services imports, meaning that services figure relatively much more importantly in the overall trading relationship with the EU than on average with other trading partners. Australia's total bilateral trade in services with the EU has grown on average more than 9% p.a. over the last decade.

The fourth strand to this positive bilateral story on services is that it contrasts significantly with the recent evolution of bilateral merchandise trade. Eurostat data shows that during the period 2010-2014, Australia's merchandise exports to the EU (chiefly primary products including crude materials, mineral fuels, lubricants and related materials which account for 44% of the total) fell by an average of 7% p.a. Meanwhile Australia's merchandise imports from the EU (chiefly manufactures including machinery, transport equipment and chemical products which account for 65% of the total) increased by 2% p.a. Over this same period, Australia's imports of services from the EU increased by 9% p.a, but very

importantly Australia's services exports to the EU also increased by an average of 3% p.a.

The final piece in the story line is that 2015-16 data show the EU to have become Australia's largest destination for outward foreign direct investment (FDI). And the EU ranks as Australia's largest source of inward FDI stock in Australia, with an approximate 25% share. And to which industries is that EU investment directed? According to FDI Markets data, Australia's top 3 recipient industry sectors of inward FDI from the EU are business services, software and IT services and financial services.

The simple fact is that the rise of knowledge-based activities and the growing importance of intangible assets, together with increasing digitalisation and the enhanced role of services inputs in manufacturing and agricultural, all lead to an increasing importance of services both in Europe and in Australia.

The story comes to its climax in the proposed bilateral trade negotiations between Australia and the EU. The EU is by far the biggest exporter and importer of services in the world – and the world's biggest investor in the services sector. The proposed negotiations offer a potential opportunity for Australia to leverage its own strengths in this sector.

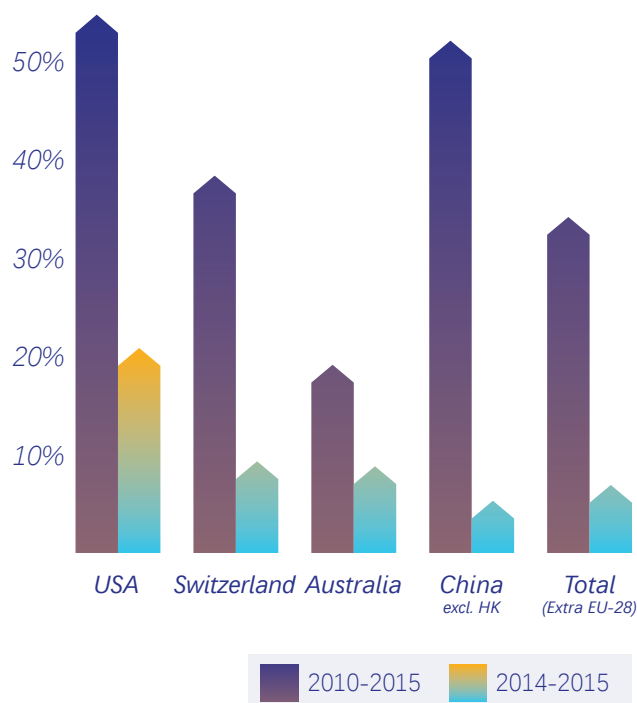
Today's big bilateral business opportunities lie in collaborative innovation and development of the modern services economy: in intensifying an exchange in data-related services inputs to business processes that can drive productivity gains across all industry sectors.

Might the story change after Brexit? Possibly yes. The UK represents almost half of EU services imports from Australia (four times more than Germany, the second largest services trading partner after the UK) and more than a third of EU exports of services to Australia (twice as much as Germany). The UK is the source of more than half of EU investment in Australia and is the destination for two-thirds of

Australian outward FDI in the EU. The services and investment story is strongly UK-oriented. Meanwhile, in merchandise trade, the UK takes a much higher share of EU imports from Australia than its weight in terms of GDP, while its share in EU exports to Australia is merely in line with its GDP weight. Brexit would seem unlikely to reduce EU27 offensive interests in a trade deal with Australia, and it might boost Australia's market access interests in the EU27.

A bilateral negotiation with the EU27 risks being more about merchandise trade than a negotiation with the EU28 would be. Let's hope we don't get stuck in yesterday's narrative.

EU goods export markets growth rate



EU-Australia free trade talks: services essential

By Pascal Kerneis

Pascal Kerneis is the Managing Director of the European Services Forum and a lawyer specialising in European law. He is recognised globally for his expertise in international trade in services, having been invited to speak at several WTO ministerial conferences. He is a member of the steering committee of the EU-Australia Leadership Forum.

In coming months, the European Union and Australia will launch negotiations for a so-called 'deep and comprehensive free trade agreement'.

While much of the attention goes to the possibly contentious issues related to agricultural trade, the service sectors are of greater importance to bilateral trade between the two parties. This will need to be reflected in the talks.

The EU is by far the biggest global exporter of trade in services with US\$985 billion (AU\$1.349 trillion) worth of exports in 2014, representing more than 25 per cent of global exports. If we take intra-EU trade into consideration, EU countries exported US\$2.1 trillion of services in 2014, representing more than 40 per cent of all world exports. With such an important share of the EU's international trade attributed to services, it is obvious that any EU free trade agreement (FTA) without substantial discipline and commitments to services will not make much sense.

The EU is a significant exporter to Australia with a total volume of €48.2 billion (AU\$71.63 billion) in 2014, 38.6 per cent or €18.6 billion of which was services exports. Australian exports of services are also significant at €7.8 billion, representing 45.9 per cent of total exports to the EU, even greater than agricultural trade. When we look at the Australian figures, world exports in terms of balance of payment and trade

in goods (commodities, agriculture and manufacturing) represent 82 per cent of total exports, leaving trade in services a small 18 per cent.

But the new way of calculating international trade in terms of value added — the Trade in Value Added (TiVA) indicators and database developed by the Organisation for Economic Cooperation and Development (OECD) and the World Trade Organization — shows that 46.1 per cent of total Australian exports are services. According to this database, 36.3 per cent of Australian goods exports are services embedded into exported goods. When we look at the same figures for the EU, 60.5 per cent of all EU exports are services, and 39.1 per cent of the value of those exports are services related to goods.

These new elements will need to be taken into consideration during the trade negotiations. The fact that the two parties are major proponents of plurilateral negotiations aimed at a Trade in Services Agreement (TiSA) is a strong signal that negotiators are aware of this, but it will now need to be integrated at the political level in the framework of the bilateral FTA.

The dimension of services will also need to be closely analysed when studying the impact

of Brexit on EU trade policy and its possible influence on Australia's interest in a strong EU FTA. Indeed, many Australian exporters and investors in the EU presently trade via the United Kingdom, and a significant share of EU service exports to Australia come from the UK. This will remain since the UK is a major player in international trade in services, ranking second after the US, representing 6.8 per cent of world trade in services and 15.6 per cent of EU exports in 2014 with US\$337 billion.

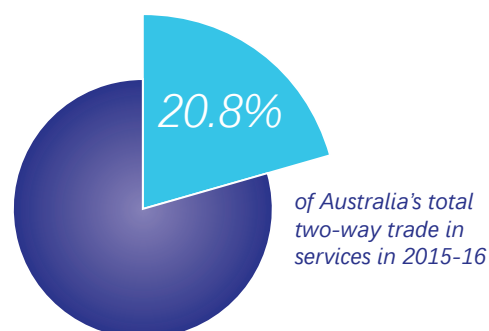
Taking all of this into account, what should the content of the EU-Australia FTA for trade and investment in services be? By "deep and comprehensive FTA", the EU understands a trade agreement will include trade in:

- goods: tariffs cuts on manufactured goods (+95 per cent), agriculture and commodities, non-tariff barriers like standards and rules of origin;
- trade in services: cross border trade and movement of people;
- investment: pre-establishment market access including service sectors and post-establishment protection;
- intellectual property rights: copyrights, patents and data flows;
- public procurement: including central, regional, local, and public entity services;
- competition;
- state-to-state dispute settlement;
- regulatory disciplines and cooperation; and
- a so-called 'sustainable development chapter' that will establish rules on labour and the environment.

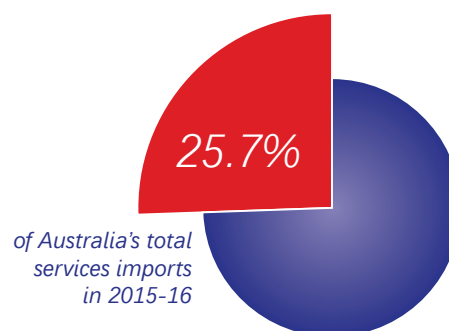
When we specifically focus on trade and investment in services, we will see the negotiations deal with the following elements: the market access pillar, regulatory disciplines and cooperation, the movement of natural persons and the mutual recognition of qualifications.

*The EU is the **largest** trade in services partner for Australia*

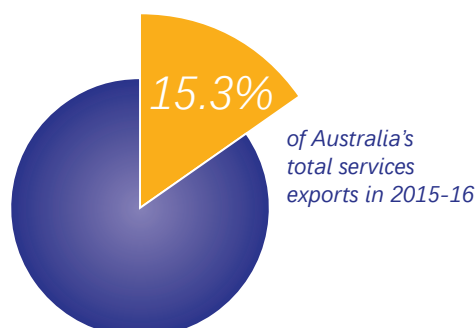
LARGEST TRADE IN SERVICES PARTNER



LARGEST SOURCE OF SERVICES IMPORTS



SECOND LARGEST EXPORT OF SERVICES MARKET



Regarding the market access pillar, it is important to underline that the current bidding level of legal international commitments between the two parties are the commitments taken in the framework of the WTO's Uruguay Round—in particular those taken in the General Agreement on Trade in Services (GATS) in 1995, and subsequently in 1997 for basic telecoms and financial services.

