

# **A Principles Based Free Trade Agreement between Australia and European Union**

## **Part 1**

**By**

**Syamantak Saha**

**Engineer and Digital Economist**

**2<sup>nd</sup> of April 2021**

# Table of Contents

Background.....	3
The Trade Practice.....	4
Principle Based Free Trade.....	6
Features .....	6
a. Non-Itemized Trading Condition .....	6
b. Economic Conditioning .....	6
c. Flexible Tariffs and Quotas.....	6
Advantages.....	7
i. Latest Trade Requirement.....	7
ii. Policy Compatibility .....	7
iii. Economic Interests .....	7
iv. Recession Checks .....	8
iv. Economic Security .....	8
Economic Conditions for a Free Trade Agreement.....	9
Digital Economy .....	9
i. Enabling the Digital Economy .....	9
ii. Data Security .....	10
iii. Cybersecurity .....	10
iv. Personal Data Protection.....	10
v. Free Flow of Data .....	11
vi. Industrial Data .....	11
vii. EU-Australia Cloud .....	11
viii. Artificial Intelligence in Healthcare.....	12
ix. Telecommunication Infrastructure.....	12
x. Technology Investments.....	13
Social Economic Engagements.....	13
i. Green Deal.....	13
ii. Green Finance .....	13
iii. Circular Economy .....	13
iv. Cultural Projects.....	14
v. Sustainability.....	14
vi. Allied Health Services .....	15
vii. Shared Investments.....	15
viii. Right to Love .....	16
ix. Antartica Enviornment Protection .....	16
x. Treaty Broken by United Kingdom.....	16
xi. Resource Muling .....	17
Operationalizing the Free Trade Agreement.....	18
The FTA Economic Bar.....	18
Example FTA Implemented .....	18
Opportunities of the Free Trade Agreement .....	20

## Background

The EU Australia FTA is currently in its 10<sup>th</sup> round of Negotiations. The current challenges being faced can be attributed mainly to the differences arising from Brexit and its deep implications for Australia in its trade with the rest of EU. Whilst previously, significant amount of trade between Australia and EU was ex-UK, with UK not being in the EU, is certainly an opportunity to develop a new and better trade practice between the two parties.

The EU and Australia have several shared interests based on which a successful FTA can be negotiated. From such an FTA, both EU and Australia may have to benefit from such opportunities that may not have existed in the previous world order. Indeed, several of the leaders of Australia and EU have worked towards such an environment, where a free and fair trade opportunity may exist between two economic groups who lead the world in several aspects, and from and with whom the rest of the world would surely have much to consider.

## The Trade Practice

Australia and EU trade in several goods and services, and whilst Australia is not in the top 3 trade partners for EU, however, significant opportunities do exist to develop a trade practice that leads the world in several ground breaking ways.

Indeed, most trade negotiations are conducted with the end result being a set of definitions of tariffs, quotas and discounts on particular products and services that each country may oblige to the other in bi-lateral trade. The risk of such a trade practice is that the actual trade relation between the two countries is almost held down or limited by the actual production of such defined goods and services from each source to the destination. If for some reason the defined goods and services cannot be produced or delivered to the destination, then the actual trade relation between the two countries suffer, although the intention and requirement to trade may remain constant and un-affected.

Also, that the economic conditions constantly change, especially with the developing digital economy and climate change, that would most certainly affect markets in a dynamic manner, that is ever adapting and growing with such developments. In a digital economy, it cannot be assumed that the methods of conducting businesses, and the demand of particular products and services would be the same and can be pre-determined, based on which such a negotiation can be conducted. The digital economy has certainly changed the pattern of market demand, where a certain product or service that may not had penetration to a certain market sector, may now be accessed and availed, through the lines of digital communication, without which the particular market may not had sufficient forum for exchange of such goods or services. Also, that the particular product or service maybe supplied from a source, that previously did not exist, was not accessible or did not produce such a product or service, is an added demand for being flexible with quotas and tariffs bound to particular products and services, that in a changing and digital world, may become obsolete almost as soon as introduced.

