



# MINERALS COUNCIL OF AUSTRALIA

## AUSTRALIA-EU FTA: IMPLICATIONS FOR AUSTRALIA'S MINING INDUSTRY

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## EXECUTIVE SUMMARY

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### **Economic benefits for Australia**

The benefits of trade liberalisation are well-known and have enjoyed bipartisan support in Australia since the 1980s. Trade boosts growth, supports jobs, improves living standards and forges more competitive local industries. A study by the Centre for International Economics has shown that the trade liberalisation policies adopted by Australia between 1986 and 2016 have boosted real GDP by 5.4 per cent, and increased the average family household's real income by \$8,448 a year.

As a bloc, the EU is Australia's second-largest trading partner with two-way trade worth just over \$100 billion in 2017-18. Australia already has FTAs with its other top five trading partners, China, Japan, the United States and South Korea. An FTA with the EU would be a significant addition to Australia's network of bilateral and regional FTAs. Following the ratification of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11), and with the exception of India, an Australia-EU FTA would effectively 'unlock' trade liberalisation with Australia's major trading partners and investors in the Northern Hemisphere.

### **Australia's resources trade with the EU**

The EU is not a major market for Australian mining exports when compared to the markets of North-East Asia. That said, coal, gold and lead are nonetheless Australia's largest goods exports to the European bloc.

Australia's largest goods export to the EU in 2017-18 was coal, worth \$4.2 billion, or seven per cent of Australia's total global coal exports. This is a growth of 27 per cent in 12 months (predominantly to the Netherlands, France, Belgium, Italy, Germany and the UK).

Gold was Australia's second largest goods export to the EU, worth \$3.96 billion (or 22.5 per cent). The main export markets were the UK, Switzerland and Germany. Australia's lead exports to the EU were worth \$590 million in 2017, predominantly to the UK and Belgium. Australia supplied 19 per cent of the EU's total lead requirements in 2017.

### **EU Tariffs on Minerals Imports**

Reducing the EU's final bound duties for minerals (which average 2 per cent and include maximum duties of 12 per cent) and petroleum (average 3.1 per cent, maximum 5 per cent) would improve the competitiveness of Australia's resource exports to EU markets and provide certainty for Australian exporters by legally binding, or locking in, these gains

Tariffs at the higher end of these ranges are imposed on basic metals manufactures such as aluminium, ferro-alloys and a number of base metals such as titanium, zirconium and antimony should also be reduced to zero.

### **EU Critical Minerals Strategy**

Metallurgical coal is listed as a critical mineral by the European Commission, and Australia's high-quality coal (low sulphur and phosphorous content and high heating value) coupled with reliability of supply is of critical importance to the EU.

Supported by international investment, Australia is well placed to supply the majority of the other 26 materials listed as 'critical' by the Commission, including cobalt, platinum-group elements, antimony, beryllium, bismuth, helium, indium, niobium, tantalum and tungsten.

### **Mining services trade**

As a bloc, the EU is Australia's second largest services export market, with services exports accounting for nearly 40 per cent of Australian exports to the EU. Australia exported \$11.48 billion in services to the EU in 2017-18 and imported \$22.6 billion in the same period.

Exports are also a key component of the METS industry, with the Department of Industry, Innovation & Science finding that over half of all businesses operating in the METS sector exporting products, services or technology to mines around the world.<sup>1</sup> While Indonesia is the top market for the METS sector – and other important markets include New Zealand, US, Chile, PNG and the Philippines – Australian companies have mining technology patent filings in Europe.<sup>2</sup> For the mining services sector, services liberalisation can provide benefits in access to and the provision of METS services as well as education.<sup>3</sup>

## Trade and Sustainable Development Chapters

The MCA notes that sustained global action is required to reduce the risks of human-induced climate change. The Australian minerals sector supports a measured, technology neutral transition to a low emissions global economy.

However in its trade for all trade and investment policy, the EU requires that all of its FTAs include a Sustainable Development chapter ‘which aims to maximise the leverage of increased trade and investment on issues like decent work, environmental protection, or the fight against climate change in order to achieve effective and sustainable policy change’.

The MCA has concerns regarding the inclusion of a sustainable development chapter, where such a chapter allows narrow and vested interests to attack Australia’s mining projects and exports. Mining provides over 55 per cent of all Australian export earnings, directly and indirectly employs 1 in 10 Australians, is broadly supported as sustainable economically, socially and environmentally, is important to regional communities and a response to increasing product demand.

In short, the Australia-EU FTA, or other trade agreements, are not the appropriate mechanisms to measure countries’ climate change or environmental policies or labour laws and standards. The use of FTAs to impose EU policy, priorities on another sovereign nation, whether related to climate change, labour market conditions, or otherwise is inappropriate and should be forcefully rejected.

Similarly, the MCA disagrees with the use of a Domestic Advisory Group, including ‘social and environmental stakeholders’ in an Australia-EU FTA, similar to the one established in the EU-Japan Economic Partnership Agreement, approved by the European Parliament on 12 December 2018. Moreover, the MCA disagrees with the convening of a Joint Dialogue as established in the EU-Japan Economic Partnership Agreement, which allows narrow interest groups to review and police the implementation of the sustainability chapter of the FTA.

## EU Investment in Australia

In 2017, the EU’s foreign direct investment in Australia was valued at \$165 billion and Australian foreign direct investment in the EU was valued at \$105 billion. The EU’s total investment in Australia is \$1.08 trillion, more than the single largest country investor in Australia, the United States (\$896 billion). In the last ten years, the total stock of EU investment in Australia has doubled. However, stock of the EU27 has increased four-fold. It is important to note that almost half of the EU’s total stock of investment in Australia originates from the United Kingdom at A\$481 billion in 2017, a significant advantage for UK companies seeking access to upstream minerals and energy supplies.

International investment has long provided the finance and technology that helps make Australia a world-leading exporter of minerals. The value of foreign direct investment in Australia’s resources sector increased eight-fold between 2001 and 2017, from \$37 billion to \$315 billion, or 37 per cent of FDI in Australia. Following the resources boom commencing in the early 2000s, few new ore resources have been identified. So while Australia’s tier one resources continued to be exploited, over two-thirds of Australia’s landmass – that is around 5 million km<sup>2</sup> – remains unexplored.

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<sup>1</sup> Department of Industry, Innovation and Science, [Mining Equipment, Technology and Services Industry](#)

<sup>2</sup> Deloitte Access Economics, Mining and METS: engines of growth and prosperity for Australians, Report prepared for the Minerals Council of Australia, December 2017, p. 8

<sup>3</sup> Austmine, ‘New realities, bigger horizons, Australian Mining Equipment, Technology and Services (METS) National Survey, June 2015

In the European Commission's Impact Assessment, European business stakeholders saw Australia as a relatively restrictive investment destination, including criticisms about Australia's foreign investment screening thresholds and limits on equity, including in telecommunications and airlines and some sectoral restrictions, including financial services, professional services and transport. The same assessment adds that European investors are at a disadvantage to Australia's FTA partners.

The prospects of Brexit means that both the EU and United Kingdom will be focusing on further developing trade and investment links with Australia. For the EU in particular, it means that the remaining 27 countries will need to build its own investment linkages, rather than relying on Australia's longstanding relationship with the UK.

### **State-to-State dispute settlement mechanism**

The MCA's preference is for FTAs to include ISDS provisions, as it provides a mechanism investors to seek mediation and arbitration where they claim that a government has breached the investment commitments it has made under the agreement. Nonetheless, State-to-State dispute settlement procedures, similar to the provisions of the Australia-US Free Trade Agreement still provide a mechanism for disputing parties to seek relief, particularly in relation to expropriation of assets and investments. This provides some degree of investment certainty and reducing Australia's sovereign risk.

## OVERVIEW

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Australia and the European Union (EU) formally launched Free Trade Agreement (FTA) negotiations on 22 May 2018. An Australia-EU FTA would present significant opportunities for Australia given the scale of the EU as a market. The EU's member countries have a combined population of more than 508 million and comprise 22.5 per cent of world GDP.

As a bloc, the EU is Australia's second-largest trading partner with two-way trade worth just over \$100 billion in 2017-18. Australia already has FTAs with its other top five trading partners, China, Japan, the United States and South Korea. An FTA with the EU would be a significant addition to Australia's network of bilateral and regional FTAs, and following the ratification of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11), with the exception of India, an Australia-EU FTA would effectively 'unlock' trade liberalisation with Australia's major trading partners in the Northern Hemisphere.

Mining and mining services are among the industries which could benefit from an Australia-EU FTA. While the EU is not currently a major market for Australian mining exports compared to North-East Asia's economies, coal, gold and lead are Australia's largest goods exports to the EU<sup>28</sup>. Australian exports of these three commodities to the EU were worth around \$9.3 billion in 2017-18. Of the \$17.4 billion of total goods exports to the EU Australia's minerals exports were worth around \$10 billion (excluding confidential items of trade, which includes commodities such as uranium).

The EU imposes relatively low tariffs on most resources commodities. Tariffs on Australia's biggest commodity exports such as coal and iron ore are zero. However, there are a several minerals, metals and energy commodities (processed, semi-processed and unprocessed) where the EU imposes most favoured nation (MFN) tariffs of up to nine per cent. These include aluminium, lead, zinc, titanium and antimony.

The MCA will call for duty-free access for all Australian resources commodities as part of the proposed FTA. The MCA also calls for duty-free access for processed and semi-processed commodities, which further supports the growth of downstream industries and jobs in Australia.

Australian mining would also benefit from reductions in Australian tariffs on imports of European mining-related equipment and manufactures, including machinery, heavy vehicles and chemicals. An Australia-EU FTA which does so would level the playing field and increase competition for goods such as mining equipment, thereby supporting investment in mining and processing in the Australian market.

The FTA negotiations should also include a strong focus on services, investment, and business regulation with commitments in these areas likely to enhance the economic relationship between Australia and the EU.