In the bilateral talks, the parties will hopefully adopt the scheduling of market access and national treatment commitments using a negative list approach. This is the preferred method of EU and Australian service industries, as well as of the Australian government, but it is a method that is not well understood and appreciated by the EU member states or the European parliament. The parties should start the negotiations at least at the level of their best tabled offer in the framework of the TiSA negotiations of November 2016. But this could be further improved by replicating or improving on the EU's commitment to Canada in the recently signed CETA (Comprehensive Economic Trade Agreement) and Australia's commitments in the Trans-Pacific Partnership (TPP)—which is now uncertain.

For market access in services sectors, the parties should aim to remove all equity caps, with negotiated exceptions; bind their current regulatory practices, with negotiated exceptions; and adopt a standstill and ratchet clause for many sectors to ensure future autonomous reforms.

The FTA should include a state-of-the-art investment protection chapter including transparent Investor-to-State Dispute Settlement (ISDS) and it is likely that the EU will insist on including the new EU Investment Court System (ICS).

Another very important element of the negotiations will be public procurement. There is no doubt that the EU will look for increased public procurement market access in the services sectors: construction;

architecture and engineering; cleaning and catering in administrations and all public entities; insurance; telecom and IT; security; and the environment. Australia is not yet a member of the WTO Agreement on Government Procurement (GPA), so this will be a test to see the difficulty that will result from the request to access Australia's sub-federal level.

The parties will also negotiate the adoption of a strong horizontal chapter on disciplines for domestic regulation. That is, transparency of regulation, prior consultation with stakeholders, impact assessment, transparency of licensing requirements and procedures. Like in TiSA, it is also likely that the service chapter or annex will include some sector specific disciplines in regards to telecoms, postal services, energy, environment, maritime and air transport, financial services, e-commerce, cross border data flow and sector specific regulatory cooperation or 'living agreement'. The disciplines on State Owned Enterprises (SOEs) will also certainly apply to service companies.

The negotiations for the commitments of the so-called "movement of natural persons" are also a key priority for EU and Australian businesses in this FTA. The principle of the matter is to negotiate access to skilled business persons for a temporary period only, not for permanent migration. Economic operators, services and non-services are all interested in getting faster business visa and work permit delivery procedures.

To conclude, in some services sectors, getting access for companies and natural persons is not always sufficient to do business. This is notably the case for professional services like accountancy, auditing, architecture, engineering, law and medicine. It will therefore be important that the agreement try to achieve some mutual recognition in professional qualifications, which could be inspired by the EU-Canada CETA.



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Trade data shows Australia can get more out of a deal with the EU than the UK

By David Treisman and Giovanni Di Lieto

David Treisman is a Lecturer in Economics at the Monash Business School, Monash University.

Giovanni Di Lieto is a Lecturer in International Business at the Monash Business School, Monash University and Council Member of the Australian Institute of International Affairs Victoria.

Australia should prioritise a free trade agreement with the European Union to capitalise on historically optimal relations, rather than with the United Kingdom, immediately after a hard Brexit.

A hard Brexit would see a sudden exit of the UK from the EU and now seems more likely given UK Prime Minister Theresa May's line on this.

As part of our submission to a parliamentary inquiry we examined data on the flow of trade in goods and services between all three regions, separating out the UK from the EU.

The inquiry is examining Australia's trade and investment relations with the UK post-Brexit, in particular the merit and risks of a possible bilateral free trade agreement.

Australia should be striving to gain an advantage in any trade agreement, this means cooperating with a trade partner so that there is more crossover of exports and imports between the two countries and less competition.

When we looked at the data and when we compared Australia and the EU, there was much more crossover and less competition, than with the UK.

Australian investors exposed

We also compared the data on trade in goods and services to that of Australian investments in the UK and in the EU, and vice versa. We specifically separated out the UK from the EU to get an accurate picture of the post-Brexit risks.

We examined two aspects of capital investment. Firstly the exposure of Australian investors who hold stocks and bonds in the UK and EU financial markets and secondly any investor in the UK and EU who holds stocks and bonds in Australia.

The market volatility created by the hard Brexit will have a significant direct negative bearing on both the Australian financial market and to some extent on Australian portfolios abroad.

Notably, for the past decade the average exposure of Australian portfolios in the EU stocks and bonds markets (minus the UK) is worth nearly double than that in the UK. Overall the UK and EU stocks and bonds portfolios we studied jointly account for approximately more than one-fifth of all asset holdings in Australian financial markets.

Our analysis also highlights the importance of London as a gateway for the UK and EU funds destined for the Australian financial market. The future positioning of London post-Brexit can have deeper long-term implications for patterns of financial flows, and ultimately for Australia's financial solidity.

Given the political uncertainty of post-Brexit negotiations between the UK and EU, Australia's economic diplomacy should be mindful of sequencing trade and investment negotiations in ways that minimise financial exposure and maximise trade competitiveness with the various European partners.

Likelihood of a hard Brexit

No formal Australian trade negotiations with the UK can be pursued until the conclusion of its withdrawal process from the EU. Only then the UK will become a separate customs entity and so being entitled to negotiate international trade agreements.

Considering the present political climate and technical difficulties, it appears unlikely that the UK and EU will finalise an agreement before the two-year term set by Article 50 of the EU Treaty. This is also even unlikely to happen before the advance of the Australia-EU Free Trade Agreement.

Without a timely agreement, the UK and EU will revert by default to the multilateral rules of the World Trade Organisation.

For Australia's trade and investment relationship with the UK, this reset would be an improvement from the present subordination to the European single market. However, it's uncertain whether this regulatory levelling would necessarily improve Australia's economic outcomes.

Nonetheless, pundits in both hemispheres are calling for a quick bilateral deal to counter the uncertainties of the Brexit process. Yet, there is no clear evidence of economic gains to be reaped from a new bilateral free trade agreement immediately after the Brexit process concludes.

In fact, as established by the 2010 Australian Government's Productivity Commission Report, bilateral and regional free trade agreements "can significantly increase trade flows between partner countries, although some of this increase is typically offset by trade diversion from other countries".

It's crucial to ensure that any future preferential trade and investment arrangements with the UK and EU will be negotiated in Australia's economic interests with a rigorous and transparent evidence-based approach.

Australia should avoid multilateral options and hasty blanket deals with the UK. Instead, Australia's end game should be at separate bilateral levels in carefully targeted sectors with both the UK and EU, in order to achieve more favourable trading terms than the UK can score with the EU and vice versa.

THE CONVERSATION

This article originally appeared in The Conversation.

The future of EU trade policy

By Cecilia Malmström

Cecilia Malmström is the European Commissioner for Trade.

In 2016, we saw many trying to reverse the trend of increasing globalisation, and increasing openness. Their reflex was to say “Close a border! Build a wall!” – as though that were the solution to all our problems.

It isn't.

The fact is that the nations of the world, and especially the nations of Europe, need each other, are dependent on each other. We work together, trade together, and have all seen the benefit from it. The alternative is little short of catastrophic. There is at the moment extensive discussion about the events of 2016. But it's the future of trade I want to talk about, not the past.

I want to talk about how those of us who still believe in our open societies can respond to this threat. About how we can respond to the rising public interest and concern about trade agreements – with a trade policy that is effective, transparent, and based on our values. Above all, I want to talk about why trade is worth fighting for; and how we will fight for it.

Trade is about openness; and opportunity. 31 million European jobs depend on exports. Not to mention the jobs which depend on quality imports; on trade within the internal market itself; or on the €4.5 trillion in foreign direct investment and the jobs foreign companies have created in the EU. And, while there are many

genuine concerns about the impact and detail of trade policy, the great majority of Europeans, around two thirds, are still positive about “free trade”.

Meanwhile, beyond our borders, trade is a force for good in the world, a way to engage with other nations to foster change, a way to support our values and standards, and spread them across the globe and a way to help the poorest on the planet develop, grow, and improve their lives. Millions of people have been lifted out of poverty because of trade.

Globalisation is the result of technological progress and open trade. It has made it easier for products and people to move around; it has improved and changed lives. Some may feel these changes go too fast; others may feel they miss the old times ... even while they enjoy the latest smartphone or low-cost trip to a Mediterranean beach.

Sometimes it's said that globalisation has left some people behind: leaving them with a declining income and uncertain future.

The truth is that many jobs and wages have declined because of automation:

with machines and computers replacing manual work. It is a new industrial revolution; you might call it the “Fifth Industrial Revolution” or “Industry 4.0”; or simply the new digital age. Whatever you call it, it is happening at a faster speed than ever before.

Yet our ancestors survived the first industrial revolution, as hundreds of weavers’ cottages were replaced by steam-powered factories. They adapted to change. And, just as in the 19th century, the answer to the new globalised, industrial revolution is more investment, training and education to help people adapt. An adaptation that must take place as fast as technology evolves.

Against this reality, trade deals are a handy scapegoat. But if we – incorrectly – lay all the blame for economic change at the door of free trade or globalisation, we won’t end up solving our problems: we’ll just delay the solution. But let’s not be naïve – we have a situation where people are losing their jobs and cleavages are increasing. They don’t really care about the reason. That is why politicians and business must work better together to mitigate the effects that leave some people behind. We must have a functioning social system. And trade must be seen to deliver.

So let’s consider our trade agenda. The election of Donald Trump seems likely to put our EU-US negotiations firmly in the freezer at least for a while. Yet, even if the US is our most important partner, and a necessary one, the world is bigger than one country. Trump or no Trump, we have a long list of many others willing to deal with the EU, and about 20 more trade deals already in the pipeline. Certainly enough to keep us busy.

We are making good progress in talks with Japan, and with the Mercosur countries in South America, restarting last year after a long pause. These are respectively the world’s fourth and fifth largest biggest economic blocs, and among our top ten trading partners.