So, a successful trade negotiation would have to consider that the world is dynamic and even more so today in a connected digital economy, than it has been before. Also, the effects of climate change is such that certain products or services that is being produced today, may become under threat due to climate effects, and may not be produced successfully, as is expected during negotiations. Global warming and significant industrial pollution, together with the Covid Pandemic that had incurred, strictly demanded that certain existing and current practices of conducting business and industry has to be better considered in the interest of human survival. So, in a trade negotiation that takes the given set of industrial and agricultural output as the basis for negotiation, may itself inherently become obsolete or high risk, as the ability of producing such goods or services maybe in a decline due to such reasons, however, being currently produced would find an important place in the list of goods or services being negotiated. Thereafter, when the drastic effects of such goods and services, in terms of climate change and human effects, become significant or unacceptable, the particular goods or services may not be able to be produced, affecting bilateral trade interest of both countries.

Hence, the standard method of dealing with a trade negotiation, in terms of pre-defined goods and services would be ineffective in terms of the real trade interests of both Australia and the EU. Both Australia and the EU have several common economic interests and indeed, can lead the world in defining a set of trade practices, that are flexible as per the changing nature of the

world market, what the two markets use or prefer in a changing environment, and in full consideration of climate changes and digital economy that affects both parties.

It is important therefore that for an effective trade agreement, the dynamic nature of the markets of both EU and Australia be materialized. Such materialization has to consider the changing supply and demand of varying lists of items that both markets consume over time, and that such a variation over time, should be an inherent feature and consideration of an effective trade agreement.

# Principle Based Free Trade

In a Rules Based Trading system, each item of trade is defined in a list of products and services that gains from a bi-lateral agreement. However, in a Principles Based Trading System, products or services that meet certain objectives of the trading partners are provided a preferential treatment in the trade of goods and services between the parties.

The main difference is that where in a Rules Based Trading System, the economic condition of the two parties is already defined and held down by certain goods and services, in a Principles Based Trading system, the current economic conditions provide the basis of collecting the most recent list of products and services that would be of mutual benefit in bi-lateral trade. So, whereas, in a pre-conditioned Rules Based system, the defined products or services is taken as the key parameter for trade, the actual list of traded goods and services, is not literally defined in the trade agreement, rather a set of conditions that both parties concur for mutual economic prosperity, is taken as the basis for trading items bilaterally.

This method of a trading system would provide the necessary flexibility in a changing economic environment owing to climate change, digitalization of the markets and a market that acceptingly, has varying demands of goods and services over time. The particular features of a Principles Based Trading system can be defined as:

## Features

### a. Non-Itemized Trading Condition

In a Principles Based Trading system, there is no set or pre-defined list of goods and services that is to be traded between the parties, as per the agreed deal. Hence, the actual underlying list of goods and services that is to be traded between the parties is therefore not a pre-requisite condition for trade. The actual traded items may differ and vary from year to year, depending on the particular economic demands of the two markets, that is assumed to be functioning in a changing environment.

### b. Economic Conditioning

In a Principles Based Trading system, the main source of trade engagements is the particular economic condition of each of the two states. In a circumstance where the current and existing demands are considered in the actual trade engagement phase, ensures that the most efficient form of trade occurs between the parties. Hence, the definition of a Principles Based system states the economic conditions upon which the two parties shall engage, and resolves the direct implications of trade items upon such conditions.

### c. Flexible Tariffs and Quotas

In a Principles Based Trading system, the particular allocation of tariffs and quotas shall be

dependent on the items that meet to resolve the defined economic conditions of trade engagement between the parties. Hence, when the underlying items change, due to a change in market condition, upon the same economic requirement, the allocation of trade benefit, is shifted to the new list of items, that would meet the current requirements, as opposed to a previous list of items that may not resolve such economic requirements any further. This provides the flexibility to update the most current trade items, for successful trade engagements.

The particular advantages of Principles Based Trading system can be defined as :

## Advantages

### i. Latest Trade Requirement

The trade that is incident on the two parties is updated according to current economic conditions. Especially in a developing digital economy and a world with drastic climate change effects, the trading items between the two parties is expected to be varying with time, as the market requirements and demands are expected to condition according to such changes, leading to a differing set of item requirements per year.

### ii. Policy Compatibility

Seldom the economic policy of a state is stagnant, and a progressive state is always developing adopting to the world environment. Such policies have an implication for economic and financial management of the state, including important areas such as taxation, fiscal and monetary policies and social policies. Indeed, whilst such policies have to change for a progressive nation, a trade agreement cannot simply be stagnant and deliver only such goods and services that were determined in a previous state of the economy as defined in the past. Areas such as taxation and government revenue that is highly dependent on international trade, is deeply affected by the internal and external conditions, and to have an overhang of past itemized trade would certainly be a liability that would hinder a flexible and progressive nation trading with a similar partner.