The prospects of Brexit has the potential to encourage both the EU and UK to further develop trade and investment links with Australia. For the EU in particular, it means that the remaining 27 countries will need to build linkages, rather than relying on Australia's relationship with the UK and longstanding, well established investment in resources projects, production capacity and related infrastructure.

The EU has said it is seeking an agreement that it is 'deep and comprehensive' and will aim for a 'high degree of ambition in the area of services', as per standard EU FTA objectives, this will likely include<sup>4</sup>:

- Tariffs cuts on goods, including manufactures, agricultural products and resources commodities

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<sup>4</sup> See Jane Drake-Brockman, *Trade and investment between the EU and Australia*, published in Australian Institute of International Affairs Australian Outlook, 25 May 2017; and Pascal Kerneis, *EU-Australia free trade talks: services essential* published in Australian Institute of International Affairs Australian Outlook, 25 January 2017

- Liberalising non-tariff barriers to goods trade such as product and technical standards
- Services provisions to liberalise trade in services and movement of people
- Investment provisions, including market access and post-establishment protections for investors
- Intellectual property rights such as copyrights, patents and data flows
- Public procurement policies to provide access to government procurement markets including at central, regional and local government levels
- State-to-state dispute settlement
- Regulatory disciplines and cooperation
- The EU's standard objectives for a sustainable development chapter including rules on labour and the environment.<sup>5</sup>

The European Trade Council has however, called for an FTA to include 'the full exclusion of the most sensitive sectors'.<sup>6</sup> This is likely to include agriculture and fisheries protections. While these agricultural trade issues are likely to attract media attention, investment, services and opportunities for Australian business involvement in global supply chains with European partners will also be important issues for the negotiations and for the future of the Australian-EU economic relationship.<sup>7</sup>

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<sup>5</sup> See Jane Drake-Brockman, 'Trade and investment between the EU and Australia', published in Australian Institute of International Affairs Australian Outlook, 25 May 2017; and Pascal Kerneis, 'EU-Australia free trade talks: services essential' published in Australian Institute of International Affairs Australian Outlook, 25 January 2017.

<sup>6</sup> [Recommendation to the Council on the proposed negotiating mandate for trade negotiations with Australia \(2017/2192\(INI\)\)](#), 23 October 2017

<sup>7</sup> Suder, Gabriele, 'The business case for a free trade agreement between the European Union and Australia', *Australian Journal of International Affairs*, 72(3), pp 272-86, 2018.

## BENEFITS OF TRADE AND INVESTMENT LIBERALISATION

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It is in Australia's national interest to support continued trade liberalisation, access to international investment and open markets, particularly in the current global environment of rising protectionism. Trade agreements play an important role in boosting trade and maintaining trade liberalisation and market opening.

Trade allows countries to specialise – by concentrating resources in areas they do best, and trading with other countries, they can improve efficiency and boost living standards. A central insight in economic analysis is that there are 'gains from trade' – all countries will be better off if they specialise in activities where they have a comparative advantage and then trade these goods and services for products which other countries can produce relatively more efficiently.

Trade liberalisation gives countries access to export markets, generating export earnings which support domestic demand. By selling into export markets firms can increase their production and improve productivity by gaining economies of scale. Exporting also improves productivity by exposing firms to new ideas, technologies and production methods – 'learning by exporting'.

Trade agreements can boost trade because they reduce trade costs through cutting and removing tariffs, easing non-tariff barriers and streamlining customs and other administrative procedures and costs associated with trade.<sup>8</sup>

Trade now accounts for 42 per cent of economic output and one in every five jobs in Australia rely on trade.<sup>9</sup> Trade liberalisation over the past 35 years has increased the income of the average Australian family household by an estimated \$8,448 a year.<sup>10</sup> The increased income is a consequence of reduced tariffs on imported goods and services and the contribution of trade liberalisation to economic growth. It is important to note that lower tariffs give greater purchasing power, and therefore benefit the living standards of lower income households.

Reducing trade barriers, pursuing more open and inclusive international trading relationships and providing trade-related aid and development assistance will support the growth and development of the economies of both trading partners – it is not a zero sum game. All countries gain by exporting and importing. Imports lower prices, provide variety, expand inputs and increase productivity. Trade also plays a powerful role in economic development and raising living standards.

An FTA with the EU will add to the array of agreements to which Australia is a party extend across bilateral, multilateral and regional trade agreements and include the Trans-Pacific Partnership (TPP-11), the ASEAN-Australia-New Zealand Free Trade Agreement and Australia's network of more than a dozen bilateral free trade agreements. A concluded FTA with the EU, means that Australia will have free trade agreements with countries that accounts for more than 80 per cent of Australia's trade.<sup>11</sup>

The Australia-EU Free Trade Agreement will further boost the value of Australia's economic relationship with Australia's currently largest single market. It will provide direct benefits to Australian business in the form of reduced tariffs on exports of goods, greater access for Australian services, reduced trade costs through more streamlined customs and administrative arrangements, and greater certainty and stability around two-way investment links.

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<sup>8</sup> Head, K. and Thierry Mayer, 'Gravity Equations: Workhorse, Toolkit and Cookbook', in Gita Gopinath, Elhanan Helpman and Kenneth Rogoff (eds), *Handbook of International Economics: Volume 4*, Elsevier, 2014, pp. 131-95.

<sup>9</sup> Department of Foreign Affairs and Trade, *Composition of Trade 2016-17*, Canberra, January 2018; ABS, *Australian National Accounts: National Income, Expenditure and Product*, December 2017, Cat No 5206.0; Centre for International Economics, *Australian trade liberalisation: Analysis of the economic impacts*, Report prepared for the Department of Foreign Affairs and Trade, Canberra, October 2017, p. 8.

<sup>10</sup> Centre for International Economics, *ibid.* pp. 13-14.

<sup>11</sup> The Australian Government, 2017 [Foreign Policy White Paper](#): Opportunity, Security, Strength, November 2017, p.61



## AUSTRALIA-EU MINERALS TRADE RELATIONSHIP

### Australia-EU Trade relationship

As a bloc, the 28 member countries comprising the EU are Australia's second largest trading partner. In 2017-18, two-way goods and services trade between Australia and the EU was worth just over \$100 billion, exceeded only by China where two-way trade was worth \$183.4 billion.

Australia's exports of goods and services to the EU were valued at \$28.9 billion in 2017-18, representing almost 6 per cent of total exports. Of the A\$28.9 billion, Australia exported A\$11.8 billion to the UK.

The European bloc ranked as Australia's third largest export market after China (\$110.4 billion) and Japan (\$44.6 billion). Goods exports to the EU were worth \$17.4 billion (making the bloc Australia's fourth largest goods export market in 2017-18) while services exports were worth \$11.6 billion (Australia's second largest services export market).<sup>12</sup>

### Australia's resources trade with the EU

While the EU is not a major market for Australian mining exports when compared to the markets of North-East Asia, coal, gold and lead are nonetheless Australia's largest goods exports to the European bloc. Table 1 gives details of Australia's top minerals commodity exports to the EU. A breakdown of major minerals exports to individual EU countries is at Appendix A.

**Table 1: Top Australian minerals exports to the EU**

Rank (Australian goods exports to the EU)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	2,311,801	4,206,126	4,107,449	-2.3	11.2
2	Gold	4,005,212	3,985,886	3,309,977	-17.0	26.1
6	Lead	519,537	590,015	423,904	-28.2	5.1
7	Gold coin and legal tender coin	536,227	466,871	403,889	-13.5	0.0
8	Other ores & concentrates	266,922	305,507	390,794	27.9	-13.8
12	Precious metal ores & conc (excl gold)	220,710	326,114	273,927	-16.0	1.2
13	Pearls & Gems	382,268	277,129	272,949	-1.5	-4.1
	Confidential items of trade	749,961	720,767	1,084,963		

Source: Australian Bureau of Statistics, [International Trade in Goods and Services](#), ABS cat. no. 5368.0, released September 2018.

<sup>12</sup> Department of Foreign Affairs and Trade, [Composition of Trade Australia 2016-17](#), January 2018.

## Coal

Australia's largest goods export to the EU in 2017-18 was coal, worth \$4.2 billion, or seven per cent of Australia's total coal global exports. This is a growth of 27 per cent in 12 months (predominantly to the Netherlands, France, Belgium, Italy, Germany and the UK).

As detailed below, metallurgical coal is listed as a critical mineral by the European Commission, and Australia's high-quality coal (low sulphur and phosphorous content and high heating value) coupled with reliability of supply is of critical importance to the EU. Furthermore, EU member states only produce around 2 per cent of global metallurgical coal, predominantly in Germany, Poland and the Czech Republic.

However, as the EU produces around 10 per cent of global steel, the EU is a net importer of metallurgical coal, predominantly from the US (39 per cent), Australia (36 per cent) and Russia (9 per cent).<sup>13</sup>

## Gold

Gold was Australia's second largest goods export to the EU, worth \$3.96 billion out of \$17.6 billion of Australia's total global gold exports. The main export markets were the UK, Switzerland and Germany. While gold exports to the EU dropped 43.7 per cent from 2016-17 to 2017-18, with the EU seeking to diversify its imports of gold, including from South Africa, there are further opportunities for Australian exporters to the EU.<sup>14</sup>

## Lead

Australia's lead exports to the EU were worth \$590 million in 2017, predominantly to the UK and Belgium. Australia supplied 19 per cent of the EU's total lead requirements in 2017.<sup>15</sup>

## Other commodities

The EU is only a minor export destination for Australia's other major minerals and energy exports, including iron ore, liquefied natural gas or petroleum, especially by comparison with the major economies of East Asia (Table 2).

Furthermore, increased global competition for resources, particularly for commodities such as copper, iron ore, cobalt and lithium, trade agreements and support of free trade and open markets helps provide greater security of supply for European countries, particularly with raw commodity markets becoming under increasing pressure to impose export restrictions.