And that is not to mention the multilateral work in WTO we are doing to make trade relevant and effective to the modern age: where trade is increasingly in services, environmental goods, or digital. It is not to mention the on-going negotiations with Mexico, the Philippines and Indonesia, or those we plan to open with Australia, New Zealand, and Chile. Or the Customs Union with Turkey we have agreed to modernise, or the investment agreement with China, now that Chinese companies are becoming big investors in the EU. Or our DCFTA with Tunisia and our economic partnership agreements with Africa.

If anything, since November, we have seen many of our partners throw more energy and more resources at their negotiations with the EU.

We do not make trade deals for their own sake: but for the benefits they bring to European citizens, and beyond. I want to respond to the concerns many have – without losing the enormous economic boost on offer.

So, in 2017 and beyond – I will continue to ensure trade is transparent, fair, protecting our values at home while promoting them abroad.

Trade deals should not be done behind closed doors. A perception of secrecy or lack of scrutiny, both undermines trust and also allows misinformation to spread about what trade agreements do.

We have nothing to hide: indeed, we have much to be proud of as we negotiate on behalf of the people of Europe. The more transparent the information available on our trade agreements, the more people and business will benefit. We conducted TTIP in unprecedented transparency. We will continue that approach, inviting the Council to publish all negotiating mandates immediately, providing transparency at all stages of negotiations.

Trade isn’t just about protecting our standards at home – but promoting them abroad. By using trade policy as a vehicle for our values, we can shape globalisation, rather than merely submitting to it, or letting others

shape it for us. It's about ensuring other parts of the world embrace our high standards of protection in areas like consumer safety, health, or environmental protection. It's about stopping trade that goes against our values. Last year we agreed new EU regulations restricting the trade on minerals coming from conflict zones, and banning the export of goods used for torture or the death penalty. And it's about ensuring that trade and development are sustainable, not used to undercut basic rights.

The point I want to make is this. The EU is the largest market in the world; we have a lot to offer our partners, but also expect things in return in negotiations. But trade agreements do not deal with market access alone; trade must be responsible, and consistent with EU and universal values; this is at the core of our negotiations. We can create incentives for change and improve the living and working conditions of the poorest. And it works!

Now, more than ever, it is important the EU shows confidence and leadership. Confidence on the strength of our Union, even if that is going to be a Union at 27. Even then, the EU will remain the largest trading partner and a committed trade negotiator, open for trade and investment, acting responsibly and in accordance with

our values. Supporting globalisation and shaping its rules. Most countries still share this same vision: they believe in the benefits of open trade and investment, and are ready to work with us bilaterally and in multilateral organisations like WTO.

We will pursue our trade agenda in the coming months with those like-minded nations. We will continue to make the case of the benefits of the EU trade policy for all, communicating and listening to EU citizens, workers, consumers and business. But building a wall is not the answer.

The success of the EU relies on our open societies and open economies. We all have seen a Europe divided, separated by walls and borders in the 20th century. Those dark years should not return.

Those who, in the 21st century, think that we can become great again by rebuilding borders, re-imposing trade barriers, restricting people's freedom to move, are doomed to fail.

This article is based on extracts from a speech given on 24 January 2017 at Bruegel, a European think tank. The original can be sourced at: bruegel.org/2017/01/the-future-of-eu-trade-policy/



Australia is largely developed, although we need quite a lot of investment... Europe is clearly a large market, just the volume of consumers... Australians, conversely, like things European: we like French champagne, cheese products, we like European motorcars, so there's an awful lot of things where we're already trading those types of products. Australia is a high price market for Europeans, there's a natural affinity around that.

- Bryan Clark

Director of International Affairs, Australian Chamber of Commerce and Industry

Deepening trade ties between Australia and the EU

By Steven Ciobo

The Hon Steven Ciobo is the Australian Minister for Trade, Tourism and Investment.

Australia is committed to working with the European Commission and Member States for the expeditious commencement of FTA negotiations.

A comprehensive bilateral free trade agreement between our economies will promote stronger trade in goods and services, as well as two-way investment. And just as importantly, because we are both advanced, sophisticated economies, this FTA has the potential to truly set the benchmark on what FTAs can achieve between like-minded partners.

This FTA will enhance mutually beneficial collaboration and cooperation in areas such as standards and regulation, the digital economy, research and innovation.

An FTA would help to advance the shared vision of Australia and the EU for the future of the global trading system. We already work together on many elements of the international trade and investment agenda; we have a common interest in supporting a strong rules-based multilateral trading system.

And we are working together to advance a number of plurilateral initiatives, including the Trade in Services Agreement, which is of high importance to both our policy and commercial interests and to the future health of the global economy.

An Australia-EU FTA will build on the strong economic links already in place.

The EU is our second largest trading partner when taken as a bloc. Although this is under-reported in the official data, the EU is also a very significant destination for Australian foreign investment, including in areas such as infrastructure and medical technology.

The EU is Australia's largest investment partner. At least some of this investment represents European businesses seeking to use Australia as a launching pad for linking with commercial networks and value chains in Asia.

While tariffs in both Australia and the EU are comparatively low on average, there are some areas where high levels of border protection persist.

It is important a bilateral FTA sets the conditions for open, fair and equitable trade in food and agriculture products, reflecting our respective comparative advantage.

Australia has a track record of negotiating substantive and balanced outcomes on agriculture with our other FTA partners and we look forward to the opportunity to engage the EU in this important aspect of the agenda.

Indeed, Australia's reputation for clean, green food production is well known throughout Asia. However, it may have created the myth that Australia's agriculture exports are greater in volume than they actually are. In fact, the EU exports four times the value Australia does and produces around ten times more than we do.

On services, Australia also seeks through our FTAs the most comprehensive and liberalising outcomes possible. We approach services negotiations with the aim of seeking to eliminate or minimise barriers across as many sectors as possible as well as improving transparency.

An FTA with the EU presents another opportunity to promote arrangements for our professionals through the mutual recognition of professional licensing and qualifications.

We want an outcome in the FTA that will promote productive two-way investment flows. The investment provisions in our FTAs are aimed at facilitating investment and providing appropriate certainty for investors while protecting the Government's ability to regulate in the public interest. And we should be able to achieve this without too much difficulty given we both possess robust and transparent legal systems.

Another benefit of working with like-minded partners is on the regulatory front: because we are both open and transparent economies, there should be much we can achieve in the regulatory space to provide greater certainty for businesses, including SMEs, while reducing red tape to the greatest extent possible.

In our recent FTAs we have found innovative ways to recognise the role of technology in the modern business environment. In our negotiations with the EU we expect to be able to innovate even further given our common interests and approaches. Fostering growth in the digital economy is an important focus for Australia's international economic and trade agenda, including for our FTA negotiations.

FTAs are complex negotiations and there will undoubtedly be difficult issues that touch on areas of sensitivity. I see the current scoping phase as a useful mechanism in ensuring there is a clear understanding of our respective objectives.

We are committed to the timely conclusion of the scoping process and expeditious movement toward the launch of negotiations.

From Australia's perspective, it is clear that a bilateral FTA is an idea whose time has come and the challenge now is to work towards an outcome that delivers real benefits for both sides and sets a positive example for the global trading system.

This article is based on extracts from comments prepared for the Minister when addressing the European Parliament in September 2016.



Research & Innovation

1994 Joint Science and Technology Agreement signed, the first of its kind

1997 Cooperation in Science and Technology confirmed in Joint Declaration

2011 Agreement on peaceful energy use

2013 Australian government sets up a research office in Brussels



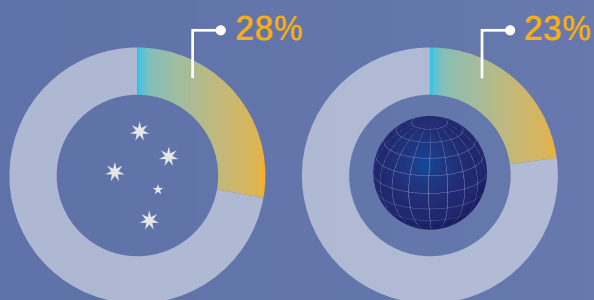
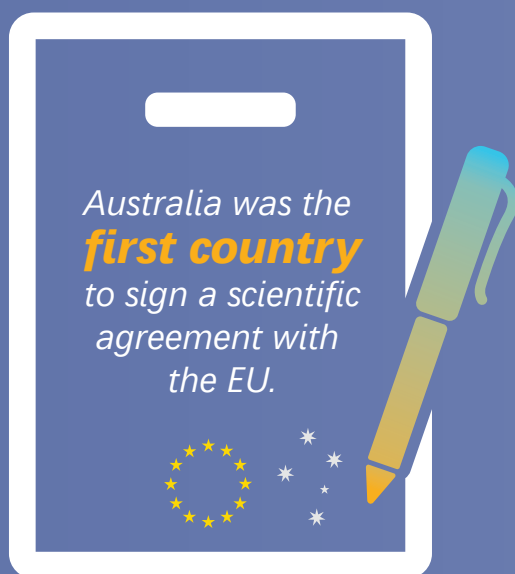
The other opportunity is in technology and some of those areas... Being able to work together on the technology disruption that we're all facing. We need to work together as far as policymaking is concerned, to make sure that as much as possible the transition away from low-skilled and semi-skilled work can be a softer landing for Europeans and Australians and ways we can work together to actually create jobs, ... move into the new environmental areas

- Peter Khalil MP
Australian Labor Party



The EU is Australia's
largest
science and
technology partner.

Between 2007-2014 the *total investment* in projects involving at least one Australian partner was over



Australian research organisations have a higher rate of success in their applications than non-EU research organisations in total

21st Century voyages of discovery

By Peter Varghese

Peter Varghese AO FAIA is the Chancellor of the University of Queensland. Prior to this appointment, Mr Varghese's extensive career in public service spanned 38 years and included senior positions in foreign affairs, trade policy and intelligence. Most recently, he served as Secretary of the Department of Foreign Affairs and Trade (2012-2015). He is a member of the Multi-Stakeholder Steering Committee of the EU- Australia Leadership Forum.

