

# Australia torpedoed the EU's trade ambitions

by [Camille Gijs](#) • OCT 31 • 8 MINUTES READ

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## MORNING TRADE

By CAMILLE GIJS

with SARAH ANNE AARUP, ARI HAWKINS, LAURA KAYALI and ANTONIA  
ZIMMERMANN

SNEAK PEEK

— **Brussels is stunned by Australia's 'not good enough' verdict on the EU's trade offer.**

— **Legislative work is picking up in the European Parliament on the EU's customs reform package.** We bring you the latest.

— **U.S. President Joe Biden and Chinese President Xi Jinping might meet** on the sidelines of a summit in San Francisco next month.

**Good morning and welcome to Morning Trade.** We're taking a break tomorrow as it's a public holiday in Belgium. We will be back in your inboxes on Thursday. In the meantime, dust up your CV as the D.C. office of the Heinrich Böll Foundation is looking for a consultant to write a brief on what U.S. and EU tech investment policy mean for human rights and the green transition. Details [here](#).

You can reach out via [saarup@politico.eu](mailto:saarup@politico.eu) and [cgijs@politico.eu](mailto:cgijs@politico.eu) | Follow us here [@SarahAnneAarup](#) and [@CamGijs](#).

DRIVING THE DAY

**BRUSSELS FUMES AS CANBERRA FRUSTRATES ITS TRADE AMBITIONS:** "Not good enough," was Australian Trade Minister Don Farrell's verdict on the trade deal on offer from the European Union before he walked away from the negotiating table for the second time in four months.

**Again?** For the second time in less than four months, Canberra walked away from Brussels' trade bid on Sunday, jeopardizing what was seen as a last-chance attempt between the two sides to bridge remaining gaps to seal a trade agreement.

**Death knell:** Brussels sent a team of about 10 negotiators and two top Commissioners — Executive Vice President Valdis Dombrovskis, in charge of trade, and Agriculture Commissioner Janusz Wojciechowski — halfway round the world in the hope of wrapping up a deal that was five years in the making.

**Diversification fail?** The [theatrical snub](#) laid bare to Brussels that even supposedly like-minded countries like Australia can thwart the EU's ambitions to diversify its trading relationships away from a mighty China and a hostile Russia. Under the so-called "geopolitical Commission" that has taken shape under President Ursula von der Leyen,

the EU's trade policy was about being assertive on the one hand, and open on the other.

**What happened:** The Osaka round was to have put the finishing touches on the most sensitive aspect of the agreement, on agriculture: Securing access to the EU's market for beef, sheep meat and sugar was an imperative for Canberra, while Brussels was interested in Australia's vast reserves of strategic minerals for its green transition.

In particular, there were still gaps to bridge on the quotas for beef and sheep meat and on the EU's so-called geographical indications, which protects European-produced agricultural goods, such as feta, prosecco or parmesan, from being produced elsewhere and marketed under those names.

**It was all going well, until...** The talks fell through at an informal meeting between Farrell and Dombrovskis — even though Brussels felt it had made a reasonable offer by granting more than A\$1 billion in new market access, the Commission official added.

But Farrell backtracked and re-tabled demands from the Australian farm lobby — whose representatives were present in Osaka. That, it was felt in Brussels, disrespected earlier commitments made at the technical level.

I bring you all the details in [this story](#).

**\*\*Hear Georges Gilkinet**, Belgium vice-prime minister and minister for transport and mobility open the Mobility stream of our Sustainable Future Week on November 14.

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## EUROPE

**CUSTOMS REFORM PICKS UP PACE:** After the Commission [unveiled](#) before the summer its package to rethink how the EU's customs work, legislative work is picking up in the Parliament in the hope of wrapping up reforms just in time for next year's European elections. Morning Trade has the [latest](#) on who's slated to be rapporteurs on the file, and the tentative calendar for the coming months.

**Remind me:** Three proposals make up the customs reform package. The main text seeks to harmonize how customs operate across the 27 EU countries by creating a new Union-wide customs authority. It will oversee a shift towards data-driven border checks for goods, overseen by a future EU customs data hub.

**What?** The competences on the file will be shared among the internal market (IMCO) and international trade (INTA) committees under a so-called associated committee procedure.

**Who?** For INTA, the lead rapporteur is Belgian Green MEP Saskia Bricmont, while for IMCO, Irish EPP lawmaker Deirdre Clune will be in the hot seat.

**When?** IMCO MEPs can submit amendments until November 16, while INTA lawmakers can do so until December 1. The trade committee is slated to vote at the end of January, while the internal market committee will weigh in on February 22.