### iii. Economic Interests

In a Principles Based Trade system, the economic interest is the priority. As opposed to an itemized Rules Based System that may become outdated as per its economic importance, in a Principles Based system, the economic conditions are defined and held to the best interest of bi-lateral trade. Hence, the economic well being of bi-lateral trade is always ensured, and when a particular traded item is not in the interest of economic benefit, it is outdated or replaced. This is different to a Rules Based system, where an outdated item may still be traded, as already provided a trade incentive, and imposed upon the state as of any benefit, although economically, it is already replaced. Using a Principles Based system, states can benefit from having the freedom to choose the best economic interest in the traded items, as opposed to

traded items already defining the best economic interest, as is with Rules Based Trading systems.

#### iv. Recession Checks

When nations continue to trade in items that are economically outdated, it poses a risk of recession from the downward economic pressure that is created due to such economic mis-alignments. Hence, the demand for a new item, that would facilitate the required and identified progress, is prevented when a pre-defined list of items is imposed upon a state. In such a pre-determined list, the economic functioning is already defined, and the ability to change or adapt to a new world requirements, is certainly diminished by such a pre-ordered economic existence. As the economic development is discouraged thereby, a higher risk of recession is incurred, and states that cannot adopt to a changing economic environment would certainly have a higher risk of recession. In a trade agreement, the importance of being flexible between the two parties is important, as the limited expectation of one party to supply or accept particular goods or services, should not induce a particular recession risk for either. In a Principles Based Trading system, such recession risks from an inflexible list of economic items, is over-ridden by the flexibility of having the underlying items adapt to the changing world conditions, and as defined by the particular economic conditions for a bi-lateral trade.

#### iv. Economic Security

A Free Trade Agreement is also an opportunity to develop mutual economic interests with certain aspects of preserving economic security of both parties. Post defining the economic engagements, a counter-vailing of any economic objective by supply of cheaper or alternative products that may mislead a contracting state from its economic objectives, can be balanced by the trading partner with such aspects. In many instances, a free market contracts the risk of counter-vailing, as a cheaper or alternative product maybe offered in the market, however, where the purpose of such counter-vailed products does not fully meet the economic requirements, either by features, warranties or regulative requirements. A state can easily fall victim of such a counter-vailed product and services, gradually giving up its market conditions and competitive products in its full market environment.

A Principles Based Trading System would provide an aspect for economic security, where when a contracting state is threatened by counter-vailed products and services, the trading partner can preserve such connected market integrity by the previously defined Principles Based Trade, providing real products and services to the affected market with implications of the mutually connected real market, as accepted and agreed by both, in their full market awarenesses. In an agreed Principles Based Trade, the economic and financial benefit of such mutual market assurances would provide an incentive for such bi-lateral economic security. The partner who is subjected to counter-vailed products, would have the ability to manouver out of such market failures, depending on the advantaged economic and financial position of the other, that maybe industrially capitalized by both on further agreed terms.



# Economic Conditions for a Free Trade Agreement

The Economic Conditions for a successful Principles Based Trade agreement between EU and Australia should consist of the latest economic opportunity in the digital economy and opportunities to develop the social sector.

## Digital Economy

EU and Australia have common interests and goals in developing sustainable, regulated and latest technologies in their growing economies. The opportunities in the digital economy, in platform services and e-commerce, for small to medium businesses to directly sell their individual products and services across markets, is an opportunity of the digital economy that is a primary enabler of mutual economic progress. Businesses who were previously logistically limited or did not have the ease of accessibility to the different market, are now provided the latest business opportunity in a connected digital world.

However, such connected digital markets cannot exist legitimately with its full economic potential, unless it is appropriately integrated with the real economy of its operations, including associating with the established rules and regulations of the respective market. The digital economy, being the frontier of the market economy, has further created opportunities for its better integration based on developing regulations that would preserve each market integrity and provide the legitimate opportunity for digitally enabled businesses. An unregulated digital market would largely be a security and economic threat for both EU and Australia, and developing regulated digital businesses is an opportunity of the FTA. Such regulated digital economy, can be pursued with certain Economic Conditions contained in the FTA, where businesses that affirm such requirements are provided an advantage through mutual trade. The Economic Conditions are the required basis of Digital Trade, that would provide the mutual opportunity for growth in a regulated and advancing latest digital economy, that is acceptable by both markets.