When HMS Endeavour left Plymouth in 1768 with instructions to observe the transit of Venus and then secretly seek Terra Australis Incognita, its passengers included a multinational mix of men expected to take new knowledge back to Europe: English astronomer Charles Green, English botanist Joseph Banks, Swedish naturalist Daniel Solander and Finnish naturalist Herman Spöring.

Modern voyagers of discovery need not submit to a risky maritime odyssey, but international collaboration will improve their prospects of developing valuable new knowledge for translation into tangible outcomes for society.

In this short piece I will give a couple of examples, taken from the university I know best: The University of Queensland (UQ). Many more examples could be given in a longer piece.

But first, some numbers. During 2012-2016 Australian and EU researchers collaborated on 73,000 peer-reviewed articles and reviews, and Australia was the fourth largest EU collaborator outside the EU – after the USA, mainland China and Switzerland, and ahead of Canada and Japan. The four main funders of projects involving Australia and the EU were the German Research Foundation, the EU, the National Institutes of Health-USA, and the National Natural Science Foundation of China.

Citation rates (a signal of the relevance of published research to other researchers) for

Australia-EU publications easily exceeded world averages, to the extent that 4.2% of papers are in the top 1% of all papers by citation and 21.3% are in the top 10% by citation.

There are obvious advantages for Australian researchers in working with colleagues from some of the world's finest research institutions. EU states produced 42% of the world's highly cited publications in the decade to 2016, and many institutions have enviable track records of working with industry to translate excellent research into societal rewards.

Increasingly, Australian researchers have the credentials of appealing collaborators. Based on the number of a nation's universities in the top 100 of the prestigious Academic Ranking of World Universities, Australia is third. Although Australia accounts for less than 0.4% of the global population, Australia's researchers contribute to 3.9% of all publications. Rates of papers in the top 1% by citation are strong – such as in environment and ecology (a popular area for Australia-EU collaboration), where almost 18% of papers involving Australians are in the top 1%.

However, it is widely acknowledged that too much promising Australian research never realises its societal potential because of weaknesses in the innovation system, which include failings in reward systems for university researchers, gullies between the business and research sectors, low levels of business expenditure on research and



What I would like to see change is a much deeper awareness, really throwing our lot in with the EU as we do with the US, as we did with the UK historically and as we're doing with China and India

- Professor Andrew Holmes

President of the Australian Academy of Science and Melbourne Laureate Professor Emeritus

development, difficulties accessing early-stage capital, and a small domestic market.

This is where Australian research institutions can learn plenty from the EU, in ways that will help this country realise the ambitions of the National Innovation and Science Agenda and ensure the world benefits from more Australian discoveries.

Whereas Australia is a laggard for business investment in innovation, the EU can claim one-quarter of the world's top 2000 businesses for investment in research and development. Whereas one Australian institution, the CSIRO, appears in a newly-published index of the 25 most innovative government organisations¹, 11 EU organisations make the grade.

I am told that researchers and university commercialisation companies, such as UQ's UniQuest, seek European commercial partners for three key reasons: capital, expertise, and market access. It also factors that patents filed in one European jurisdiction apply across the EU (this is expected to endure in the post-Brexit UK), and that Europe has a culture whereby intellectual property rights are respected.

A recent notable transaction involves Inflazome, a Dublin-based company founded on research by UQ and Trinity College Dublin. It attracted up to €15 million in Series A funding from Dublin-based Fountain

Healthcare Partners and Novartis Venture Funds. This will support work on a treatment for inflammatory conditions such as Parkinson's disease and asthma.

And a proven combination of Australian ingenuity and northern hemisphere commercial heft has given many millions of unwell people prospects of accurate and timely diagnoses. A majority of all magnetic resonance imaging scanners has been improved by UQ signal correction technology, thanks to licensing arrangements with Germany's Siemens and General Electric. One of the UQ inventors also contributed to European safety guidelines for hospital and healthcare workers who are exposed to electromagnetic fields.

The challenge is to secure more such partnerships, to broaden society's access to the useable outcomes of high-quality research and deliver benefits not only within collaborating nations but also beyond.

The HMS Endeavour's scientists established a perpetual legacy through a collection of more than 1000 Australian plant and animal specimens, which led to the classification of many new species. Today's voyagers of discovery - researchers and innovators - have unprecedented scope to gain strength from their national and cultural differences, so as to deliver enduring outcomes for global society.

¹ The 25 Top Global Innovators: Government by Clarivate Analytics and Reuters News, published in March 2017

European Union-Australia: shared interests in innovation?

By Bruce Wilson

Professor Bruce Wilson is the Director of the European Union Centre at the Royal Melbourne Institute of Technology.

In a world where global competition is becoming more intense, many nations have put a priority on policies to promote innovation as a key means of improving their readiness for the challenges of the emerging world order. The European Union (EU) and Australia have both adopted this approach. In 2011, the EU proclaimed itself to be the 'Innovation Union', while Australia announced itself as 'powering ideas' in 2009, before adopting a new National Innovation and Science Agenda (NISA) in December 2015. Both the EU and Australia are recognised widely for the quality of their science; however, taking this intellectual resource and linking it effectively with industry has been a serious problem, especially in comparison with nations such as the United States and Japan. Australians have become painfully aware of our low ranking amongst OECD member states for business-university collaboration. Similarly, in the mid-2000s, even before the financial crisis, business investment in research and development in the EU was 30 per cent less than in the United States.

The EU Commissioner for Research responded to this situation by convening a group of economists to advise on an approach to ensure that knowledge became a critical resource for growth¹: specifically, how to maximise the commercial benefits of European science. However, the agenda quickly became much larger, revealing a more

complex issue: much more than improving general conditions for R&D and innovation, it became a question of how to structure a policy response to urgent and global challenges. Only an effective and efficient system of research and innovation would allow Europe to successfully respond to the broad range of global challenges, not only economic but also social and environmental. The seriousness of these challenges would require stronger collaboration.

The initial work of the EU's science-business group extended quickly into collaboration with the Organisation for Economic Cooperation and Development (OECD). A new policy framework was developed in order to focus European regional authorities on processes for increasing research and development activity, reducing fragmented initiatives across the EU, and promoting regional innovation systems. The EU-OECD working party examined both the European experience of place-based innovation systems and the evolving character of Global Value Chains (GVCs), with the conclusion that EU regional structural fund investments needed to be focused on application by regional businesses of those knowledge assets within a region that had the potential to be successful in global markets.

1 European Commission's Knowledge for Growth: Prospects for Science, Technology and Innovation, published in 2009

71 research staff exchange projects have supported

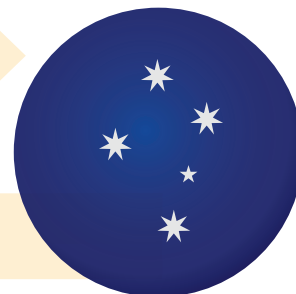


500 staff from Europe

spending time in Australia and more than

250 Australians

going to Europe



This was a dramatic shift for the EU, and in significant contrast to the approach in Australia. Hence for 2014–20, research and innovation funding was consolidated as Horizon 2020, the largest public funding program in the world, with new emphasis on university–industry partnerships. However, the EU's Regional Policy put the focus squarely on regional innovation. 'Smart specialisation' was central to the new policy approach, its importance reflected in the condition that a Smart Specialisation Strategy be adopted in order for a region to qualify for the structural innovation component of the European Regional Development Fund. This ex ante conditionality was very effective in that more than 200 regional and national Regional Innovation Smart Specialisation Strategies (RIS3) were generated in the first 18 months of the program (see the S3 Platform, <http://s3platform.jrc.ec.europa.eu/>).

'Smart specialisation' asks regions to analyse their core assets, specifically those in which they have a comparative advantage, and seek new market opportunities which result from the more dispersed and flexible global value chains. In other words, place-based innovation becomes

shaped by the emerging global opportunities. Focusing regional knowledge assets (scientific and technological, as well as applied) on emerging global niche markets (specialised 'diversification') is a key objective of the EU's smart specialisation process. This is an engaged planning process which brings together entrepreneurially minded public sector officials with business, academic and community participants to examine local (knowledge) assets and identify new opportunities in restructured value chains.

The Australian NISA, on the other hand, focuses on four pillars: culture and capital; collaboration; talent and skills; and Government as an exemplar. These initiatives sought to develop a national innovation system which was more focused on commercialisation of new ideas, and strengthening of partnerships between industry and business. The new policy provided a framework for new Government support to promote new funding to support collaboration and the investment required for new enterprises to establish themselves.



Greater collaboration could be made in the scientific field, where Europe is in many areas at the cutting edge of technical and scientific advances. I think Australia and the EU should continue that collaboration, should improve on it

- Joseph Caputo

President, Federation of Ethnic
Communities' Councils of Australia

Australia has an internationalisation, not an innovation and R&D problem

By Henri Burgers and Charmaine Glavas

Henri Burgers is senior lecturer in strategy and innovation at the Queensland University of Technology.

Charmaine Glavas is International Business Lecturer at the Queensland University of Technology.

Prime Minister Malcolm Turnbull's innovation agenda is being questioned again after both the Coalition and Labor agreed to make cuts to Australia's R&D tax incentive.

Investors say the tax incentive is critical in encouraging startups to channel funds into innovative technology. Yet, international comparisons consistently show Australia does not have an innovation problem, it has an internationalisation problem.

The top ten R&D spenders globally each invest about A\$10 billion per year on R&D. Imagine if these companies were only active in the Australian market. It would have been impossible for them to reach the same level of innovation. Research shows companies who are more internationalised are more innovative and perform better.

The recently released Global Innovation Index Report shows that winning at innovation requires joining the global marketplace to find new users for your products, services and technologies and to gain knowledge helping you to further innovate.

