



AUSTRALIA

Australia-European Union Free Trade Agreement

Benefits for trade, environment and climate

Australia and the EU are
likeminded partners, with high
standards on environment
and climate.



The Australia-European Union Free Trade Agreement (A-EU FTA) includes a range of legally-binding commitments to ensure our trade and investment policies reflect these high standards. The A-EU FTA also delivers tangible outcomes to support our climate goals.



Australian Government

March 2026. More information on the
Australia-European Union Free Trade Agreement is available at

dfat.gov.au/aeufta



Addressing climate change through trade

For the first time in a free trade agreement, Australia (and the EU) has made a binding commitment to implement obligations under the Paris Agreement on climate change.

To help deliver on our climate goals, the A-EU FTA will eliminate tariffs on environmental goods like wind turbines, lithium batteries and solar panel components.

Australian service suppliers working in areas related to climate action, including in engineering and construction, will benefit from greater access to the EU market, and vice versa.

Australia and the EU have agreed to facilitate trade and investment in environmental goods and services by addressing related non-tariff barriers and by cooperating on rules, standards, and technical regulations.

The A-EU FTA does not cover the EU's Carbon Border Adjustment Mechanism (CBAM) or Deforestation Regulation, but we continue to engage the EU on these measures in other forums.

Expanding cooperation on trade, climate and environment

Australia and the EU have agreed to cooperate on a range of trade, environment and climate issues, including:

- ▶ carbon leakage
- ▶ sustainable agriculture and food systems
- ▶ the circular economy
- ▶ deforestation and illegal logging
- ▶ combatting plastic pollution
- ▶ biological diversity
- ▶ illegal wildlife trade
- ▶ overfishing.

Enhanced cooperation on sustainability outcomes across agriculture and food systems

The A-EU FTA will enhance cooperation in areas of mutual interest to support sustainable agriculture and food systems. This cooperation will not impose new regulatory requirements on Australia farmers, producers and exporters related to sustainability and will not require Australia to make new legislative or regulatory changes. Acknowledging that agri-food systems are diverse and sustainable approaches are

context-specific, it provides a platform to work together on the following shared interests:

- ▶ improving sustainability across agriculture and food systems: from production and harvesting through to consumption, recycling and disposal
- ▶ building the resilience of food supply chains
- ▶ promoting food security based on multilateral trade rules
- ▶ combatting food loss and waste
- ▶ addressing environmental and climate impacts
- ▶ improving animal welfare
- ▶ tackling antimicrobial resistance.

Cooperation may include technical exchanges, collaborative research and joint projects.

Dispute settlement

The A-EU FTA protects the Australian Government's right to regulate and make policy to protect the environment. The A-EU FTA will not include Investor-State Dispute Settlement, reflecting the confidence we share in each other's legal systems.

The Trade and Sustainable Development chapter will be subject to the binding dispute settlement framework of the A-EU FTA. The ability to suspend trade preferences under the Trade and Sustainable Development Chapter is limited to serious violations of certain labour or climate obligations under the International Labour Organisation (ILO) Conventions and the Paris Agreement, following processes under dispute resolution to try to resolve the issue. For more information, please see [benefits for labour and gender equality](#).

The Sustainable Agriculture and Food Systems chapter will also be subject to the dispute settlement framework of the A-EU FTA. This is a cooperation-only chapter and is aimed at giving sustainable agriculture and food systems greater prominence.