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<sup>13</sup> The European Commission, [Study on the Review of Critical Raw Materials: Non-critical Raw Materials](#), 13 September 2017, pp.66-70

<sup>14</sup> Ibid, pp.124-126

<sup>15</sup> The European Commission, [Study on the Review of Critical Raw Materials: Non-critical Raw Materials](#), 13 September 2017

**Table 2: Selected Australian commodity exports to East Asia and the EU, 2017**

Rank (Aust goods exports)	Commodity	East Asia (\$ billion)	EU (\$ billion)	Total Australian exports
1	Iron ore & concentrates	63.1	n/a	63.1
2	Coal	41.5	4.2	56.8
3	Natural Gas	n/a	n/a	25.6
4	Gold	11.9	3.96	17.6
8	Crude Petroleum	4.0	n/a	5.2
9	Copper ores & concentrates	4.0	n/a	4.8
12	Aluminium	2.9	n/a	3.45
14	Copper	2.8	n/a	2.98
17	Other ores and concentrates	2.2	.356	2.6
20	Refined petroleum		n/a	2.4
27	Precious metals and ores (excl gold)	1.4	.241	1.7
28	Zinc	1.4	n/a	1.6
31	Crude minerals	1.3	n/a	1.3
36	Lead	n/a	.591	1.2
37	Non-ferrous waste & scrap	n/a	n/a	1.1
47	Ferrous waste & scrap	n/a	n/a	.819
52	Liquefied propane & butane	n/a	n/a	.734
54	Gold coin & legal tender coin	n/a	.394	.676
55	Pearls & gems	n/a	.267	.669
63	Manufactures of base metal	n/a	n/a	.427
68	Silver & platinum	n/a	.297	.372
78	Nickel ores & concentrates	n/a	n/a	.275

Source: Department of Foreign Affairs and Trade *Composition of Trade 2017* and associated pivot tables. East Asia comprises China, Japan, the Republic of Korea and the 10 ASEAN economies.

## Europe's mining sector

While Europe's economy is dominated by services and advanced manufacturing, Europe still has a rich, active and growing minerals sector. For example, the EU is the world's largest producer of industrial minerals. Despite its growing services sector, and decline of basic manufacturing, the EU's mineral production has remained stable for the last 20 years. However, its share of global production continues to decrease due to growth in other regions, particularly Asia.<sup>16</sup>

For example. The EU-28 produces 5 per cent of the world's aluminium, 5 per cent of the world's copper, 4 per cent of the world's lead, and 6 per cent of the world's zinc. There are significant iron ore operations in Sweden and Romania, coal production in Poland and Romania, copper in Spain, Romania and Poland and lithium in Finland and Germany.<sup>17</sup>

## EU tariff barriers for mining goods

Market access barriers for many minerals and energy products are relatively low under the EU's existing common external tariff (which applies to Australia's exports to the EU). The EU's applied most favoured nation (MFN) tariffs on coal and gold, for example, are zero. However, the EU does apply MFN tariffs of up to nine per cent on some individual minerals and metals commodities. Furthermore, while the EU's applied tariffs on resources products are low, in some cases its 'bound' tariff rates – the rates set out under its World Trade Organization commitments – are higher. The EU has cut tariffs on these products to zero in the vast majority of tariff lines in almost all of its FTAs and other preferential trading arrangements with partner countries such as South Africa, Chile, Peru, Mexico, Korea and Turkey.

Reducing the EU's final bound duties for minerals (which average 2 per cent and include maximum duties of 12 per cent) and petroleum (average 3.1 per cent, maximum 5 per cent) would improve the competitiveness of Australia's resource exports in EU markets and provide certainty for Australian exporters by legally binding, or locking in, these gains. Tariffs at the higher end of these ranges are imposed on basic metals manufactures such as aluminium, ferro-alloys and a number of base metals such as titanium, zirconium and antimony.

However, as detailed in Table 4, the EU maintains relatively high tariffs on Australia's critical minerals. Tariffs are applied to imports into the EU of rare earths (2.7 per cent), lithium oxide and hydroxide (5.3 per cent), light and medium oils of petroleum or bituminous mineral (maximum ad valorem duty of 4.7 per cent), propane (maximum ad valorem duty of 8 per cent), chlorine (5.5 per cent), calcium (5.5 per cent), mineral fertilizers (6.5 per cent) and a number of chemicals including sodium hydroxide (5.5 per cent) and zinc oxide (5.5 per cent).<sup>18</sup>

Table 4 below provides details of EU tariffs on selected minerals and metals products, based on the EU's most recently available notifications to the WTO. While most of these products are not sizeable Australian exports to European countries, the Australian Government should seek the removal of these tariffs in FTAs with the EU and the UK. A more detailed breakdown of EU bound and applied MFN tariffs on resource imports is at Appendix B.

The Australia-EU FTA could potentially also open new markets for Australian manufacturing and energy resources exports to major European markets, through tariff reductions on for example, refined petroleum (3.7-4.7 per cent), propane (8 per cent).

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<sup>16</sup> Euromine, [Raw Materials Scorecard](#): European innovation partnership on raw materials, 18 November 2018, accessed 6 February 2019, pp.9-12

<sup>17</sup> *ibid*

<sup>18</sup> World Trade Organization tariff download facility, accessed December 2018

**Table 4: European Union MFN applied tariffs on selected minerals products**

HS code	Product	Number of tariff lines	Average ad valorem duties (per cent)	Maximum ad valorem duty (per cent)	Duty free tariff lines (per cent)
2520	Lithium oxide and hydroxide	1	5.3	5.3	0
	Lithium Carbonates	1	5.5	5.5	
7108	Gold, incl. gold plated with platinum, for non-monetary purposes	3			
7202	Ferro-alloys	22	2.8	7	28.9
7407	Copper bars, rods and profiles	4	4.8	4.8	0
7505	Nickel bars, rods and profiles	4	1.5	2.9	50
7506	Nickel plates, sheets, strip and foil	2	1.7	3.3	50
7601	Unwrought aluminium	3	4.5	6	0
7603	Aluminium powders and flakes	2	5	5	0
7604	Aluminium bars, rods and profiles	5	7.5	7.5	0
7606	Aluminium plates, sheets and strips	10	7.5	7.5	0
7801	Unwrought lead	4	2.1	2.5	16.7
7804	Lead plates, sheets, strip and foil; lead powders and flakes	3	3.3	5	33.3
7901	Unwrought zinc	5	2.5	2.5	0
7904	Zinc bars, rods, profiles and wire	1	5	5	0
8101	Tungsten and articles thereof	6	4.5	7	20
8102	Molybdenum and articles thereof	6	4.2	7	16.7
8105	Cobalt mattes and other intermediate products	3	1	3	66.7
8107	Cadmium and articles thereof	3	2.3	4	0
8108	Titanium and articles thereof	6	5.7	7	0
8109	Zirconium and articles thereof	3	4.7	9	33.3
8110	Antimony and articles thereof	3	4.7	7	33.3
8111	Manganese and articles thereof	3	1.7	5	66.7

Source: World Trade Organization tariff download facility, accessed February 2019

## EU CRITICAL MINERALS STRATEGY

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### Europe's mining sector

While Europe's economy is dominated by services and advanced manufacturing, Europe still has a rich, active and growing minerals sector. For example, the EU is the world's largest producer of industrial minerals. Despite its growing services sector, and decline of basic manufacturing, the EU's mineral production has remained stable for the last 20 years. However, its share of global production continues to decrease due to growth in other regions, particularly Asia.<sup>19</sup>

For example, the EU-28 produces 5 per cent of the world's aluminium, 5 per cent of the world's copper, 4 per cent of the world's lead, and 6 per cent of the world's zinc. There are significant iron ore operations in Sweden and Romania, coal production in Poland and Romania, copper in Spain, Romania and Poland and lithium in Finland and Germany.<sup>20</sup>

### EU critical minerals strategy

As key components that are crucial to Europe's advanced manufacturing industries, including being used in a broad range of modern technologies, the European Commission has published a list of critical raw materials – or critical minerals – that 'are of importance to the EU economy and of high risk associated with their supply'.<sup>21</sup> With 27 materials listed as 'critical' by the Commission, the list takes into account economic importance and supply risk, and includes cobalt, indium, silicon, tungsten and vanadium as well as metallurgical coal.

**Table 5: EU Critical Raw Materials**

EUROPEAN UNION CRITICAL RAW MATERIALS: 2017			
Antimony	Fluorspar	LREEs	Phosphorus
Baryte	Gallium	Magnesium	Scandium
Beryllium	Germanium	Natural graphite	Silicon metal
Bismuth	Hafnium	Natural rubber	Tantalum
Borate	Helium	Niobium	Tungsten
Cobalt	HREEs	PGMs	Vanadium
Coking coal	Indium	Phosphate rock	

China is the major supplier of critical minerals to Europe, supplying 62 per cent of the EU's critical minerals, such as rare earth elements and magnesium. Brazil, Russia and South Africa are also important suppliers of critical minerals to the EU.

### Australia's critical minerals production

Australia holds large resources, or has the potential for significant resources, and is therefore well placed to be a potential supplier of many of the EU's critical minerals requirements. Geoscience Australia undertook an evaluation of Australia's range of critical commodities, and ability to supply critical commodities to global markets.<sup>22</sup> Geoscience Australia assessed that Australia has high resource potential for seven commodities, two of which are included in the EU's Critical Raw Materials list: cobalt and platinum-group elements.

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<sup>19</sup> Euromine, [Raw Materials Scorecard](#): European innovation partnership on raw materials, 18 November 2018, accessed 6 February 2019, pp.9-12

<sup>20</sup> *ibid*

<sup>21</sup> The European Union, [Critical Raw Materials Policy](#), accessed 6 February 2019

<sup>22</sup> Geoscience Australia, [Critical commodities for a high-tech world: Australia's potential to supply global demand](#), 14 August 2013

Geoscience Australia also assessed that Australia has ‘category two’ resource potential to deliver an additional eight minerals that are considered to be of the highest criticality by the EU: antimony, beryllium, bismuth, helium, indium, niobium, tantalum and tungsten.