Too narrow

Australia is a relatively small market, so profiting from any innovation depends on international markets. Yet, the Enabling Trade Report ranks Australia 134 out of 138 nations in terms of access to foreign markets. The ABS estimates only 7% of Australian businesses is active overseas.

There is a clear role for government to improve access to foreign markets by negotiating free trade arrangements and simplifying export procedures. It also requires a global mindset of managers and moving away from the "tyranny of distance".

Take for example Australia's creative industry. Despite Australia occupying top 10 positions in terms of infrastructure, human capital and online creativity, exports of creative goods and services consist of less than 1% of our total trade. If European fashion retailers and banks such as Rabobank can set up successful businesses in Australia, what is stopping Australian firms from being successful in Europe or Asia?

The benefits of openness

Internationalisation not only leads to new markets for your products and services, it also exposes firms to new insights that stimulate more innovation. Our own research shows that firms using external knowledge sources are more innovative. Research from the Australian Centre for Entrepreneurship Research shows this is most helpful for young firms.

To gain access to such knowledge Australia must continue to open up its borders to foreign products, capital, and knowledge. It currently ranks 134 out of 140 in terms of imports as percentage of GDP.

Given lack of funds is the most frequently cited barrier for Australian firms looking to innovate and grow, it is key to develop policies to improve the low levels of foreign direct investment in businesses and R&D currently finding its way to Australia.

Stop relying on your customers

More than half (56%) of Australian businesses are reliant on a small number of customers and the majority of those would be in significant trouble if one of their clients disappeared.

South Australia had world-class suppliers in the automotive industry and then the car manufacturers disappeared. Professor Goran Roos estimated that about 75% of the automotive suppliers would fail in response to the demise of local car manufacturing. Compare that to Nedcar, which after the demise of the last Dutch car manufacturer became an agile contract manufacturer producing cars ranging from Volvos to Smarts and from Mitsubishi SUVs to the BMW Mini, all in the same factory.

Technology-based firms supplying our mining firms would do well to learn from that example, as they face the same threat. Mining operations in Australia are among the safest, most efficient, and sustainable in the world, not in the least part thanks to a very innovative, technology driven METS sector. With increasing societal pressure to move away from resources such as coal, METS-firms need to start thinking beyond their customers. They should seek markets outside Australia and mining in which they can leverage their excellent technological skills and innovative potential. And there is no time to waste, given it takes about seven to ten years to build up a new line of business.

A critical role for robotics

When we talk to managers we often hear that the key obstacle to competing on the global market is the Australian cost disadvantage. This may be about to change.

Robotics is rapidly becoming a gamechanger for internationalisation by allowing businesses to produce in developed countries for a price equal to or lower than manufacturing in low labour cost countries. Adidas for example recently announced the construction of "speed factories" in Germany and the USA, which will increase production speed and local customisation.

Robotics are no longer reserved for large manufacturing powerhouses. Small businesses are already taking advantage of robotic integration. These days, robotics can be adapted to an infinite number of tasks to speed up work-flow processes, reduce costs, space and time; from the ability to delegate routine and non-routine tasks, to weighing competitive data without complex programming. These technological advancements improve overall business efficiency and can therefore assist firms in accelerating international market expansion.

Internationalisation no longer denotes larger enterprise on a global scale, micro and small business have the opportunity to reap the benefits of international expansion, with limited resources. Taking a proactive approach to internationalisation will make companies more competitive, successful and robust in the longer term.

THE CONVERSATION

This article originally appeared in The Conversation.

What now for Australian research in a post-Brexit world?

By Andrew Holmes, Cheryl Praeger & Les Field

Andrew Holmes AC is President of the Australian Academy of Science and Laureate Professor Emeritus at the University of Melbourne

Cheryl Praeger is Professor of Mathematics and Statistics at the University of Western Australia

Les Field is Secretary for Science Policy at the Australian Academy of Science, and Senior Deputy Vice-Chancellor of the University of New South Wales.

Nobody can yet predict exactly what the ramifications will be now the United Kingdom has voted to leave the European Union but UK science commentators are already foreshadowing Brexit Mark 2 – a Brain Exit of researchers.

Brexit has created incredible uncertainty. The potential disruption that it may cause to the many international collaborative research programs involving the UK is something the international scientific community could certainly have done without.

Whatever form the Brexit negotiations take, and however long the timeline, the disruption is real. It will be more so if Brexit causes still wider political and economic instability.

Aftershocks in Australia

There will likely be some aftershocks felt here too for some considerable time given the extent that Australian researchers engage in collaborative programs with both the UK and the rest of Europe.

Firstly some facts. UK researchers are among the most internationally collaborative in the world. Around 60% of the roughly 120,000 research articles published each year by UK-based authors are co-authored with international collaborators. More than half of these are in the EU.

According to the 2013 report on International Comparative Performance of the UK Research Base, more than 70% of UK researchers working between 1996 and

2012 published papers were affiliated with non-UK institutions.

Unsurprisingly, the more internationally collaborative researchers are significantly more productive than those researchers who stayed at home and were more inwardly focused.

About 28% of academic staff in UK universities are non-UK citizens. Again, more than half of these are from the EU.

If, as has been suggested, the UK ramps up restrictions on mobility and work entitlements, it is possible that many of these researchers will choose or be forced to leave.

Until now, Britain has been a very significant net beneficiary of EU research funds. It received an estimated €8.8 billion funding between 2007-2013 on the strength of an estimated €5.4 billion contribution. This made it the second most successful nation behind Germany.

Looking forward, it is estimated that UK research could be £1 billion worse off each year as a consequence of the decision to leave the EU.

Beyond the horizon

The most significant impact could potentially be felt by research programs funded through the Horizon 2020 program.

This 30-year collaborative research and innovation framework is by far the largest

research funding mechanism in Europe, and one of the largest in the world. In the current funding cycle that runs from 2014-2020, an estimated €80 billion funding would flow to researchers in EU member states and associated nations.

While some non-EU members have negotiated eligibility to apply for Horizon 2020 funding, eligibility is conditional upon the free movement of people. In the UK's case, continued access to the Horizon 2020 program may need negotiation.

Australia may participate in Horizon 2020 projects as a non-associated industrialised third country. But projects are not automatically eligible for funding. Accordingly, much of Australia's access to European research and research funding is leveraged through collaborations in the UK.

Potential benefits for Australia

We should also note that there are large numbers of research students from EU member nations studying in the UK, a significant proportion of the research workforce. There are concerns that these students might now be categorised as "international" students and face significant fee increases to study in the UK.

If this does take place and the UK does become a more expensive destination for European research students, it is likely that higher education institutions in Australia, the United States and Canada will all benefit as alternative English-language study options for European students.

There are strong natural links between Australia and the UK. It is possible that the UK decision to leave Europe may actually provide new opportunities for Australian researchers.

The UK will now be potentially more open to the rest of the world. Having the UK as part of the EU has often meant that there was preferential access to positions, resources, collaborations and so on for those who were part of the EU. The lifting of that restriction may well provide new opportunities for Australia.

The Australian Academy of Science is recommending the expansion of Australia's bilateral and multilateral collaborations with a variety of partner countries in regions including Asia, East Asia, the Americas and the EU.

THE CONVERSATION

This article originally appeared in The Conversation.



We would like to have a much greater link with the EU. We would like to go well beyond the current framework and see this turned into action. We would like to get the endorsement of government... enabling participation in European programmes. My own aspiration would be at the level that Switzerland and Israel have negotiated because Australia is missing out.

- Professor Andrew Holmes

President of the Australian Academy of Science and Melbourne Laureate Professor Emeritus

Since 1994, Australian participation
in EU research programmes
has grown from **18 projects** to

171





Climate, Energy & Environment

1994 EU and Australia sign a Science and Technology Agreement, including environment as an area of cooperation

1997 Environmental protection cited as a common goal in Joint Declaration on Relations between Australia and the European Union

2004 Environment identified as high priority area in the Agenda for Cooperation

2008 EU-Australia Partnership Framework signed, including High Level Dialogue on the Environment



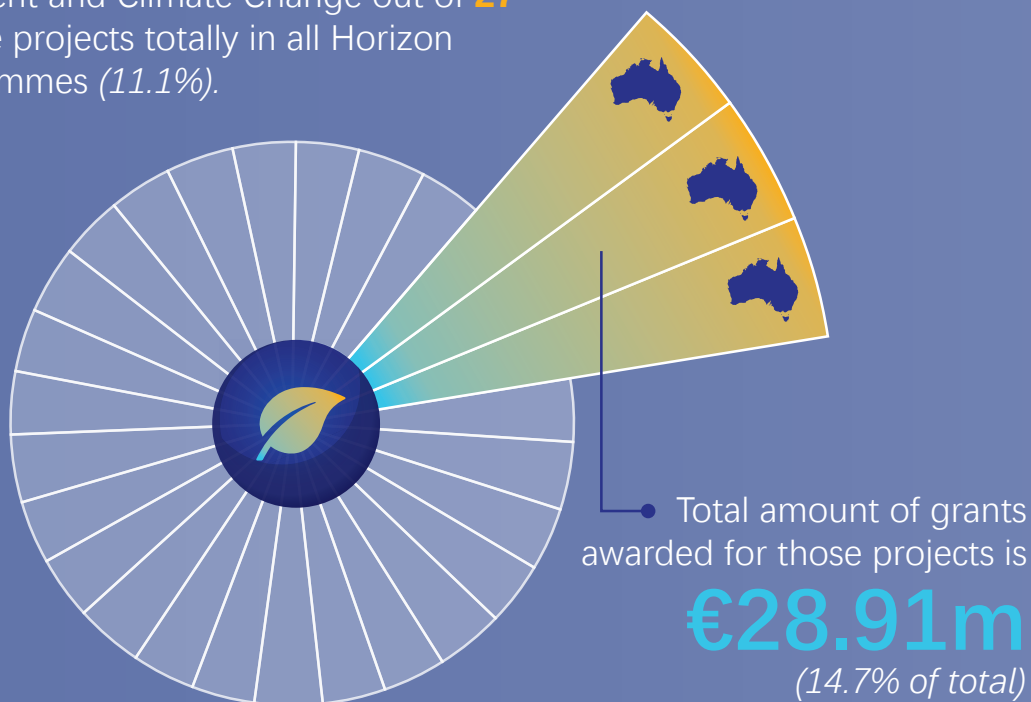
The EU is so much more advanced in its thinking on building sustainability into the business model of a business than we are.... Sustainability in businesses is about your core business... The EU has much more leadership in this area

- Kelly O'Shanassy
Chief Executive Officer
of the Australian Conservation Foundation

As of 30 August 2016 Australia was involved in

3 collaborative projects

in Environment and Climate Change out of **27** collaborative projects totally in all Horizon 2020 Programmes (11.1%).



