

On 24 March 2026, Australian Prime Minister Anthony Albanese and European Commission (EC) President Ursula von der Leyen announced the conclusion of negotiations for an Australia-EU free trade agreement (FTA). This initiates the procedures towards the signature and ratification of the FTA. It should unlock substantial opportunities across numerous sectors at a time when Australian and EU businesses are looking for improved market access and geographic diversification.

In addition to the FTA, Australia and the EU signed an [Australia-EU Security and Defence Partnership](#) (SDP), which is now in operation.

Taken together, the FTA and the SDP deepen both the commercial and strategic relationships between the two blocs. For exporters, investors, procurement bidders, regulated manufacturers, digital and professional service providers, and defence businesses, the significance lies in the combination of market-access commitments with wider rules on procurement, digital trade, professional mobility, critical minerals and security cooperation. Operators with exposure to the European market, or to Australian inbound investment and supply chains, should therefore treat the package as a development of immediate planning importance.

## Content of the FTA

The negotiated FTA is comprehensive. It includes, *inter alia*, commitments in the following areas:

- **Investment liberalisation and capital movements** – Streamlined investment in both directions, with improved legal guarantees. In particular, the FTA provides for preferential treatment in sectors such as mining, manufacturing, tourism, education, energy and resources. Subject to conditions, Australia investors should be treated the same as EU investors in the EU. Australia would raise its foreign investment screening thresholds for EU investors.
  - **Merger control** – Dedicated competition provisions to address mergers with Australian and EU implications, as well as competition enforcement in general.
  - **Energy and raw materials** – Improved access for the EU to Australian energy and raw materials through the elimination of EU tariffs on Australian energy and resource products including critical minerals, lithium hydroxide and hydrogen. For Australia, the elimination of tariffs on, for example, critical minerals, will support the growth of renewable energy and stabilise supply chains.
  - **Subsidies and rules on state-owned enterprises and public procurement** – Levelling the playing field and providing improved access to all important Australian and EU public procurement markets.
  - **Trade in services** – Opening key sectors to each other’s companies, including financial services and telecommunications.
  - **Digital trade** – Digital trade-specific provisions to facilitate online business. Again, the emphasis is on improving legal guarantees and streamlining procedures, for example by preventing the forced transfer of source code, supporting paperless trade and electronic controls and signatures, or committing to open internet access.
  - **Intellectual property (IP)** – Improved IP protection between both jurisdictions (e.g. patents, copyright, geographic indications, etc.).
- Other than the above, the FTA would also include general provisions to facilitate trade between the parties, e.g. in relation to rules of origin, customs procedures, technical barriers to trade, sanitary and phytosanitary rules and other standards, trade defence, etc. Most rules would be subject to dispute settlement, ensuring their enforceability.

## Road Ahead for the FTA

The conclusion of negotiations is the first step in the process towards the FTA's entry into force.

The FTA must now be presented to the Council of the European Union (Council), i.e. the EU's member states, which must approve its signature by qualified majority. Australia must also complete its required domestic steps before signing the FTA, including obtaining approval from the attorney-general and the Federal Executive Council. Australia and the EU will then be able to sign the FTA (likely in early to mid-2027).

Once the FTA is signed, Australia and the EU will begin their respective ratification procedures.

In Australia, the FTA and the Joint Standing Committee on Treaties' recommendation on whether the FTA should be binding will be tabled in both houses of Parliament. After this and before the FTA can enter into force, any legislative changes needed to implement the FTA domestically must be passed by both houses of Parliament, after which the governor-general in council may approve its ratification.

In the EU, the extensive nature of the FTA means that it will likely have to be approved both by the EU as a whole (i.e. by the Council and the European Parliament) and individually by the EU's 27 member states.

As has been observed with previous EU trade agreements, this may prove difficult. Nevertheless, the EC should be able to "provisionally" apply certain key aspects of the FTA without the individual approval of the member states. Alternatively, the EC could try to split the agreement into an easier to transpose agreement covering topics falling under the EU's exclusive competences and a second agreement covering topics falling under shared competences.

The FTA may prove to be politically sensitive in the EU. Agricultural provisions in particular, which already caused a breakdown in negotiations in 2023, are likely to be controversial. It follows that the road towards the full ratification may prove tortuous, making "provisional" application a probable solution when the time comes.

Despite this, the need for supply chain diversification, moderate growth and increasingly uncertain circumstances in markets such as China and the US means that there is political and economic momentum in favour of the FTA on both sides. As long as it remains so, the FTA is expected to remain a priority for both Brussels and Canberra.

## Content of the SDP

The SDP mainly sets out cooperation frameworks in areas such as, but not limited to, maritime security, cyber issues, defence initiatives (e.g. exploring involvement in respective defence initiatives), space security, the climate change and security nexus, external aspects of economic security, etc.

## How We Can Help

Our teams in Brussels and Sydney are ideally placed to help clients leverage the FTA to the fullest.

From investment and trade opportunities to the optimisation of existing supply chains and the fulfilment of sustainability-related obligations, the FTA is an invitation to rethink Australia-EU operations. The technicality of the agreement and the complexities of its ratification mean that in-depth analysis may be warranted. Our lawyers and public policy experts routinely assist clients in relation to FTAs, and can help you prepare for the Australia-EU FTA as early as necessary, and throughout its ratification process.

## Contacts



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