Minerals including antimony, indium, gallium, germanium are largely by-products of refining of major commodities including zinc, copper, lead, gold, aluminium and nickel, Australia has significant resource potential in these commodities to help supply the EU’s demands.

### **Opportunities for lithium exports**

While the EU’s Critical Raw Materials list does not include lithium, partly as detailed above, with lithium operations in Finland, Poland and Germany, the EU imports 86 per cent of its lithium needs, mainly from Chile and Australia.<sup>23</sup> Australia remains the world’s largest producer of lithium.<sup>24</sup>

The Australian Government’s 2030 Resource Taskforce recommendation for further ‘collaboration between industry and governments on the development of critical minerals’ to encourage development of new exports and export markets. Furthermore, as detailed in the Government’s strategy, on lithium production and exports, *Lithium-Ion Battery Value Chain: New Economy Opportunities for Australia*<sup>25</sup> Western Australia is well placed to supply Europe’s lithium requirements to upscale the EU’s lithium-ion manufacturing capacity, in response to Europe’s growing number of EV plants<sup>26</sup>.

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<sup>23</sup> Euromine, *op cit*

<sup>24</sup> The Australian Government, Resources 2030 Taskforce Report: Australian resources—providing prosperity for future generation, 21 September 2018, p.37

<sup>25</sup> Australian Trade Commission, Lithium-Ion Battery Value Chain: New Economy Opportunities for Australia, 11 December 2018, accessed 6 February 2019

<sup>26</sup> *Ibid*, p.15

## MINING SERVICES TRADE

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The EU is by far the world's largest exporter of services with US\$985 billion (AU\$1.349 trillion) worth of services exports in 2014, representing more than 25 per cent of global exports. It is also the largest importer of services in the world – and the world's biggest investor in the services sector. An FTA could therefore offer a potential opportunity for Australia to leverage its own strengths in services.<sup>27</sup>

As a bloc, the EU is Australia's second largest services export market, with services exports accounting for nearly 40 per cent of Australian exports to the EU. Australia exported \$11.48 billion in services to the EU in 2017-18 and imported \$22.6 billion in the same period.

Top services exports included \$907 million in transport services and \$8.00 billion in travel services, including education and tourism-related expenditure. Financial services exports were \$ 951 million, Telecommunication and ICT was worth \$982 million and other business services were worth \$1.69 billion.<sup>28</sup>

Furthermore, according to the Trade in Value Added (TiVA) indicators and database developed by the Organisation for Economic Cooperation and Development (OECD) and the World Trade Organization 36.3 per cent of Australian goods exports are services embedded into exported goods.<sup>29</sup>

Exports are also a key component of the METS industry, with the Department of Industry, Innovation & Science finding that over half of all businesses operating in the METS sector exporting products, services or technology to mines around the world.<sup>30</sup> While Indonesia is the top market for the METS sector – and other important markets include New Zealand, US, Chile, PNG and the Philippines – Australian companies have mining technology patent filings in Europe.<sup>31</sup>

For the mining services sector, services liberalisation can provide benefits in access to and the provision of METS services as well as education, in areas such as<sup>32</sup>

- Services incidental to mining, including environmental assessments and mine closures
- Engineering services, including maintenance and repair and water and waste water management
- Construction services
- Legal services
- Computer services
- Accounting services
- Energy services

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<sup>27</sup> Pascal Kerneis, *op cit*

<sup>28</sup> Australian Bureau of Statistics, *International Trade in Goods and Services*, ABS cat. no. 5368.0, released on 5 April 2018

<sup>29</sup> Pascal Kerneis, *op cit*

<sup>30</sup> Department of Industry, Innovation and Science, [Mining Equipment, Technology and Services Industry](#)

<sup>31</sup> Deloitte Access Economics, Mining and METS: engines of growth and prosperity for Australians, Report prepared for the Minerals Council of Australia, December 2017, p. 8

<sup>32</sup> Austmine, 'New realities, bigger horizons, Australian Mining Equipment, Technology and Services (METS) National Survey, June 2015



## Barriers to services trade

While Australia's offensive interests will be developed following stakeholder consultations, it is likely that negotiations related to services would reflect offers made in the proposed plurilateral Trade in Services Agreement, including:

- Market access
- Regulatory disciplines and cooperation for companies and individuals including adopting common or mutually recognised standards (for instance, rules of origin, border control, and biosecurity measures)
- Mutual recognition of qualifications including in professional services like accountancy, auditing, architecture, engineering, law and medicine
- Movement of natural persons and labour mobility provisions, particularly for senior executives and employees with specialised skills, including faster business visas and work permit procedures
- Public procurement (in services) including: construction; architecture and engineering; cleaning and catering; insurance; telecom and IT; security; and environment.

Europe's offensive export interests tend to be in highly regulated sectors where technical standards play a major role for market access. It is also likely that Australia and the EU will negotiate a chapter on disciplines for domestic regulation. This could include provisions dealing with transparency of regulation, consultation with stakeholders, impact assessment, transparency of licensing requirements and procedures.

As with the proposed Trade in Services Agreement, it is also likely that the services chapter or annex in an Australia-EU FTA will include sector specific disciplines in regards to telecoms, postal services, energy, environment, maritime and air transport, financial services, e-commerce, cross border data flows and sector specific regulatory cooperation.

In a period where demand, for example, engineers across Australia continues to grow, coupled with a decline in students applying to study engineering at Australia's tertiary education institutions,<sup>33</sup> the MCA supports a streamlined process to access skilled mining personnel from the EU to help meet the domestic shortfall.

A mutual recognition process between Australia and the EU exists under skilled migration for engineers, provided that they studied at a university whose degrees is recognised under the Washington Accord. Similarly under the Sydney Accord there is a mutual recognition process for trades and other vocational qualifications. The MCA supports measures being included in the Australia EU FTA which expedites skills recognition procedures, providing the applicants hold a qualification under relevant international accords.

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<sup>33</sup> The Australian Financial Review, [Talent search widens to counter shortage of engineers](#), 7 February 2019

## EUROPEAN EXPORTS TO AUSTRALIA

Europe's advanced manufacturing, including machinery, vehicles and transport equipment is reflected in the top merchandise imports from the EU into Australia (Table 6), accounting for 65 per cent of total goods imports from the EU.

**Table 6: Top EU exports to Australia, A\$ billions**

Rank (of EU merchandise exports to Australia)	Product	2015	2016	2017
1	Passenger motor vehicles	6.34	6.757	6.66
4	Goods vehicles	.66	.92	1.18
5	Mechanical handling equipment and parts	1.01	1.02	1.00
7	Civil engineering equipment and parts	.599	.711	.983
8	Measuring and analysing instruments	1.09	.98	.98
9	Specialised machinery & parts	.85	.78	.93
11	Vehicle parts & accessories	.68	.70	.74
12	Telecom equipment & parts	.67	.76	.70
13	Misc manufactured articles	.66	.67	.69
16	Pumps (excl liquid pumps) & parts	.68	.66	.63
17	Electrical machinery & parts, nes	.56	.51	.57
18	Electrical circuits equipment	.59	.52	.56
19	Non-electrical machinery & parts	.522	.50	.56
20	Heating & cooling equipment & parts	.61	.61	.55

Australian Bureau of Statistics, [International Trade in Goods and Services](#), ABS cat. no. 5368.0, released September 2018.

There are potential benefits to Australian mining companies from cheaper imports of European mining equipment and mining-related equipment, including machinery, heavy vehicles and chemicals. The EU is the world's leading exporter of mining equipment, accounting for 25 per cent of global exports, with Germany, the UK, the Netherlands, Italy and France among the top ten exporting countries of mining equipment globally. For example, Volvo Construction equipment (US\$7.8 billion in sales in 2017) and Liebherr (Switzerland, \$7.4 billion in 2017) are the world's fourth and fifth largest heavy construction equipment manufacturers respectively.

However Europe is currently outcompeted in each of its key goods export sectors including: transport equipment sector, which includes railway equipment (the market share of the US is five times larger); and on passenger cars and motor vehicles (Japanese exports hold more than half of the Australian market and outcompetes Europe by 50 to 1). The US leads on other key EU export interests such as machinery and chemicals.

For example, Australia's MFN bound tariffs on key mining equipment and mining-related equipment includes<sup>34</sup> (a full breakdown is available at Appendix C):

- Trains, including equipment for railways – 5 per cent
- Machinery including mining trucks, cranes and graders – 5 per cent
- Steel – 5 per cent
- Industrial or laboratory electric furnaces and ovens –5 per cent
- Pipes for oil or gas pipelines – 5 per cent
- Concrete pumps – 5 per cent.

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<sup>34</sup> Department of Foreign Affairs and Trade, [Schedule I – Australia Part 1: Most-Favoured-Nation Tariff Section ii - Other Products](#), viewed May 2018

## TRADE AND SUSTAINABLE DEVELOPMENT CHAPTERS

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The MCA notes that sustained global action is required to reduce the risks of human-induced climate change. The Australian minerals sector supports a measured, technology neutral transition to a low emissions global economy.

However in its *Trade for All* trade and investment policy, the EU requires that all of its FTAs include a Sustainable Development chapter 'which aims to maximise the leverage of increased trade and investment on issues like decent work, environmental protection, or the fight against climate change in order to achieve effective and sustainable policy change'.<sup>35</sup>

Moreover, a European Commission non-paper on Sustainable Development chapters recommends that 'civil society including the Social Partners a greater role in implementation' of the EU FTAs. This includes the ability for civil society groups, including NGOs, to provide advice 'that will cover the implementation of the whole agreement in future FTAs'.<sup>36</sup>

Furthermore, the MCA understands that during the EU's TPC process, France was the only country to raise an objection to the draft text, as the text did not specify the Paris Agreement as an essential element of the FTA. France has been pushing the European Commission and member states for the Paris Agreement to be an essential condition in all EU FTAs.<sup>37</sup>

While the MCA supports the Paris agreement, the MCA has concerns regarding the inclusion of a sustainable development chapter, particularly where such a chapter allows for narrow and vested interests to attack Australian mining projects and exports.