From
1994-2013

Australia participated in **44** collaboration projects under Environment and Climate Change subject area programmes

Clean energy investment

By Jillian Broadbent

Jillian Broadbent AO is Chair of the Clean Energy Finance Corporation. She is a member of the Multi-Stakeholder Steering Committee of the EU-Australia Leadership Forum.

Understanding Australia's Energy Context

Australia has an abundance of energy resources across fossil fuels (principally coal and gas), and renewables, including solar, wind, wave and bioenergy. It is a net exporter of energy resources, with black coal, liquid natural gas (LNG) and uranium, being the vast majority of our energy exports, comprising over 20% of the total export value.

For many decades, this energy abundance has meant that cheap energy has been a competitive advantage for Australia. State-owned utilities in Victoria and New South Wales in particular offered long-term, low priced power contracts to attract investment and manufacturing to their individual states. In addition, with the discovery and development of gas reserves in Australia's North West Shelf, long term contracts were secured for domestic gas in Western Australia. These contracts are now maturing.

The competitive advantage we once had has now significantly eroded through a combination of factors over the last 10 years. With the privatisation of energy generation and distribution, the expanded take up of renewable energy and the move to a market-based system, the price of electricity has increased significantly.

With privatisation in Eastern Australia, a regulated market system was established to manage the National Electricity Market (NEM). The system and institutional regulatory infrastructure was widely acknowledged for its sound principals and effectiveness. While appropriate at its inception, it has been slow to adjust to the changing market, both domestically and globally, and the increase in the generation of distributed energy.

Gas has been globally recognised as a lower emitting fossil fuel. The global demand for gas has consequently grown and its price has increased accordingly. The bulk of Australia's newly discovered and developed gas has been directed to LNG exports.

In Australia, the debate on the environment, emissions reduction and the power generation system has become very politicised. The move from a national bipartisan policy has slowed the necessary investment and adjustment process towards the goal of an affordable, reliable and sustainable energy system. This has impeded the delivery of measures to address the trade-offs involved in achieving these three outcomes for the energy system.

The role of the CEFC

The CEFC is a \$10 billion fund established under an Act of Parliament in 2012 for the purpose of increasing the flow of investment into the clean energy sector. It is funded through a direct equity investment by Government, with costs and returns from this equity picked up in the Federal Government's Annual Budget. While the CEFC Act frames the function of the corporation, specific directives from the Government to the CEFC are made through adjustments in its Investment Mandate.

As a policy tool, through direct investment and co-financing programs, the CEFC has supported investment in clean energy and emissions reduction at a time when private capital has been less ready to commit and too conservative to invest in new technologies, their development and adoption. The Corporation invests with a commercial filter into Australian based projects and companies with the purpose of catalysing private sector funds into the sector.

This commercial approach and the positive return on investment enables the CEFC, as it builds its portfolio, to cover its operating costs and the Government's cost of funds. This has allowed the achievement of the public policy outcome at minimal cost.

In just four years, the CEFC has made commitments of more than \$3.5 billion, mobilising finance for projects with a total value of \$10 billion. Investments are principally in renewable energy generation – particularly solar and wind – as well as energy efficiency, across manufacturing, commercial buildings and small businesses, with a strong take up in the agricultural sector.

Since the CEFC began investing, we have financed many 'firsts' in the Australian market, reflecting

its intended role as a catalyst for transforming and encouraging clean energy investment.

Leveraging European expertise

Under the CEFC Act, 50% of the investment portfolio is required to be in renewable energy. To meet this requirement, the CEFC continues to play a critical role in accelerating the construction of renewable energy in Australia – with \$786 million in commitments to small and large-scale solar projects, and a further \$543 million committed to wind projects. Several large-scale renewable energy projects have benefited from the experience of European-based developers, technologies and financiers, including: Fotowatio Renewable Ventures (Spain); ENGIE, Neoen, and Bouygues Construction (France); Norddeutsche Landesbank Girozentrale (NORD/LB (Germany)); and EKF (Denmark).

One of the CEFC's earliest investments was a \$20 million commitment to Australia's Carnegie Clean Energy Limited (formerly Carnegie Wave Energy Limited). Carnegie is the only company in the world to offer a combination of wave, solar, wind, storage and desalination via microgrids which are ideally suited to islands, off grid communities and fringe of grid locations. We were pleased to see the company subsequently receive finance from the European Regional Development Fund to support the first stage of its Wave Hub facility in Cornwall, south west England.

Towards the future

Having demonstrated a good track record on investment performance and leveraging private capital, the CEFC is proving an effective policy tool.

The government is using this to adapt and decarbonize Australia's future energy system and to meet the challenge of Australia's emission reduction target.

Environment and Climate Change is the 2nd largest area

of Australia's international collaboration
in the current EU research program
(by funding).



Addressing climate change and reducing disaster risk to reap health benefits

By Lennart Reifels and Annabelle Workman

Dr Lennart Reifels is a Research Fellow at the University of Melbourne, Visiting Research Fellow at the Free University of Berlin, and recipient of an EU Scholar in Residence award from the EU Centre on Shared Complex Challenges, whose recent work examined the implementation of the Sendai Framework for Disaster Risk Reduction in Europe.

Annabelle Workman is a PhD candidate at the EU Centre on Shared Complex Challenge at The University of Melbourne, exploring the role of health in the development of national climate change mitigation policies.

Climate change impacts and risks to health

In September and November 2016 respectively, the European Union (EU) and Australia ratified the latest global treaty on climate change, the Paris Agreement. In doing so, both parties committed to addressing climate change and taking strong action to reduce the risks of potentially irreversible economic, environmental and social impacts. The commitment is timely; climate change impacts are already being felt and will be exacerbated as the global average temperature rises, disproportionately affecting vulnerable populations such as children and the elderly.

Medium-term projections of climate change predict significant impacts including increased duration, frequency, and severity of extreme weather events such as heatwaves and floods. The World Health Organization estimates that between 2030 and 2050, an additional 250,000 deaths annually will be attributable to climate change, primarily from malnutrition, malaria, diarrhoea and heat stress¹. Recent OECD estimates² indicate that in the absence of further climate action, the economic consequences of climate change will outpace global economic growth, adversely affecting global annual gross

domestic product (GDP) by between 1.0% and 3.3% by 2060.

Harnessing synergies: climate change action and disaster risk reduction

Globally increasing exposure to extreme climatic events and disasters highlights the need to harness synergies between ongoing climate change mitigation, adaptation and disaster risk reduction (DRR) efforts. The Sendai Framework for Disaster Risk Reduction (SFDRR) is the principal global treaty to guide DRR efforts across 187 UN Member States between 2015 and 2030. The SFDRR places a strong focus on health and aims to achieve substantial reductions in global disaster mortality, the number of people affected (by injury or illness), disaster-related economic losses, damage to critical (health) infrastructure, and disruption of basic (health) services. The SFDRR implementation reflects an important shift in approach — away from addressing disaster impacts, and towards managing and reducing disaster risks — which resonates deeply with climate change mitigation policy, and which has practical implications for the way in which societies understand and address disaster risks across varied sectors and health domains. Ongoing SFDRR implementation at European regional and national levels presents vital learning opportunities to

1 WHO (2014), Quantitative risk assessment of the effects of climate change on selected causes of death, 2030s and 2050s, World Health Organization, Geneva.

2 OECD (2015), The Economic Consequences of Climate Change, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264235410-en>

inform effective DRR and climate change adaptation strategies with a view to reduce the risk of extreme climatic events and associated health impacts in Australia and the Asia-Pacific.

Furthermore, shorter-term opportunities exist to reduce the risk of domestic and regional economic, environmental and social impacts and enhance local health outcomes. While it can be difficult to quantify the potential benefits to health from avoided climate change, methods¹ have been developed to estimate the (health) benefits that result from greenhouse gas emissions reduction. For example, the United States Environmental Protection Agency estimated that implementing the Obama Administration's Clean Power Plan² would result in up to 3,600 fewer premature deaths, up to 90,000 fewer asthma attacks in children, and up to 300,000 fewer missed school and work days, accumulating to economic savings of up to US\$54 billion in 2030 alone.

Accordingly, when governments consider the shorter-term, localised health co-benefits of emissions reduction that result from efforts to tackle the longer-term issue of climate change, committing to increasingly ambitious and robust climate change policies becomes a practical and logical response. These 'win-win' policies simultaneously resonate with the public and tangibly demonstrate to industry that climate change can directly impact their bottom lines, for example, through labour productivity.

Future directions: creating optimal climate and disaster risk reduction policies

The EU and Australia share a strong bilateral relationship that encompasses common values around sustainable development and a commitment to adequately address climate change. The EU and Australia are both in favourable positions collaboratively to continue their efforts in demonstrating strong leadership in global climate and disaster risk reduction policies. Continuing to meaningfully incorporate social costs into policy in future will allow both Parties to reap the benefits of climate action and disaster risk reduction by supporting increasingly ambitious commitments to emissions reduction targets, as required under the Paris Agreement, without unnecessarily compromising interests and economic progress.