Such Economic Considerations for the Digital Economy can be defined as:

### i. Enabling the Digital Economy

The developing digital economy has enormous opportunities for bi-lateral trade. However, such electronic trade should be undertaken with high regards to security and safety of persons and businesses. Adversaries and cartel conduct is rife in the digital space, and this should not prevent the otherwise encouraging start to a digital economy that the EU and Australia have as an offer for mutual economic progress.

Businesses that provide platform services, e-health, cybersecurity should be provided an advantage with the FTA. Specific established small to medium businesses in Australia and the EU, who want to sell their particular products and services electronically between the two economies, should also be provided a trade advantage, reducing and eliminating any third party risk. Third party risk is currently incurred where the products and services of each market, is presented by a third party market provider, who either present the products and

services as their own, or gain significant financial advantage from such trade between EU and Australia, simply based on a technology presentation in the digital economy.

Such third party risks in bi-lateral trade will be avoided by enabling and connecting direct resource exchanges in the connected digital space, with well regulated and approved businesses.

An EU Australia FTA should provide an advantage for regulated and approved digital businesses to operate between EU and Australia.

## ii. Data Security

Personal and Business data is critical in the digital economy. Misplacement, theft or trade of such important data between unknown parties causes a serious risk for personal and business safety. Persons who loose their personal data to adversaries maybe targeted for manipulation based on their specific characteristics that adversaries may want to interrogate, validate or manipulate. Businesses who loose business data to unwanted adversaries, would face anti-competitive results that would be derived from such illegally collected data, that diffuses any intellectual property, trade secrets or financial details for the company.

The FTA should provide for products and services that ensure Data Protection in order to conduct business. Hence, businesses that trade between EU and Australia should have to adopt certain practices and standards in order to protect such data, including suggested technologies and legislative conditions.

Services that provide Data Security as per the Regulative requirements in EU and Australia, should be provided a trade advantage in the FTA.

## iii. Cybersecurity

The digital economy poses particular challenges for conducting safe and secure market transactions. Cybersecurity is required for personal and business safety. In order to provide the most effective cybersecurity, states have to engage bi-laterally in order to monitor and deter any cybersecurity threats that may arise from a digital economy. Whilst adversaries may want to interrogate and deter safe and progressive trade between EU and Australia, by unleashing offensive technologies that steal, betray, manipulate or mislead personal and business data, a cybersecurity agreement would be required to create a safe and prosperous digital space between Australia and the EU.

The FTA should provide an advantage for businesses with particular products and services to create a safe and secure digital environment between Australia and the EU.

## iv. Personal Data Protection

Whilst the digital economy would connect and progress between EU and Australia, adversaries and cartels would be a continued threat to bi-lateral trade. Such cartels are known to conduct personal data collection in order to analyse personal habits, trends and spendings, to then provide a reaction to such free market operations that may be occuring between EU

and Australia. Third party trade risks is incurred and encouraged when such personal data is stolen and traded between such cartel groups.

Organizations that protect personal data, from its collection, development and cyclic market adoption, should be encouraged with the FTA. Businesses that provide online and offline personal data protection between EU and Australia should be provided the advantages to trade between the two economies, such that persons within the respective economies can be safe and secure about their personal data use.

#### v. Free Flow of Data

Data provides a lifeline for the digital economy. When businesses get an insight into customer trends, spendings and habits, it provides a critical input for product development, services and customer management. Also, economically, such customer trend is a valuable asset for financial management. Such data is vital for validation and execution of financial trades, including derivatives and equities in the financial market. Hence, the value of and insights provided by free flowing data is important to both EU and Australia.

Organizations that facilitate the free flow of personal and business data between EU and Australia should be provided an incentive to trade with an FTA.

#### vi. Industrial Data

Industrial data that is collected, generated or presented in the course of conducting business is valuable both for the business and the economy. Organizations that facilitate or provide services for the collection and further use of industrial data should be facilitated in the FTA. Such organizations would provide an opportunity to streamline the digital economy between EU and Australia, using Industrial Data as the facilitator. Industrial meta-data would be an important facility for connecting the two economies, and further successful economic engagement can be better defined and evolved with such uptake and use of industrial data between the EU and Australia.