The MCA strongly suggests that Australia-EU FTA, or other trade agreements, are not the appropriate mechanism to measure countries' climate change or environmental policies or labour laws and standards. The use of FTAs to impose the EU's policy priorities on another sovereign nation, whether related to climate change, labour market conditions or otherwise, is inappropriate and should be rejected.

### EU FTA Dispute Settlement on Sustainability

The MCA also has concerns regarding the European Commission's non-paper and questions 'whether additional measures are needed to ensure the full and effective implementation of TSD chapters, at the latest within 5 years'.<sup>38</sup> Within that proposed framework, the non-paper is seeking to maintain the sustainability chapters within the context of multilateral agreements, including the Paris Agreement and International Labor Organisations standards.

This includes enforcement mechanisms 'for civil society including the Social Partners to perform its monitoring to resort swiftly to the panel proceeding where warranted', including the proposals for dispute settlement procedures within the EU FTA to be 'be launched without hesitation, and appropriate follow-up to recommendations made in expert panel reports should be ensured'.<sup>39</sup>

The MCA rejects this approach, noting that Australia is already a signatory to the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement on climate change; the Convention on International Trade in Endangered Species of Flora and Fauna (CITES); and the Convention on Biological Diversity (CBD), with compliance to these agreements managed through Australian Government agencies, including the Department of Environment and Energy, and the Department of Foreign Affairs and Trade.

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<sup>35</sup> The European Commission, [Trade for all: towards a more responsible trade and investment policy](#), 2015, accessed 11 February 2019

<sup>36</sup> The European Commission, [Non-paper of the Commission Services: Feedback and way forward on improving the implementation and enforcement of Trade and Sustainable Development chapters in EU Free Trade Agreements](#), 26 February 2018, accessed 7 February 2019

<sup>37</sup> The Independent, EU to refuse to sign trade deals with countries that don't ratify Paris climate change accord, 12 February 2018

<sup>38</sup> The European Commission, Non-paper of the Commission Services, op cit, p.3

<sup>39</sup> Ibid, p.8

Again, the Australia-EU FTA, or other trade agreements, are not the appropriate mechanisms to measure countries' domestic climate change or environmental policies or labour laws and standards. Further, the use of narrow interest groups to attempt to drive the EU's perspective on domestic policies into the domestic policy settings of another sovereign state is unacceptable. Elevating unrepresentative and narrow interest groups risks their ability to use the Australia-EU FTA as a Trojan horse to fight against Australia's mineral exports.<sup>40</sup>

### **Use of the Domestic Advisory Group in the EU-Japan Economic Partnership Agreement**

The provisions of the non-paper are demonstrated in the EU-Japan Economic Partnership Agreement, approved by the European Parliament on 12 December 2018 and entered into force on 1 February. For example, Article 5 (d) of the agreement states that parties will 'strive to facilitate trade and investment in goods and services of particular relevance for climate change mitigation'.

The MCA disagrees with the use of a Domestic Advisory Group, including 'social and environmental stakeholders' as required under Article 14 of the agreement, to review the implementation of the sustainability chapter of the Australia-EU FTA, as the MCA believes that a number of NGOs will use the forum to attack Australia's minerals exports to the EU, including coal.

Moreover, the MCA disagrees with the convening of a Joint Dialogue, as required under Article 15 of the agreement, with 'civil society organisations' including 'independent representative organisations of economic, environmental and social interests' for the same reasons as listed above. Particularly as civil society groups can recommend the initiation of dispute settlement measures – which will be resolved via government consultations with recourse to an independent panel of experts - on areas that they disagree with.<sup>41</sup>

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<sup>40</sup> The European Commission, [Trade for all: towards a more responsible trade and investment policy](#), 2015, accessed 11 February 2019

<sup>41</sup> The European Commission, Policy Department for External Relations, The EU – Japan Economic Partnership Agreement, September 2018, Accessed 7 February 2019

## AUSTRALIA-EU INVESTMENT RELATIONSHIP

### EU Investment in Australia

In 2017, the EU's foreign direct investment in Australia was valued at \$165 billion and Australian foreign direct investment in the EU was valued at \$105 billion. The EU's total investment in Australia is \$1.08 trillion, more than the single largest country investor in Australia, the United States (\$896 billion). Australia's total investment in the EU was worth \$610 billion in 2017. In the last ten years, the total stock of EU investment in Australia has doubled. However, stock of the EU27 has increased four-fold.<sup>42</sup>

By far the largest individual EU investor in Australia is the UK, worth \$481 billion at the end of 2017, followed by Belgium with \$305 billion. As table 5 identifies, four EU countries invested more in Australia than China as at the end of 2017 (\$65 billion).

**Table 7: Top EU sources of foreign investment into Australia (stocks at end of 2017)**

Country	Rank – international investor in Australia (2017)	2017 (\$ billion)	% share of foreign investment	% change 2016 - 2017
United Kingdom	2	481	14.7	-7.6
Belgium	3	305	9.3	13.0
Luxemburg	7	81.0	2.5	7
Netherlands	8	79.0	2.4	3.2
China	9	65.0	2.0	-22.8
Switzerland	10	54.0	1.6	-8.2
Germany	12	47.1	1.4	9.0
France	16	24.8	0.7	0.6
Sweden	27	8.0	0.2	-4.1

Australian Bureau of Statistics, *International Investment Position, Australia: Supplementary Statistics, 2017*, ABS cat. 5352.0, released on 9 May 2018.

### Australian mining company presence in the EU

In 2014 Australia had 1,177 majority-owned enterprises in the EU, with total sales of around A\$47 billion. Australia's two largest mining companies have direct presences in the UK. Rio Tinto has joint head offices in London and Melbourne. It is listed on the London Stock Exchange and the Australian Securities Exchange. BHP is registered in Australia and has a primary listing on the ASX, while BHP plc is registered in the UK and has a primary listing on the London Stock Exchange.

Glencore, one of the world's largest mining companies, has significant operations in Australia. Glencore has invested over \$23 billion into Australia since 2008, in coal, copper, nickel, zinc, oil as well as in agriculture. Glencore employs around 16,300 people, including contractors, and operates 25 mines in the Northern Territory, NSW, Queensland and Western Australia.<sup>43</sup>

Glencore also has a corporate office in London and refined lead and silver production operations in the UK. Glencore's head office is in Baar in Switzerland and it also has numerous offices and operational facilities in EU countries including Spain, France, Germany, Italy and Poland.

<sup>42</sup> Jane Drake-Brockman and Patrick Messerlin (eds), [Potential Benefits of an Australia-EU Free Trade Agreement: Key Issues and Options](#), University of Adelaide Press, 2018, p.190

<sup>43</sup> Glencore, [Glencore in Australia](#), accessed 11 February 2019,

## Further investment crucial to opening Australia's minerals sector

Australia's generous endowments of natural resources, its well-educated and skilled workforce, and its stable regulatory and economic policy environment mean there are substantial investment opportunities in this country.

International investment has long provided the finance and technology that helps make Australia a world-leading exporter of minerals. The value of foreign direct investment in Australia's resources sector increased eight-fold between 2001 and 2017, from \$37 billion to \$315 billion, or 37 per cent of FDI in Australia.<sup>44</sup> Over the same period, the number of Australians employed in the resources sector grew from around 80,000 to over 220,000.

In particular, foreign capital is crucial in being able to continue to grow Australia's mining sector to help meet the projected continued increase in the global demand for Australia's commodities, including iron ore, coal, copper, nickel, gold and aluminium as well as growing demand in rare earths, cobalt, lithium and potash.

Many Australian mining companies are also major global businesses in their own right and pursue outbound investment opportunities around the world, generating additional benefits for their shareholders and employees and contributing to development and growth in the countries in which they invest.

The reality is however that following the resources boom commencing in the early 2000s, few new ore resources have been identified. So while Australia's tier one resources continued to be exploited, over two-thirds of Australia's landmass – that is around 5 million km<sup>2</sup> – remains unexplored.<sup>45</sup> The challenge is, given Australia's remoteness, and a significant amount of these resources are found under shallow cover beneath soil, sand, rock and salt lakes. The key to exploring and accessing these resources is further international investment.

## Impediments to EU investment in Australia

While the EU is Australia's largest investment partner, investment flows between Australia and the EU are dominated by portfolio investment. Therefore, perhaps the greatest benefit in terms of investment in the FTA, would be aligning the regulation of cross-border transactions between EU member states and Australia.

In the European Commission's Impact Assessment<sup>46</sup>, European business stakeholders saw Australia as a relatively restrictive investment destination, including criticisms about Australia's foreign investment screening thresholds and limits on equity, including in telecommunications and airlines and some sectoral restrictions, including financial services, professional services and transport. The same assessment adds that European investors are at a disadvantage to Australia's FTA partners.

A key part of encouraging further foreign investment in Australia from EU investors is to continue to reduce barriers and red tape from the largest source of foreign investment in Australia. In that regard, the MCA calls for the Australian Government to raise the screening threshold for private investment to the level of Australia's other FTA partners. This should see investment screening thresholds raised in non-sensitive sectors from \$261 million to \$1.13 billion for consideration by the Foreign Investment Review Board, as an important step to encouraging and streamlining international investment in Australia.

And this is good for the EU. With growing competition for resources globally, investment in upstream supply projects also allows investors can protect access and volumes of commodities. This assists in security of supply, a crucial aspect of the EU's critical minerals strategy.