1 See, for example, the social cost of carbon methodology historically used by the United States Environmental Protection Agency: <https://www.epa.gov/climatechange/social-cost-carbon>

2 The Clean Power Plan was a national initiative introduced by the Obama Administration to reduce carbon dioxide emissions from power generation by 32 percent across the country by 2030. As at 20 April 2017, further information is available at <https://www.epa.gov/cleanpowerplan>



I think that the relationship we can build on between academics and thinktanks is one that can bring new ideas to the [EU-Australia] relationship and that's what we need going forward - new ideas.

Fraser Cameron
Director, EU-Asia Centre



Migration & Society Youth & Education

1997 Education identified as a priority in the Joint Declaration

2002 European Convention on the Recognition of Qualifications ratified by Australia. The European convention was inspired by the 1995 Australian Qualifications Framework

2003 Agenda for Cooperation agreed to intensify exchanges between EU and Australia

2004 Start of Australia's involvement in Erasmus Mundus

2007 Joint Declaration on Cooperation in Education and Training

2008 EU Australia Partnership Framework

2009 EU-Australia Policy Dialogue on Education established



There's a real challenge in the refugee flows into Europe and associated migration issues, which is a problem for us as well. We should be working with Europe because this is a global problem. With 22 million people in UNHCR camps around the world, there needs to be an international response.

- Peter Khalil MP
Australian Labor Party

Since 2004 there have been:

128 Number of Australian students in Erasmus Mundus Masters courses

116 Number of Australian candidates in Erasmus Mundus Scholars programmes

5 Number of Australian candidates in Erasmus Mundus Joint Doctorates

5 EU Centres operate in Australia.

They encourage greater awareness and knowledge of EU institutions & policies through **research**, **outreach** and **academic links**.

From 2007-2013



19 Australian higher education institutions and **3 skills training providers** participated in about

half of all EU education projects with non-EU industrialised countries

There were more than

43,000

International Students

from EU countries studying in Australia in 2016



Migration, mobility and globalisation: Australia and the EU at the edge of history

By Anthony Elliott

Professor Anthony Elliott is Dean of External Engagement at the University of South Australia, where he is Executive Director of the Hawke EU Centre for Mobilities, Migrations and Cultural Transformations. He is the author and editor of over 40 books, translated in over 12 languages worldwide. His most recent book, Identity Troubles (2016), is published by Routledge

In these early decades of the twenty-first century, people are 'on the move' as never before. Contemporary women and men are arguably travelling further, faster and more frequently than anytime previously in human history. 2016 witnessed more than 3 billion international flight arrivals, and the largest business on the planet is that of travel and tourism – generating in excess of US\$8 trillion annually worldwide.

The flipside of such accelerated and freely-chosen mobility throughout the polished, expensive cities of the West is, however, the enforced mobility of ever-growing numbers of asylum seekers, refugees and other displaced persons. According to the 2015 UNHCR Global Trends report, the number of forcibly displaced people worldwide rose from 59.5 million to 65.3 million in 12 months. Of these 21.3 million were refugees, and 3.2 million asylum seekers. In the first half of 2016 this trend continued, with a further 3.2 million people forcibly displaced, including 1.5 million refugees. Over half of all new refugees came from Syria, which remains the main source country for refugees (5.3 million as of mid-2016), along with Afghanistan (2.7 million) and Somalia (1.1 million).

While the effects of these refugee emergencies are most urgently felt by neighbouring countries – as of mid-2016 Turkey hosted 2.8 million refugees, Pakistan 1.6 million, Lebanon 1 million and Ethiopia 742,000

- they are nevertheless impacting well beyond the immediate emergency zones. For example, 2015 witnessed over 1.3 million claims for asylum across Europe, with Germany alone receiving 441,900 claims.

While the sheer scale of the current crisis is without precedent, it is equally important to recognise significant qualitative differences between contemporary forcible displacements and those that have occurred in the past. I want to highlight two major differences.

The first concerns technology, especially new digital technologies. Now we can agree that there's nothing new about enforced migration. But what has changed is that we now live in a time of instantaneous communications, where new information technologies mean we are connected to others at-a-distance in ways previously unimaginable.

The digital revolution has an uprooting effect for almost everyone, and this is especially evident in the transformed landscape of enforced migration. Many of the migrants fleeing from Syria, Iraq and Afghanistan into Europe, for example, used smartphones to navigate their journeys, to send texts to other family members en route, and even to check on how the authorities in different EU countries were responding to the crisis. The advent of digital technologies has given rise, in other words, to new ways of 'doing' migration – both enforced and freely-chosen.

*In 2015-16 Australia
granted more than*



Secondly, this also underscores that migration is no longer just a regional issue, but is in fact global. Thanks to globalisation, what happens on the other side of the planet is no longer 'elsewhere' or 'other' but 'inside' or 'internal'. Globalisation, as Lord Anthony Giddens has argued, is a "runaway world" of mixed opportunities and risks, a world of intensive experimentalism pushing nation-states beyond the edge of history.

The combined forces of globalisation and the digital revolution also spell significant problems for multiculturalism. The idea of multiculturalism took root before globalisation reached the levels it has attained today. Proponents of multiculturalism tend to assume that ethnic cultures have clear-cut boundaries, and are unchanging over time, but this is no longer so in a world of super-diversity.

I think the term 'interculturalism' is perhaps better for grasping the interplay of freely chosen movement and enforced migrations occurring across the globe – and of the major challenges the world faces in fostering interaction between cultural groups within cities, regions and indeed on the global level.

Identifying those challenges is what our research teams at the Hawke EU Centre for Mobilities, Migrations and Cultural Transformations have sought to address, through cultural outreach programs and EU-focussed research, and including projects designed to build understanding about the intersections of freely chosen mobilities (travel, transport and tourism) and enforced migration (refugees and asylum seekers).

Mobilities have been, among other things, a way of thinking afresh about changes at the level of migration. In *Mobile Lives* (2010), I joined with the British sociologist John Urry to investigate what it means to live a 'mobile life' at the start of the 21st century. This work can be

seen as part of a growing field of study — its leading theorists include, in addition to Urry, Barry Wellman, Tim Cresswell and Nigel Thrift — which probes what is unique about the contemporary social world through the prism of 'mobilities'. Whilst the "mobilities paradigm" has been concerned with issues of movement in general, the aim of *Mobile Lives* was to demonstrate that the development of various mobility systems has bearing on the way in which our lives are constituted and transformed.

Mobilities restructure the deepest links between the personal and the global, selfhood and society – discernible in everything from the rise of discount budget air-travel or the wholesale spread of fly-in fly-out contract workers to the veritable explosion in enforced migration arising from political conflicts in various hot-spots across the globe today. In all of this, mobilities generate not only new forms of self-experience and modes of self-identity, but also related new kinds of social deprivation and exclusion.

The mobilities paradigm captures the complexity of migration in our age of advanced globalisation, and underscores the political importance of seeking to transcend what Slavoj Žižek has called "the double blackmail" of the refugee crisis. As the Australian Government continues to pursue its policy of Operation Sovereign Borders, and the EU advances Global Compacts on refugees and migration, the mobilities paradigm serves to highlight that there are alternative "third way" political strategies.

Europe can learn from Australia's border policy. But not by listening to Abbott

By Melissa Conley Tyler

Melissa Conley Tyler is National Executive Director of the Australian Institute of International Affairs and Team Leader of the EU-Australia Leadership Forum

Former prime minister Tony Abbott has been explaining to European conservatives why they should heed Australia's success in controlling its borders. Speaking to the Alliance of European Conservatives and Reformists in Prague, he characterised the Europe's current migration crisis as having the look of a "peaceful invasion" that could over time could become "an existential challenge".

His words would have found a receptive audience: retiring UK Independence Party leader Nigel Farage has approved of Australia's migration policy as a model and others across Europe have been reported as drawing inspiration from Australia.

Tony Abbott's message to European leaders was clear: if only they were as tough as he had been, they too could "stop the boats".

Unfortunately, this is the wrong message to take from the Australian experience. Instead, here are the three lessons Europeans should take.

Costs too much

The reality is that most countries won't be able to use Australia's techniques to stop people movements due to the number of arrivals and the prohibitive expense involved.

It is true that Australia has had success in stopping the boats through disrupting people smugglers' business model.

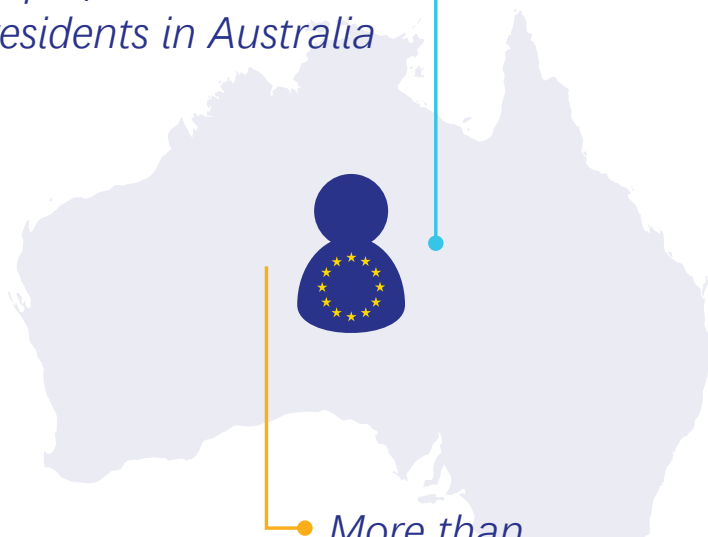
This has involved turning back boats to Indonesia, offshore processing and the use of detention centres in Nauru and Papua New Guinea based on a policy that boat arrivals will never be resettled in Australia. Australia has shown that government can influence the number of arrivals through policy settings.

However, Australia's success is not replicable in most other countries. It can only be attempted by the richest of countries which have low refugee numbers.