Lawmakers hope for the file to go to plenary just in time before the recess next March.

**Good luck with that.** This timetable looks pretty ambitious, for a [proposal](#) that's rather technical and doesn't look like a vote winner for lawmakers campaigning to get re-elected next June.

## MOVERS AND SHAKERS

**ECONOMIC PREDATION:** French President Emmanuel Macron tasked Geoffroy Roux de Bézieux, former head of business lobby Medef, with a mission on so-called economic security, according to [Challenges](#) and [POLITICO's Paris Influence](#).

He'll assess economic predation by foreign powers on France's critical tech companies and present a confidential report in the coming months.

## WORLD TRADE ORGANIZATION

**EU GETS EARFUL FROM COUNTRIES ON STEEL SAFEGUARDS:** Countries ranging from China to Russia, India, but also Korea, Brazil and Switzerland have criticized the EU's decision to keep its steel safeguard measures at a WTO meeting last Wednesday, according to a Geneva-based trade official.

**No extension per se:** Brussels' defense is that this wasn't a decision to extend the safeguard, but a decision not to cut off the measure early, the official said. The EU added that it implemented the [ruling](#) on the safeguard measure to make it WTO-compliant.

At that same meeting, Brussels punched out at Indonesia's safeguard measures, saying that Indonesia often doesn't notify nor provide deadlines for its safeguard investigations.

**Next meeting?** In a long time: The safeguards committee is meeting in April of next year.

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## TRANSATLANTIC TRADE

**MARK YOUR AGENDAS:** A high-level summit between the European Union and Canada will take place on November 23-24. The two top EU's officials, Ursula von der Leyen and Charles Michel will travel to the Canadian town of St. John's to meet with Prime Minister Justin Trudeau.

"The Summit will reaffirm the strengthening of the EU's and Canada's economic relationship, which has already significantly benefited from the EU-Canada Comprehensive Economic and Trade Agreement (CETA). In particular, the Summit will contribute to concretely take forward work on the EU-Canada Strategic Partnership on Critical Raw materials, and elevate cooperation on climate, green energy, and digital issues," reads a [press release](#) from the Commission.

**ONE STEP CLOSER TO XI-BIDEN MEETING:** President Joe Biden spoke with China's Foreign Minister Wang Yi on Friday and agreed to work together towards an expected meeting between the American president and Chinese paramount leader Xi Jinping at next month's APEC summit in San Francisco.

**During the hour-long discussion,** the American president "emphasized that both the United States and China need to manage competition in the relationship responsibly and maintain open lines of communication," according to a [readout of the meeting](#) from the White House.

**China's top diplomat Wang said the countries** "agreed to work together towards the realization of the San Francisco Summit," in a [statement published on Sunday](#) by the Chinese Foreign Ministry. "At the same time, the 'road to San Francisco' will not be a smooth one, and it cannot be on 'autopilot,'" Wang added.

While a senior administration official told reporters that the White House is making preparations for the meeting, China has yet to officially confirm, potentially to avoid any embarrassment in case a sudden geo-political flare-up forces an abrupt cancellation.

## RAW MATERIALS

**MOVING FROM EXTRACTION TO DEVELOPMENT:** Pamela Coke-Hamilton, executive director of the Geneva-based development agency International Trade Centre, warned that “fundamentally, we have to change the terms of trade” of raw material extraction.

“It’s still explore, extract, export primary commodities, then all value addition is done in the developed world,” she told our colleague Antonia Zimmermann last week.

**Creating a new ‘ecosystem of development’:** Coke-Hamilton pointed to the case of the Democratic Republic of the Congo (DRC), which produces 70 percent of the world’s cobalt used in electric vehicles and phones. “How much value addition takes place in DRC?” she asked, adding: “It’s not just about the value addition, it is about the fact that the value addition then creates industry, creates employment, creates opportunity for young people, creates a whole new ecosystem of development and growth skills, it creates a new country. Why is nobody investing in that? Why is that not seen as the critical thing to do?”

**Mindset shift:** As it scrambles to catch up in the global race for raw materials, the EU wants to set itself apart from other partners, namely China, by pledging to ensure some of the value extracted in resource-rich countries is retained there. “I do believe that the EU does want to change it ... but a lot of the private sector is used to certain ways of doing things,” said Coke-Hamilton, adding that “the proof of the pudding is always in the eating.” Still, there are “new conversations taking place,” she said.

“There has been a shift and ... there will continue to be that focus on empowerment, value addition on the ground, investing in more than just extraction but also development.”