<sup>44</sup> The Department of Foreign Affairs and Trade, Foreign Investment Statistics 2018, accessed 11 February 2019

<sup>45</sup> The Australian Government, Resources 2030 Taskforce Report: Australian resources—providing prosperity for future generation, 21 September 2018, p.37

<sup>46</sup> The European Commission, Executive Summary of the Impact Assessment: Recommendation for a Council Decision authorising the opening of negotiations for a Free Trade Agreement with New Zealand, 13 September 2017, accessed 11 February 2019

### **State-to-State dispute settlement mechanism**

Given the European Court of Justice 16 May 2017 decision which found that investor-state dispute settlement (ISDS) mechanisms go beyond the purview of the EU's exclusive authority, meaning that FTAs that contain ISDS mechanisms require ratification by each EU member state as well as the EU itself, the MCA understands that the Australia-EU FTA will instead contain State-to-State dispute settlement mechanisms, similar to was agreed in the EU-Japan Economic Partnership Agreement.

Notwithstanding Australia's mineral companies negligible investment in the EU, the MCA's preference is for FTAs to include ISDS provisions, as it provides a mechanism investors to seek mediation and arbitration where they claim that a government has breached the investment commitments it has made under the agreement. This is especially important given Australia's investment attractiveness continues to be eroded due to for example many groups – including international NGOs –making false claims about Australia's resources sector, including the social and environmental performance of individual projects.

ISDS provisions therefore provide additional certainty to international investors in Australia. This will help reduce the risk of protectionist investment measures, such as discrimination and expropriation.

Nonetheless, State-to-State dispute settlement procedures, similar to the provisions of the Australia-US Free Trade Agreement still provide a mechanism for disputing parties to seek relief, particularly in relation to expropriation of assets and investments. This provides some degree of investment certainty and reducing Australia's sovereign risk.



## APPENDIX A: AUSTRALIA'S MAJOR EU MEMBER MINERALS EXPORT DESTINATIONS

*Austria (total bilateral trade 2017-18: \$2.06 billion; total exports to Austria 2017-18: \$112 million)*

Rank (of Aus merchandise exports to Austria)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	0	0	16,870	-	-
2	Gold coin & legal tender coin	17,712	18,522	7,180	-61.2	-5.2

*Belgium (total bilateral trade 2017-18: \$3.5 billion; total exports to Belgium 2017-18: \$1.24 billion)*

Rank (of Aus merchandise exports to Belgium)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
2	Coal	84,246	132,028	79,410	-39.9	9.6
4	Other ores & concentrates	55,077	43,095	77,239	79.2	-32.4
5	Non-ferrous waste & scrap	43,019	24,938	38,420	54.1	24.1
6	Crude minerals	35,867	32,929	38,042	15.5	16.8
9	Pearls & gems	7,052	3,659	7,680	109.9	-50.7
20	Manufactures of base metal	2,134	5,984	6,507	8.7	10.3

*Finland (total bilateral trade 2017-18: \$1.28 billion; total exports to Finland 2017-18: \$162 million)*

Rank (of Aus merchandise exports to Finland)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
3	Coal	0	7,852	13,085	66.6	..

*France (total bilateral trade 2017-18: \$9.8 billion; total exports to France 2017-18: \$2.4 billion)*

Rank (of Aus merchandise exports to France)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	431,843	716,939	859,375	19.9	13.3

Germany (total bilateral trade 2017-18: \$22.3 billion; total exports to Germany 2017-18: \$4.1 billion; 2017-18)

Rank (of Aus merchandise exports to Germany)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
4	Coal	151,992	107,588	155,244	44.3	4.0
5	Other ores & concentrates	49,219	60,638	98,558	62.5	12.1
15	Gold	65,739	68,413	38,687	-43.5	-8.7

Iceland (total bilateral trade 2017-18: \$335 million; total exports to Iceland 2017-18: \$330 million)

Rank (of Aus merchandise exports to Iceland)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Aluminium ores & conc (incl alumina)	105,238	240,504	110,620	-54.0	..

Italy (total bilateral trade 2017-18: \$10.6 billion; total exports to Italy 2017-18: \$1.46 billion)

Rank (of Aus merchandise exports to Italy)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
2	Coal	105,644	162,932	111,222	-34.4	-12.5

Netherlands (total bilateral trade 2017-18: \$7.59 billion; total exports to Netherlands 2017-18: \$3.85 billion)

Rank (of Aus merchandise exports to Netherlands)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	914,765	1,934,117	1,779,148	-8.0	15.6
4	Non-ferrous metals	8,800	0	91,410	-	-
17	Iron ores and concentrates	0	0	21,485	-	
19	Non-ferrous waste & scrap	4,598	6,039	21,135	250.0	53.9

Norway (total bilateral trade 2017-18: \$1.34 billion; total exports to Norway 2017-18: \$396 million)

Rank (of Aus merchandise exports to Norway)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Aluminium ores & conc (incl alumina)	1	0	16,651	-	15.6

Poland (total bilateral trade 2017-18: \$1.67 billion; total exports to Poland 2017-18: \$548 million)

Rank (of Aus merchandise exports to Poland)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	161,997	309,471	322,924	4.3	38.2
2	Other ores & concentrates	25,142	47,614	34,892	-26.7	..

Spain (total bilateral trade 2017-18: \$3.87 billion; total exports to Spain 2017-18: \$1.14 billion)

Rank (of Aus merchandise exports to Spain)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	118,749	275,462	260,084	-5.6	12.2
12	Aluminium	2,352	1,343	4,578	240.8	..
13	Copper ores & concentrates	0	0	4,331	..	..

Sweden (total bilateral trade 2017-18: \$6.58 billion; total exports to Switzerland 2017-18: \$2.39 billion)

Rank (of Aus merchandise exports to Sweden)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Coal	176,481	227,234	219,517	-3.4	7.1
7	Aluminium	2,100	2,627	3,773	43.6	24.9

Switzerland (total bilateral trade 2017-18: \$6.58 billion; total exports to Switzerland 2017-18: \$2.39 billion)

Rank (of Aus merchandise exports to Switzerland)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Gold	718,192	947,133	1,094,598	15.6	37.5
5	Pearls & gems	16,005	11,682	24,114	106.4	19.8
6	Gold coin & legal tender coin	12,615	19,917	20,798	-44.1	208.2
13	Silver & platinum	41,576	2,543	6,408	152.0	-55.4

Turkey (total bilateral trade 2017-18: \$2.31 billion; total exports to Turkey 2017-18: \$1.21 billion)

Rank (of Aus merchandise exports to Turkey)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Gold	48,233	402,093	580,250	44.3	-2.7
4	coal	232,806	155,655	97,443	-37.4	13.7
13	Lead	3,788	4,628	4,070	-12.1	..

UK (total bilateral trade 2017-18: \$27.6 billion; total exports to UK 2017-18: \$11.75 billion; )

Rank (of Aus merchandise exports to UK)	Commodity	2015-16 (A\$'000)	2016-17 (A\$'000)	2017-18 (A\$'000)	2016-17 to 2017-18 growth (%)	5 year trend (%)
1	Gold	3,938,604	3,912,764	3,268,725	-59.8	15.0
2	Lead	486,480	557,292	423,674	-9.8	3.5
6	Coal	119,309	205,507	210,266	2.3	-12.0
19	Iron Ore & Concentrates	0	24,082	24,689	2.5	..

## APPENDIX B: EUROPEAN UNION: TARIFFS AND IMPORTS BY PRODUCT GROUPS (COUNTRIES WITH NO FTA)<sup>47</sup>

Product groups	Final bound duties (%)				MFN applied duties (%)			Imports (%)	
	AVG	Duty free in	Max	Binding in	AVG	Duty-free in	Max	Share in	Duty-free in
Minerals and metals	1.9	50.0	12	100	2.0	50.2	12	15.2	67.6
Petroleum	3.1	20.0	5	100	2.5	33.7	5	14.6	98.3

Commodity	Number of Tariff Lines	Number of Ad Voloreum duties	Average of AV duties	Minimum AV duty	Maximum AV duty	Duty Tariff Lines	Number of Non-AV duty
Manganese ores & concentrates	1	1	0	0	0	100	0
Copper ores & concentrates	1	1	0	0	0	100	0
Nickel ores & concentrates	1	1	0	0	0	100	0
Cobalt ores & concentrates	1	1	0	0	0	100	0
Aluminium ores & concentrates	1	1	0	0	0	100	0
Lead ores & concentrates	1	1	0	0	0	100	0
Zinc ores & concentrates	1	1	0	0	0	100	0
Tin ores & concentrates	1	1	0	0	0	100	0
Chromium ores & concentrates	1	1	0	0	0	100	0
Tungsten ores & concentrates	1	1	0	0	0	100	0
Uranium ores & concentrates	2	2	0	0	0	100	0
Thorium ores & concentrates	2	2	0	0	0	100	0
Titanium ores & concentrates	1	1	0	0	0	100	0
Silver ores & concentrates	1	1	0	0	0	100	0
Precious-metal ores & concentrates (excl. silver)	1	1	0	0	0	100	0

<sup>47</sup> World Trade Organization, Member Profiles, [The European Union and the WTO](#)

Commodity	Number of Tariff Lines	Number of Ad Voloreum duties	Average of AV duties	Minimum AV duty	Maximum AV duty	Duty Tariff Lines	Number of Non-AV duty
ores & concentrates)							
Other ores & concentrates	1	1	0	0	0	100	0
<b>Gold compounds, inorganic or organic, whether or not chemically defined</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>
Bituminous coal	2	2	0	0	0	100	0
Coal	1	1	0	0	0	100	0
Briquettes, ovoids & similar solid fuels manufactured from coal	1	1	0	0	0	100	0
Lignite	1	1	0	0	0	100	0
Agglomerated lignite	1	1	0	0	0	100	0
Peat	1	1	0	0	0	100	0
Coke and semi-coke of coal, of lignite or of peat	3	3	0	0	0	100	0
Lithium oxide and hydroxide	1	1	5.3	5.3	5.3	0	
Rare-earth metals, scandium & yttrium, whether or not intermixed or	5	5	2.7	0	5.5	20	0