Per capita, the financial cost is enormous. This week's Australian National Audit Office report details a cost of \$573,111 per person per year for holding on Manus Island and Nauru. Australia spends more than \$1bn per year on offshore processing for fewer than 2,000 people. This is not a model the EU can emulate with migration flows of more than 200,000 in January to May this year alone.

It is also worth mentioning the non-fiscal costs related to this policy. Australia's international relationships have been affected, particularly with Nauru and Papua New Guinea where Australia is accused of neo-colonialism and, crucially, with rising power Indonesia where issues around migration have created friction in one of Australia's most important relationships.

The EU forms the
largest
group of overseas-born
residents in Australia



More than
2 million
Australian residents were
born in European countries

The detention of refugees has a demonstrably high cost for those in detention. The Australian Human Rights Commission's National Inquiry into Children in Immigration Detention is unequivocal on the negative impact of prolonged detention on detainees' mental and physical health.

The bottom line is that you can't stop people movements of the scale occurring in Europe by adopting Australia's border policies.

Migration can work

The second lesson to be taken from Australia is more positive: it is that mass migration can really work.

The Australian experience shows the economic and cultural benefits of mass migration. From a small white settler society at the end of the second world war, Australia has been transformed to a vibrant multicultural nation. Statistics show that 28% of the population was born overseas – with at least another 20% the child of an overseas-born parent.

This is a dramatic change and results have been broadly positive. For example, Australia is one of only three

countries in the world where children of migrants score better at school than children of non-migrants.

Australia has reaped the economic benefits of migration. Tracing Australia's history, George Megalogenis links periods of economic growth to times when Australia was open to migration. The current prime minister, Malcolm Turnbull, drew this lesson: "openness and multiculturalism based on mutual respect is what has defined most of the most successful societies in the world".

When Europeans worry about the impossibility of integration of those with different cultural or religious backgrounds, Australia is a salutary case study of what is possible.

It's under control

The final lesson to be drawn from Australia is that the second lesson is tied to the first: to achieve societal acceptance of mass migration, the public has to be convinced that the process is under control.

This is the fascinating lesson from John Howard's prime ministership. The prime minister who took such a hard line on border security was also the one who oversaw significant increases in overall migration; in 2007 the number of permanent migrants hit 191,000: the largest cohort since the second world war.

He understood this truth: that to build acceptance of mass migration, governments have to convince the public that the process is under control.

The core aim of Australia's migration program is that it is orderly. South Sudanese who wait patiently in refugee camps can be resettled through a humanitarian program. The announcement of 12,000 places for carefully checked and screened Syrian refugees was welcomed. By contrast, news reports of people arriving "uninvited" by boat taps into the national neurosis about being overrun by swarms from the north.

At a time when a huge number of people are on the move and where very few countries accept long-term resettlement, we need to think about what we can do to help prepare our populations to understand and respond.

In this context it's vital to draw the right lessons from Australia's experience.

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There is a strong shared interest in the issue of to what extent can we function at a regional and global level to improve strategies for displacement of people and onward movements into destination countries

- Josef Szwarc

Policy and Research Manager, Foundation House



Part III: Perceptions of the EU-Australia Relationship





What do Australians think of the European Union?

By Melissa Conley Tyler, Alfonso Martinez Arranz and Caroline Karavoulas

Melissa Conley Tyler is the EU-Australia Leadership Forum Team Leader and National Executive Director of the Australian Institute of International Affairs.

Alfonso Martinez Arranz is a expert on the project team and a Lecturer at Monash University.

Caroline Karavoulas is a researcher at the Australian Institute of International Affairs.

Methodology

One of the foundation elements of the work of the EU-Australia Leadership Forum has been to look at the perceptions of the European Union among key Australian stakeholders. This article summarises some of the main findings of that study.

It was decided early on that the study would be based on a series of semi-structured interviews with knowledgeable individuals. We identified a number of organisations to ensure a combination of those that had existing links to the European Union in some way, as well as those that did not.

We had an encouragingly positive response to our request for interviews and in the end 17 interviews were undertaken with 23 leading people from academia, business, politics and civil society. Interviewees were asked:

- what they thought of the EU in general;
- whether or not their view had changed recently;
- what they saw as the major challenges for EU-Australia relations; and
- where they saw the greatest potential for co-operation in the future.

General trends

While feelings about Europe are generally positive, respondents are currently worried about political and economic crises besetting Europe, such as Brexit, the refugee crisis and anti-globalisation trends. The diagrams

below depict the major topics indicated as salient issues for the EU and the relative strength of feeling about these issues.

For respondents well-acquainted with the EU, a key challenge in the relationship is Australia's lack of awareness about the EU. Respondents less involved with the EU showed concern about its protectionist policies, management of refugee movements and other internal problems.

There is widespread agreement across sectors that great opportunities for Australia-EU collaboration lie in the areas of research, technology and education. Other areas for mutual benefit include defence and security cooperation and working together in third countries.

Findings

Even though Brexit is undoubtedly a new phenomenon, the fact that it features so prominently in the discussion reflects the long-standing role of the UK as primary entry point to Europe for Australia. This historical centrality of the UK in EU-Australia relations partly explains the current concerns about "the future of the EU". Indeed the "uncertainty", as noted above, is not only for the EU itself, but rather about how Australia can relate without a UK gateway. "Insider" respondents backed this up somewhat, suggesting that the EU is portrayed rather negatively in the Australian media, not least through reports from the UK.

Perceptions & Salient issues for the EU

Figure 1:
as seen by insiders

Brexit
Shared Values & Interests
Troubled Economy & Uncertainty
Neighbourhood Crises
Unity, Peace & Freedoms
Rise of Populism
Global Power
Bureaucratic, Inflexible
Trend-setter, Inspirational
Technical Innovation
Development Player
Tourism & Culture

Figure 2:
as seen by outsiders

Brexit
Troubled Economy & Uncertainty
Trend-setter, Inspirational
Bureaucratic, Inflexible
Global Power
Unity, Peace & Freedoms
Shared Values & Interests
Rise of Populism
Neighbourhood Crises
Technical Innovation
Tourism & Culture
Development Player

Challenges

Figure 3:
as seen by insiders

AUS Lack of Awareness
AUS Focus on Asia
Third Countries' Behaviour
Refugees & Migration
EU Protectionism

Figure 4:
as seen by outsiders

Refugees & Migration
EU Protectionism
EU's Internal Problems
EU's Complexity
Third Countries' Behaviour
Distraction by Brexit
AUS Lack of Awareness
AUS Focus on Asia

Opportunities

Figure 5:
as seen by insiders

Research, New Tech & Education
Defense, Security
Refugees & Migration
Defend Shared Values
Sustainability
Political & Business Interaction
Trade & Investment
Ventures in Third Countries

Figure 6:
as seen by outsiders

Research, New Tech & Education
Rules & Harmonisation
Trade & Investment
Ventures in Third Countries
Defense, Security
Political & Business Interaction
Sustainability
Defend Shared Values
Refugees & Migration

Another historical point is the Australian complaint about agricultural subsidies, still considered by some as the most visible part of European protectionism. This issue is still salient and not forgotten by those involved in business or politics, though perhaps without the priority it once had. This reflects a long-observed trend to move away from these areas where EU and Australian interests and ideologies are at an impasse.

Our research confirms that the EU remains a normative power and a moral leader for some, particularly in the environmental arena, but this does not necessarily extend to other fields or to a wider range of respondents.

We also confirmed previous findings relating to the importance of individual member states before a discussion of the EU as a collective, which is tied up with the perceived complexity and difficulty to understand its processes. The preference for bilateral ties is not only limited to the UK. We also found that eastern European countries were largely overlooked in the discussion. The EU enlargements since 2004 are mentioned as important in academic literature, but their relevance to Australian elites seems limited.

Whereas the EU was seen as an “economic power” prior to the financial crisis, the uncertainty and difficulties in the economy of the region since then have affected how it is viewed.

The migration and refugee crises present another difficulty, even to those participants that were not dealing with them as part of their direct work.

In terms of common interests and values, the almost ‘automatic’ mentioning of a shared cultural and political heritage is now accompanied by exhortations to face up to the challenges posed by the rise of populism, anti-globalisation movements and the arrival of Donald Trump to the White House.

Implications for the EU-Australia Leadership Forum and broader EU-Australia relations

The work done clearly shows a perception that the EU is now facing significant internal issues in a more uncertain international arena. This suggests that it is a critical time to highlight the advantages to both parties of an amicable and productive relationship, and consider how it could be improved.

A first lesson of this study is that people-to-people contacts are important for creating genuine interest in greater collaboration.

Interview data suggest that the issues of Brexit and the perception of crisis, while overall negative for the relationship, have at least stimulated greater discussion and interest in Europe among Australians, leading to greater curiosity. Some Australians believe there is also a growing interest in Australia in Europe.

A clear way to build on this growing interest is the fostering of people-to-people contacts. By bringing people with mutual interests together the project can create genuine interest in greater collaboration. This should involve focusing on the areas of greatest potential identified in this study: collaborating for mutual benefit, sharing areas of excellence and working together on global issues, working together in third countries and standing side-by-side in defending the liberal global order.

If this study applies to the broader Australian landscape, it can be assumed that the EU-Australia Free Trade Agreement discussion will not be unproblematic; while it is an area of opportunity it is also likely to raise concerns about the difference in policy positions between Australia and the EU.



By coming together we're much stronger together, that's what I think of when I think of the EU... What I like about the EU is the sense of responsibility to the greater Europe, which seems... to come through citizen responsibility as well as a government responsibility. So, it's the sense of wholeness and togetherness that I like about it.

Kelly O'Shanassy

Chief Executive Officer of the
Australian Conservation Foundation



Project funded by the EUROPEAN UNION

The EU-Australia Leadership Forum is implemented by a consortium led by MWH – now part of STANTEC.

europeaustraliaforum.eu