Businesses that provide services for collecting, processing and presentation of connected Industrial Data between EU and Australia, should be provided an advantage from the FTA.

#### vii. EU-Australia Cloud

Cloud services is a latest technology development for the digital economy. In a digital Cloud, certain services are provided to organizations who may access them for their specific requirements. A Cloud service provides a technological and regulatory framework that businesses can easily access, reducing costs and improving operational efficiency for their usual business operations.

A connected Digital Cloud between Australia and the EU would create enormous business opportunities for businesses. Such a Cloud would encompass not only the latest technology, but also incorporate the latest regulations in the best interest of the trading partners, especially starting with personal and business data protection. Further such a Shared Digital Economic space, would be a leading platform for the current and future initiatives that are

undertaken for a mutual development of a safe and prosperous digital economy.

Businesses that create, facilitate or develop a EU-Australia Digital Cloud should be provided an advantage from an FTA.

#### viii. Artificial Intelligence in Healthcare

Latest Healthcare and Medical developments are facilitated with Artificial Intelligence technologies. Such latest medical and healthcare development is critically dependent on underlying valuable data, from which such implications of improved healthcare is derived from analysis. However, for a successful implementation of Healthcare solution with AI, good quality, reliable and safe underlying data is required for analysis. Bad quality data used in AI would be a huge risk to health and safety of citizens of both EU and Australia.

Surgical tools, including robotic procedures, medical devices and pharmaceutical products, that depend on data, would be efficiently developed when the underlying data is collected with care and due diligence for further such uses.

Businesses that facilitate collection and use of high quality healthcare data, for the purposes of healthcare delivery, scientific medical research and latest surgical products, should be provided a trade advantage from an EU Australia FTA.

#### ix. Telecommunication Infrastructure

Telecommunication is the basic required infrastructure for the digital economy. Safe and secure telecommunication infrastructure is in the interest of both EU and Australia. Latest technological developments including upto 5G and thereon, whilst being a technical marvel, but also has introduced the risk of cheap but unsafe operators introducing such products that jeopardize not only the personal and business data, but even upto the actual personal health of the citizens. Dangerous levels of Electro Magnetic Waves have a considerable risk of several illnesses, including Cancer and other cellular diseases, and have to be considered and tested for a successful and adoptable telecommunication infrastructure.

Whilst the connected and free markets of both EU and Australia is open to all operators of Telecommunication Infrastructure, however, it can be assumed that cheaper and unsafe products that are a serious threat to the health of citizens, would be unacceptable in both EU and Australia. Both the EU and Australia have a high standard of healthcare and health interest of citizens, and that cheaper products leads to illnesses and fatal diseases, is to be assumed for a safe implementation of such products. Hence, the selection and uptake of telecommunication infrastructure is beyond any price selection, that may provide cheaper infrastructure but at other costs such as healthcare costs, is agreeable by the requirements of both EU and Australia.

Businesses that provide services that check the health effects of latest telecommunication infrastructures should be provided an advantage in the EU Australia FTA.

Business that provide proven and safe telecommunication infrastructure operations, agreeable by all regulative requirements, including health check requirements in both EU and Australia, should only be provided an advantage in an EU Australia FTA.

## x. Technology Investments

Latest technology is developed both in the EU and Australia, especially those that advance the current data driven digital economy. However, redundancies and incompatibilities may arise when a similar functionality is developed both in the EU and in Australia that may then not be able to combine for further common usage. Hence, a standardised development of technologies of interest should be adopted by the EU and Australia such that common adaptation and a common market uptake is facilitated. In areas such as platform services, data security, encryption and cloud services, that rely on specific standards and regulations, should be mutually resolved and developed such that the common markets of EU and Australia can uptake such a technology and its associated benefits.

Businesses that invest and develop common technological innovations should be provided an advantage from the FTA. Business that address and develop as per common standards and developing digital regulations should benefit from such FTA.

## Social Economic Engagements

### i. Green Deal

The FTA between Australia and EU should consider a Green Deal for meeting climate change demands. Indeed, as temperatures rise and the world is faced with growing health challenges, an economic trade condition that facilitates trade of goods and services that meet the condition of a Green Deal, would be in the list of items that is to be facilitated by an FTA.