Commodity	Number of Tariff Lines	Number of Ad Voloreum duties	Average of AV duties	Minimum AV duty	Maximum AV duty	Duty Tariff Lines	Number of Non-AV duty
Petroleum oils & oils obtained from bituminous minerals, crude	2	2	0	0	0	100	0
<b>Light oils &amp; preparations, of petroleum or bituminous mineral</b>	<b>12</b>	<b>12</b>	<b>3.9</b>	<b>0</b>	<b>4.7</b>	<b>17</b>	

Commodity	Number of Tariff Lines	Number of Ad Voloreum duties	Average of AV duties	Minimum AV duty	Maximum AV duty	Duty Tariff Lines	Number of Non-AV duty
<b>Medium oils &amp; preparations, of petroleum or bituminous minerals.</b>	<b>25</b>	<b>25</b>	<b>2</b>	<b>0</b>	<b>4.7</b>	<b>48</b>	<b>0</b>
<b>Petroleum oils &amp; oils obtained from bituminous minerals (other than crude)</b>	<b>8</b>	<b>8</b>	<b>2.2</b>	<b>0</b>	<b>3.7</b>	<b>38</b>	<b>0</b>
Natural gas, liquefied	1	1	0	0	0	100	0
<b>Propane, liquefied</b>	<b>6</b>	<b>6</b>	<b>1.6</b>	<b>0</b>	<b>8</b>	<b>50</b>	<b>0</b>
Natural gas in gaseous state	1	1	0	0	0	100	0
Gaseous hydrocarbons, liquefied, n.e.s. (excl. natural gas)	1	1	0	0	0	100	0

## APPENDIX C: AUSTRALIA: TARIFFS AND IMPORTS ON PRODUCTS ON MINING-RELATED EQUIPMENT (COUNTRIES WITH NO FTA)<sup>48</sup>

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
<b>Basic Chemical Manufacturing</b>			
36.02	Prepared explosives, other than propellant powders	10%	5%
36.03	Safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators	10%	5%
2837.11	Sodium cyanide	10%	0%
<b>Rubber product manufacturing</b>			
40.10	Conveyor or transmission belt	17%	5%
4011.20	New pneumatic tyres, of rubber of a kind used on buses or lorries	15%	5%
4011.62 and 4011.63	Other, having a 'herring-bone' or similar tread: --of a kind used on construction or industrial handling vehicles and machines and having a rim size exceeding and not exceeding 61 cm	10%	5%
4012.12	Retreaded tyres --of a kind used on buses or lorries	15%	5%
<b>Railway manufacturing</b>			
7302	Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other mMaterial specialized for jointing or fixing rails	5%	5% DCS:Free
8530.10	Equipment for railways or tramways	19%	5%
8530.80	Other (railway/tramway) equipment	15%	0%
8530.90	Railway/tramway parts	19%	5%
8601.10 and 8601.20	Rail locomotives powered from an external source of electricity or by electric accumulators	15%	5%
8602.10 & 8602.90	Other rail locomotives; locomotive tenders: diesel and other	15%	5%
8603.10 & 8603.90	Self-propelled railway or tramway coaches, vans and trucks, other than those of heading 8604:	15%	5%
8604	Railway or tramway maintenance or service vehicles, whether or not self-propelled (for example, workshops, cranes, ballast tampers, trackliners, testing coaches and track inspection vehicles)	15%	5%
8605	Railway or tramway passenger coaches, not self-propelled; luggage vans, post office coaches and other special purpose railway or tramway coaches, not self-propelled (excluding those of heading 8604)	15%	5%
8609	Containers specifically designed and equipped for carriage by one or more modes of transport	15%	0%
<b>Professional, scientific, computer and electronic equipment manufacturing</b>			
84.71	Automatic data processing machines and units thereof; magnetic or optical readers; machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	0%	0%
8473.30	Parts and accessories of the machines of heading 84.71 above	0%	0%

<sup>48</sup> Department of Foreign Affairs and Trade, [Schedule I – Australia Part 1: Most-Favoured-Nation Tariff Section ii - Other Products](#), viewed May 2018



Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
9015.10	Rangefinders	0%	0%
9015.20.01	Electrical geophysical instruments	10%	0%
9015.30.01	Levels – incorporating or designed to incorporate lasers	15%	0%
90.24	Machines and appliances for testing the hardness, strength, compressibility, elasticity or other mechanical properties of materials (for example, metals, wood, textiles, paper, plastics)	0%	0%
90.26.10	Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases - Goods, as follows: (a) gauges of a kind used solely or principally in motor vehicles; (b) other gauges of A kind used with internal combustion engines for indicating the amount of fuel in the fuel tank	16%	0%
90.26.20	Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases - goods, as follows: (a) gauges of a kind used solely or principally in motor vehicles; (b) other gauges, non-electric	16%	5%
90.26.80	Gauges, of a kind used solely or principally in motor vehicles	16%	0%
90.27	Instruments and apparatus for physical and chemical analysis (for example, polarimeters, refractometers, spectrometers, gas or smoke analysis apparatus); instruments and apparatus for measuring and checking viscosity, porosity, expansion, surface tension and the like; instruments and apparatus for measuring or checking quantities of heat, sound or light (including exposure meters); microtomes	0%	0%
90.28.20	Water meters, as follows: (a) of the inferential kind; (b) of the positive kind not exceeding 100 mm diameter in size	5%	5%
90.28.30	Electricity meters	5%	5%
90.28.90	Parts and accessories	5%	0%
90.32.10	Automatic regulating or controlling instruments and apparatus – thermostats of a kind used with electrically operated domestic appliances	15%	0%
90.32.78	Automatic voltage regulators of a kind commonly used with motor vehicles, for 6 V or 12 V systems	13%	5%
90.33	Parts and accessories of items not included elsewhere for machines and apparatus of Chapter 90 of the HS	5%	0%
<b>Electrical equipment manufacturing</b>			
85.01.10	Electric motors and generators (excluding generating sets) - Motors of an output not exceeding 37.5 W	15%	5%
85.01.20	Universal AC/DC motors of an output exceeding 37.5 W	15%	5%
85.3	Other DC motors; DC generators	15%	5%
85.01.40	Other AC motors, single-phase	15%	5%
85.01.5	Other AC motors, multi-phase	15%	5%
85.01.6	AC generators (alternators)	10%	5%
8501.63	AC generators (alternators) -of an output exceeding 375 kva	0%	5%
85.02.11 & 85.02.12	Electric generating sets and rotary converters - generating sets with compression-ignition internal combustion piston engines (diesel or semi-diesel engines) of an output not exceeding 75 kv and exceeding 75 kva but not exceeding 375 kva	10%	5% DCS:4% DCT:5%
85.02.13.01	AC generating sets of an output exceeding 500 kva	0%	Free

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
85.02.13.02	AC generating sets – other	10%	5% DCS:4% DCT:5%
85.02.20	Generating sets with spark-ignition internal combustion piston engines	10%	5% DCS:4% DCT:5%
85.03	Parts suitable for use solely or principally with the machines of heading 85.01 or 85.02	15%	5%
85.14.10.01	Industrial or laboratory electric furnaces and ovens (including those functioning by induction or dielectric loss); other industrial or laboratory equipment for the heat treatment of materials by induction or dielectric loss – resistance heated furnaces and ovens – for the manufacture of semiconductor devices on semiconductor wafers	0%	5% DCS:4% DCT:5%
85.14.10.02	Industrial or laboratory electric furnaces and ovens (including those functioning by induction or dielectric loss); other industrial or laboratory equipment for the heat treatment of materials by induction or dielectric loss – resistance heated furnaces and ovens – other	23%	5% DCS:4% DCT:5%
85.14.20.01	Furnaces and ovens functioning by induction or dielectric loss: for the manufacture of semiconductor devices on semiconductor wafers	0%	5% DCS:4% DCT:5%
85.14.20.02	Furnaces and ovens functioning by induction or dielectric loss: other	23%	5% DCS:4% DCT:5%
85.14.30.01	Other furnaces and ovens: Apparatus for the rapid heating of semiconductor wafers	0%	5% DCS:4% DCT:5%
85.14.30.01	Other furnaces and ovens: other	23%	5% DCS:4% DCT:5%
8514.40	Other equipment for the heat treatment of materials by induction or dielectric loss	23%	5%
<b>Radar Apparatus, Radio Navigational Aid Apparatus and Radio Remote Control Apparatus</b>			
8526.10	Radar apparatus	15%	5% CA:Free From 1 July 2018: 3.75% CA: Free From 1 July 2019: Free
8526.91	Radio navigational aid apparatus	15%	5% CA:Free From 1 July 2018: 3.75% CA: Free From 1 July 2019:

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
			Free
8526.92	Radio remote control apparatus	15%	5% CA:Free From 1 July 2018: 3.75% CA: Free From 1 July 2019: Free
<b>Carbon Electrodes, Carbon Brushes, Lamp Carbons, Battery Carbons and Other Articles of Graphite or Other Carbon, With or Without Metal, of a Kind Used for Electrical Purposes</b>			
8545.11	Carbon electrodes of a kind used for furnaces	1%	0%
8545.20	Brushes	10%	5% DCS:4% DCT:5%
8545.90	Other	7%	0%
<b>Specialised and other machinery and equipment manufacturing</b>			
<b>Articles of Iron and Steel</b>			
7304.11	Line pipe of a kind used for oil or gas pipelines: of stainless steel	7.7%	5% DCS:4% DCT:5%
7304.19	Line pipe of a kind used for oil or gas pipelines: other	7.7%	5% DCS:4% DCT:5%
7304.22	Casing, tubing and drill pipe, of a kind used in drilling for oil or gas: drill pipe of stainless steel	7.7%	5% DCS:4% DCT:5%
7304.23	Casing, tubing and drill pipe, of a kind used in drilling for oil or gas: other drill pipe	7.7%	5% DCS:4% DCT:5%
7304.29	Casing, tubing and drill pipe, of a kind used in drilling for oil or gas: other	7.7%	5% DCS:4% DCT:5%
7305.11	Other tubes and pipes having circular cross-sections, the external diameter of which exceeds 406.4 mm: line pipe of a kind used for oil or gas pipelines: longitudinally submerged arc welded	7.7%	5% DCS:4% DCT:5%
7305.12	Other tubes and pipes having circular cross-sections, the external diameter of which exceeds 406.4 mm: line pipe of a kind used for oil or gas pipelines: other, longitudinally welded	7.7%	5% DCS:4% DCT:5%
7305.19	Other tubes and pipes having circular cross-sections, the external diameter of which exceeds 406.4 mm: line pipe of a kind used for oil or gas pipelines: other	7.7%	5% DCS:4% DCT:5%
7305.20	Other tubes and pipes having circular cross-sections, the external diameter of which exceeds 406.4 mm: casing of a kind used in drilling for oil or gas	7.7%	5% DCS:4% DCT:5%
7306.11	Other tubes, pipes and hollow profiles: line pipe of a kind used for oil or gas pipelines: welded, of stainless steel	7.7%	5% DCS:4% DCT:5%

