



EUROPEAN COMMISSION

Task Force for the Preparation and Conduct of the Negotiations with the United Kingdom under Article 50 of the TEU

Deputy Chief Negotiator

Brussels,
Ares save tf50.dgdir(2017)1194868

Subject: Inquiry into Australia's trade and investment relationship with the United Kingdom – submission invitation

Dear Mr ,

The European Commission thanks the Joint Standing Committee on Foreign Affairs, Defence and Trade for the invitation to contribute to its inquiry into Australia's trade and investment relationship with the United Kingdom, and submits the following comments and observations:

1. Possible implications for Australia's trade and investment relationships with the UK and the European Union consequent to the UK's exit from the European Union.

The EU, as stated on 29 June 2016 by the Heads of State or Government of 27 Member States, as well as the Presidents of the European Council and the European Commission, regrets the outcome of the referendum on EU membership in the UK but respects the will expressed by a majority of the British people.

There is a need to organise the withdrawal of the UK from the EU in an orderly fashion. Article 50 of the Treaty on European Union (TEU) provides the legal basis for this process.

It is up to the British government to notify the European Council of the UK's intention to withdraw from the Union. There can be no negotiations of any kind between the EU and the UK before this notification has taken place.

The first step following the notification by the UK will be the adoption by the European Council of guidelines that will define the framework for negotiations under Article 50 TEU and set out the overall positions and principles that the EU will pursue throughout the negotiation.

*Inquiry Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
House of Representatives Standing Committee on Tax and Revenue
Department of the House of Representatives
PO Box 6021 – Parliament House
Canberra ACT2600
Australia*

After the adoption of the guidelines, the European Council will invite the General Affairs Council to proceed swiftly with the adoption of the decision authorising the opening of the negotiations, following a recommendation by the European Commission, and to deal with the subsequent steps in the process.

Until the Treaties cease to apply to a Member State that has notified the European Council of its intention to withdraw from the Union, in accordance with Article 50 TEU, that Member State remains a member of the EU with all rights and obligations. EU law thus continues to apply in full to the UK and in the UK until it is no longer a Member State. The UK will continue to be bound in particular by the exclusive EU competence for trade policy in Article 207 of the Treaty on the Functioning of the EU (TFEU).

In the future, the EU hopes to have the UK as a close partner. Any agreement concerning the future relationship between the EU and the UK, which will be concluded with the UK as a third country, will have to be based on a balance of rights and obligations.

2. Opportunities to expand trade and investment links between the EU and Australia

The EU continues with its ambitious trade agenda with partners around the world. As the world's largest trader and one of its most advanced economies the EU remains an essential trading and investment partner of Australia.

The EU and Australia finalised the negotiations of the EU-Australia Framework Agreement and the process for signature is under way. This political agreement will provide a comprehensive policy framework of the bilateral relations between the EU and Australia including some trade and investment related provisions, which are of a non-preferential nature.

In a joint statement¹ on 15 November 2015 the Presidents of the European Council and the European Commission and the Prime Minister of Australia agreed to commence work towards the launch of negotiations for an EU-Australia free trade agreement (FTA). The ongoing preparatory work towards the future negotiations continues. The potential future FTA would provide a new, up-to-date policy framework, strengthen bilateral trade and investment flows between the EU and Australia and reduce existing barriers for trade and investment.

Yours sincerely,

Sabine Weyand

¹ http://europa.eu/rapid/press-release_STATEMENT-15-6088_en.htm