Therefore, items that produce or serve for a Green Environment would be items that are covered by the FTA.

### ii. Green Finance

In a changing world order, the financial impetus of an economic condition has to be geared towards goods and services that provides for this requirement. Accordingly, financial products that provide for or invest into Green Environment should be in the list of items that is covered by the EU Australia FTA. Free flow of financial services should be provided between the partners in order to address the financial needs of this important sector.

### iii. Circular Economy

In a EU Australia FTA, businesses that fulfill the circular economy between EU and Australia should be considered in the list of items. Businesses that have critical facilities between EU and Australia should be allowed to trade items between the parties under an FTA condition. Especially with the risk of counter-vailing, a circular economy consideration in an FTA would better implement a feature of economic security. In such cases, when a business is facing

threats of counter-vailed competition, it would affect its supply chain and thereby would raise a concern for the balance of trade in a free trading environment.

Businesses that provide established products and services between EU and Australia, with certain parts or services being developed or provided from either economy, should be provided an advantage from a EU Australia FTA. Such businesses would consist of both non-financial sector businesses such as manufacturers or providers of specific services, who would be countered on such products or services being made available between the two economies in a regulated manner. Financial sector businesses such as banks and insurance services would also be considered such that any financial advantage from counter-vailed products or services that may intersect, obstacle or prevent the circular flow of such dependent products or services, are accounted for accurately as per the expectations of the connected EU Australia market in a Free Trade environment.

An EU Australia FTA should provide a trade advantage for businesses that operate in a circular economy product or service delivery. An EU Australia FTA should provide a trade advantage for such financial services that provide assurances against counter-vailed products and services that damage the business interests of businesses in EU and Australia from forming a circular economy.

#### iv. Cultural Projects

An EU Australia FTA should provide trade benefits to organizations that provide for a Cultural Exchange between the two economies. Businesses and Charities that preserve and present the long heritage of culture in both Australia and the EU, should be given an open opportunity to develop such cultural aspects with bilateral exchanges.

Businesses that provide services in music, arts, literature, cinemas and sports should be provided adequate support to trade and represent the cultures of both societies in a connected EU Australia economy. Businesses that connect and represent cultures of both Australia and EU, in their products or services, should be provided a trade advantage in an increasing scale.

Cultural businesses that present the respective EU and Australian cultures bi-laterally, should be provided a trade advantage in an FTA.

Cultural businesses that integrate the cultures of both Australia and EU, should be provided incentives increasingly to such considerations and integrations in their delivered products and services.

#### v. Sustainability

Businesses that engage in sustainable practices is important for the EU, Australia and indeed the world. The pollution that is created as industrial waste, and in the reason of industrial progress is not sustainable and is indeed, harmful for the whole world. Industries producing in a non-sustainable manner, poses a serious risk to economic and health security for all citizens. Whilst the consumer may not be aware of products and services being produced in an un-sustainable manner, it is upto the market regulators to incentivise those industries that undertake a sustainable practice, and to de-incentivise those who do not.

In an EU Australia FTA, businesses that undertake measures to improve sustainability and mutually sustainable practices should be given a trade advantage. Businesses that meet certain international, EU and Australian standards for being a sustainable business will be encouraged to undertake bi-lateral trade.

#### vi. Allied Health Services

For a successful economy, the health of its citizens is paramount. The current Pandemic, with trillions of dollars lost in each real economy, shows that preserving health is a critical requirement for real sustainable economic progress. Failures of businesses that are well regulated and in adherence to market practices in their respective jurisdiction, is an indication of ensuing economic failures that inevitably, has an impact in the health of its citizens. Whilst the other Economic Conditions define the required assurances of economic security with its ultimate assurances on the health and prosperity of the citizens, businesses that provide health assurances in allied health services are important for both the EU and Australia.

Allied health services are important to ensure the well being of citizens, before, during and after any ill health affects, and disorderly management of such services directly affect and deteriorate the health risks of concerned citizens. Both EU and Australia have well regulated healthcare regulations and practices for the best health interest of its citizens, and in a Free Trading environment, it provides a further opportunity to develop such health standards for citizens of both EU and Australia.

Businesses that provide allied health services, including pre and post healthcare services, should be provided an advantage in an EU Australia FTA.

#### vii. Shared Investments

EU and Australia both have a significant economy that is well facilitated with effective investments. Financial money laundering and financial crime has indeed increased in recent times, with easy liquid cash sourced from financially unlawful sources have been introduced in the markets. As an effect, financial crises and financial meltdowns, in EU, Australia and worldwide, has been a downturn for the economic potential for the last few decades. As such unlawful sources are intermittently and gradually identified and addressed, the source of such liquid cash that is being introduced into the free market economy of EU and Australia, increases the risk of economic failures, that have eventuated severally in recent times.

EU and Australia would benefit from shared investments into businesses that would provide a safe and secure market, with reduced credit risks that is inherited in the current environment. By having an established and validated source of financing, the inherent credit risk that is introduced into underlying businesses who may have to forfeit due to creditor fledge, leaving behind unaccompanied and contingent assets, should be addressed by having a secure source of shared fundings. Businesses who have secure sources of financing would perform better long term, as opposed to high-risk, high-value and short term investments from increasingly identifiable and unlawful sources. EU and Australia should encourage with the FTA, sources of business finance that provide a safe and secure line of credit for businesses in both EU and Australia.

Financial businesses that can provide proven sustainable line of credit for EU and Australian businesses should be provided an incentive to trade with the FTA.

An EU-Australia Financial Operator License should be considered for financial investors between EU and Australia.

#### viii. Right to Love

Social integration is an important element of any economic interactions, including the success of an FTA, such as that of EU and Australia. Love is a human expression that transcends borders and connect people more effectively than any other interaction. Love can win what hate does subside. Organizations in EU and Australia who improve or conduce the feeling of Love between its citizens should be encouraged from the FTA. Such businesses could include providers of services that improves mutual understandings between EU and Australia.

Businesses that engage citizens of EU and Australia to develop mutual understandings with direct people-to-people interactions should be provided an advantage from the FTA.

#### ix. Antarctica Environment Protection

Protecting the earth is the responsibility of all, including that of EU and Australia. Antarctica is a last frontier for life on Earth and its gradual degradation, including melting of glaciers and irradiation of wildlife species, is an effect of climate change, global warming and much industrial waste that is dumped into the oceans from un-sustainable practices. Such an effect increases the risk of floods from rising water levels, as a result of melting glaciers. This affects both the EU and Australia, as has been with severe floods that have occurred recently in both economies, causing massive loss of lives and properties.

Businesses that provide products and services to preserve and protect life in Antarctica, should be considered in the FTA.

Businesses in the EU and Australia, that would benefit from mutual trade in developing combined products and services for preservation of Antarctica, should be provided an advantage from an EU Australia FTA.

#### x. Treaty Broken by United Kingdom

The United Kingdom's exit from the European Union, has left significant number of businesses who were previously operating in the EU at the United Kingdom, with severe operational and financial losses. Such businesses were heavily dependent on supply chain and financial resources between Australia and EU to operate effectively. Post exit of the United Kingdom from EU, such businesses in Australia and EU, who were operating with such dependencies should be resolved by the FTA to provide their previously operating and equilibrium state for business.

New and existing businesses who were depending on UK EU Partnership to establish and grow, through logistical and financial support with the EU or Australia, should be afforded a trade advantage from the FTA, to source, supply, process and finance their respective goods



and services, in a seamless manner, as would have been without such market eventuations.

The FTA should provide a trade advantage to such businesses in the EU and Australia who have been impacted by the exit of the United Kingdom from the EU.

#### xi. Resource Muling

Resource Muling is an economic phenomenon where individual persons are encouraged to shift or re-locate between jurisdictions, in order to escape the full implications of the laws, or to profit shift their business in order to maximise earnings. This phenomenon consists of individuals manually carrying money and resources across national borders as a part of their business process, with the intentions of profit-shifting, black marketing resources or providing under-ground supplies.

Whilst the EU does have a free movement of persons, goods and services within its constituent states, however, such movement should still comply with the laws of the contracting states and its local governments, even more so when trading with a third country such as Australia. However, this maybe an economic opportunity that has to be materialized with the effects of a successful EU-Australia FTA, such that no goods or services is muled across borders unlawfully in any state of application of the required regualtions through which such goods or services passes, in its production and deliver to customers in both EU and Australia.

Businesses that provides products or services to prevent Resource Muling in EU and Australia should be provided an advantage in the FTA.

# Operationalizing the Free Trade Agreement

## The FTA Economic Bar

With the above mentioned Economic Conditions as a pre-condition for the Free Trade Agreement, an FTA Economic Bar can be represented as :



Figure 1 : EU Australia FTA Economic Bar

The primary characteristics of the Economic Bar is that there is a flexibility of the allocation of the percentage of trade that can occur under each specific category. Hence, a better negotiating control over the FTA can be achieved by both parties.

At a time when digital economy is of primary and mutual importance,  $de_x$  can be allocated a value of 90%, and  $se_y$  of only 10%. This would mean that more businesses who are into Digital Economy products or services, would be facilitated by the FTA. Conversely, when the requirements change, a comparative value can be adjusted to be around  $de_x$  of 60% and  $se_y$  of 40% when the economic demands are mutually agreed for such a basis of trade interaction.

An economic cycle of at least 5 years should be set for each iteration of evaluating the values of the FTA Economic Bar.

## Example FTA Implemented

For the year 2021 to 2026, the values of the Economic Bar is set to:

- a. Digital Economy = 70%
- b. Social Economic = 30%

Accordingly, businesses that are in the associated category and satisfies a specific Economic Condition, are provided the benefits of free trade.

The particular developments of negotiation and associated resolutions, would be to identify the exact nature of businesses that meet both the Economic Conditions and would also be within the specified value of the Economic Bar, simultaneously agreeable by the economic interests of both EU and Australia.

Economic Condition	Business Category
<b>A. Digital Economy (60% of Economic Bar)</b>	
Enabling Digital Economy	Platform Service (e.g. Search Engine, Social Media etc.)
Enabling Digital Economy	E-Commerce Platforms (approved online marketplace)
Data Security	Encryption Services
Data Security	Data hubs
Cybersecurity	Cybersecurity Software Services
Cybersecurity	Cybersecurity Hardware Services
Cybersecurity	Offline Services
Personal Data Protection	Data Messaging Services
Personal Data Protection	Data Repositories
Free Flow of Data	Data Postal Services
Free Flow of Data	Data Storage Services
Industrial Data	Data Protection Services
Industrial Data	Data Validation Services
EU-Australia Cloud	Data Hosting Services
AI in Healthcare	Data Collection Services
AI in Healthcare	Data Assurance Services
Telecommunication Infrastructure	Wireless Communication Infrastructures
Technology Investments	Financial Services
<b>B. Social Economic (40% of Economic Bar)</b>	
Green Deal	Water Preservation
Green Finance	Financial Services
Circular Economy	Logistical Support
Cultural Projects	Cinema Productions
Sustainability	Industrial Waste management
Allied Health Services	Patient Care Services
Shared Investments	Financial Services
Right to Love	Personal Interaction Services
Antarctica Environment Protection	Wildlife Protection Services
Treaty Broken by UK	Food Services
Resource Muling	Security Services

Table 1 : Example Implementation of Economic Bar in EU Australia FTA

## Opportunities of the Free Trade Agreement

The Economic Conditions and Economic Bar method of a Free Trade Agreement between the EU and Australia would provide several opportunities for a mutual, assisted and co-ordinated economic progress of both EU and Australia.

This method of FTA would provide an opportunity and an incentive to analyse and assess for economic viability and prosperity, those business entities within Australia, who have potential for bi-lateral trade. As bi-lateral trade is most effective when there is considerable incentive to undertake such trade, developing the export market in EU and Australia being mutually considerable, provides this unique opportunity to prosper through a methodical and pre-analysed trade, that has defined expectations of mutual economic prosperity.

An opportunity exists for both EU and Australia, to better develop market data, to derive the particular sectoral benefits and advantages that would meet the requirements of the defined and derived Economic Conditions.

Particular mutual steps to implement the FTA could consist of :

- a. Collect market data on several sectors of initial interest
- b. Collect market data on resources, finances and supply chain for products and services
- c. Collect data on future digital and social economic opportunities
- d. Dissect such current and future opportunities per market data
- e. Exchange and Engage such market evaluations bi-laterally

EU and Australia could engage in a Pre Trade Working Group, that collects defined sectoral data that is to be used for trade purposes. The purpose of such a Working Group would be to define a standardised method of collecting and representing market data, such that risks due to terminological and standard differences between Australia and EU, does not cause a risk of failure for the collected and utilized market data to be used for the Economic Bar.