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
7306.19	Other tubes, pipes and hollow profiles: Line pipe of a kind used for oil or gas pipelines: other	7.7%	5% DCS:4% DCT:5%
7306.21	Other tubes, pipes and hollow profiles: Casing and tubing of a kind used in drilling for oil or gas: welded, of stainless steel	7.7%	5% DCS:4% DCT:5%
7306.29	Other tubes, pipes and hollow profiles: Casing and tubing of a kind used in drilling for oil or gas: other	7.7%	5% DCS:4% DCT:5%
<b>Machinery and mechanical appliances and parts</b>			
8207.13	Rock drilling or earth boring tools, with working parts of cermets	U	5% DCS:4% CA:Free DCT:5%
8207.19	Rock drilling or earth boring tools, other, including parts	U	5% DCS:4% CA:Free DCT:5%
8207.20	Dies for drawing or extruding metal	15%	5%
8207.30	Tools for pressing, stamping or punching	15%	5%
8207.40	Tools for tapping or threading	21%	5%
8207.50	Tools for drilling, other than for rock drilling	5%	5%
<b>Pumps For Liquids, Whether or not Fitted with a Measuring Device; Liquid Elevators</b>			
8413.40	Concrete pumps	15%	5%
8413.50	Pumps for liquids, whether or not fitted with a measuring device; liquid elevators: other reciprocating positive displacement pumps	10%	5% DCS:4% DCT:5%
8413.60	Pumps for liquids, whether or not fitted with a measuring device; liquid elevators: other rotary positive displacement pumps	10%	5% DCS:4% DCT:5%
8413.70	Pumps for liquids, whether or not fitted with a measuring device: other centrifugal pumps	10%	5% DCS:4% DCT:5%
8413.81	Other pumps for liquids, whether or not fitted with a measuring device	10%	5% DCS:4% DCT:5%
8413.82	Liquid elevators	15%	5%
8413.91	Pumps for liquids, whether or not fitted with a measuring device: parts	10%	5% DCS:4% DCT:5%
8413.92	Parts of liquid elevators	15%	5%
<b>Furnace burners for liquid fuel, for pulverised solid fuel or for gas; mechanical stokers, including their mechanical grates, mechanical ash dischargers and similar appliances</b>			
84.16.10	Other furnace burners, including combination burners	15%	5% CA:Free
8416.30	Mechanical stokers, including their mechanical grates, mechanical ash dischargers and similar appliances	10%	5% DCS:4% DCT:5%

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
8417.10	Furnaces and ovens for the roasting, melting or other heat-treatment of ores, pyrites or of metals	10%	5% DCS:4% DCT:5%
<b>Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus for liquids or gases:</b>			
8421.29	Filtering or purifying machinery and apparatus for liquids: other	10%	5% DCS:4% DCT5% From 1 July 2018: 2.5% From 1 July 2019: Free
8421.39	Filtering or purifying machinery and apparatus for gases: other	16%	5% DCS:4% DCT:5%
<b>Ships' derricks; cranes, including crane cables; mobile lifting frames; straddle carriers and works trucks fitted with a crane</b>			
8426.10	Overhead travelling cranes, transporter cranes, gantry cranes, bridge cranes, mobile lifting frames and straddle Carriers:	5%	5%
<b>Fork-lift trucks; other works trucks fitted with lifting or handling equipment</b>			
84.27.10	Self-propelled trucks powered by an electric motor	15%	5%
84.27.20	Other self-propelled trucks	15%	5%
84.27.20	Other trucks	15%	5%
<b>Other lifting, handling, loading or unloading machinery (for example, lifts, Escalators, conveyors, teleferics):</b>			
8428.10	Other lifting, handling, loading or unloading machinery: lifts and skip hoists	5%	5%
8428.20	Pneumatic elevators and conveyors	5%	5%
8428.31	Other continuous-action elevators and conveyors, for goods or materials: specially designed for underground use	5%	5%
8428.32	Other continuous-action elevators and conveyors, for goods or materials: other, bucket type	5%	5%
8428.33	Other continuous-action elevators and conveyors, for goods or materials: other, belt type	5%	5%
8428.39	Other continuous-action elevators and conveyors, for goods or materials: other	5%	5%
<b>Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers</b>			
84.29.1	Bulldozers and angledozers:	0%	0%
84.29.20	Graders and levellers	5%	5%
84.29.30	Scrapers	5%	5%
84.29.40	Tamping machines and road rollers	5%	5%
<b>Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores: pile-drivers and pile-extractors</b>			
8430.10	Pile-drivers and pile-extractors	5%	0%
8430.31	Coal or rock cutters and tunnelling machinery: self-propelled	0%	0%

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
8430.39	Coal or rock cutters and tunnelling machinery: other	0%	0%
8430.41	Other boring or sinking machinery: self-propelled	5%	5% CA:Free
8430.49	Other boring or sinking machinery: other	5%	5% CA:Free
8430.50	Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow-ploughs and snow-blowers: other machinery, self-propelled	5%	5% DCS:Free
8430.61	Other machinery for moving, grading, etc. Earth, minerals or ores: not self-propelled: tamping or compacting machinery	5%	5%
8430.69	Other machinery for moving, grading, etc. Earth, minerals or ores: not self-propelled: other	5%	0%
<b>Parts suitable for use solely or principally with the machinery of headings 8425 to 8430</b>			
8431.20	Parts of machinery of heading 84.27	18%	5%
8431.31	Parts of machinery of heading 84.28: of lifts, skip hoists or escalators	5%	5%
8431.39	Parts of machinery of heading 84.28: other	5%	5%
8431.41	Parts of machinery of heading 84.26, 84.29 or 84.30: buckets, shovels, grabs and grips	5%	5%
8431.42	Parts of machinery of heading 84.26, 84.29 or 84.30: bulldozer or angledozer blades	5%	5%
8431.43	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49	5%	5% DCS:4% CA:Free DCT:5%
8431.49	Parts of machinery of heading 84.26, 84.29 or 84.30: other	5%	0% or 5%
<b>Converters, ladles, ingot moulds and casting machines, of a kind used in metallurgy or in metal foundries 84.55 Metal-rolling mills</b>			
84.54.10	Converters	10%	5% DCS:4% CA:Free DCT:5%
84.54.20	Ingot moulds and ladles	10%	5% DCS:4% CA:Free DCT:5%
84.54.30	Casting machines	10%	5% DCS:4% CA:Free DCT:5%
84.54.90	Parts	10%	5% DCS:4% CA:Free DCT:5%
<b>Metal-rolling mills and rolls therefor:</b>			
84.55.10	Tube mills	1%	0%
84.55.10	Other rolling mills	1%	0%
84.64	<b>Machine-tools for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold working</b>		

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
	<b>glass</b>		
84.64.10	Sawing machines: other	15%	5%
84.64.20	Grinding or polishing machines:	15%	5%
84.64.90	Other	15%	5%
84.66.91	Parts for machines of heading 84.64 - other	15%	5%
<b>Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder or paste form; machines for forming foundry moulds of sand</b>			
8474.10	Sorting, screening, separating or washing machines	5%	5% DCS:4% CA:Free DCT:5%
8474.20	Crushing or grinding machines	5%	5% DCS:4% DCT:5%
8474.3	Mixing or kneading machines:	5%	5%
8474.80	Other machinery	5%	5% DCS:4% CA:Free DCT:5%
8474.90	Parts	5%	5% CA:Free
<b>Machines and mechanical appliances having individual functions, not specified or included elsewhere in this chapter:</b>			
8479.50.01	Industrial robots, not elsewhere specified or included: of a kind used for treating metal	4%	Free
8479.50.02	Industrial robots, not elsewhere specified or included: of a kind used for mixing, kneading, crushing, grinding, screening, sifting, homogenising, emulsifying or stirring	10%	5% DCS:4% DCT:5%
8479.81	Other machines and mechanical appliances for treating metal, including electric wire coil-winders	4%	
8479.82	Other machines and mechanical appliances for mixing, kneading, crushing, grinding, screening, sifting, homogenising, emulsifying or stirring machines	10%	Free
8480.10	Moulding boxes for metal foundry	23%	5% DCS:4% DCT:5%
8480.20	Mould bases	23%	5% DCS:4% DCT:5%
8480.30	Moulding patterns	23%	5% DCS:4% DCT:5%
8480.41	Moulds for metal or metal carbides: injection or compression types	23%	5% DCS:4% DCT:5%
8480.49	Moulds for metal or metal carbides: other	23%	5% DCS:4% DCT:5%
8480.60	Moulds for mineral materials	23%	5% DCS:4% DCT:5%
<b>Vehicles other than railway or tramway rolling stock; parts and accessories</b>			
87.04.10	Dumpers designed for off-highway use	5%	5% CA:Free
87.04.21	Other, with compression-ignition internal combustion piston engine	15%	5%

Tariff Item Number	Description of Product	Bound rate of Duty	Applied Rate of Duty
	(diesel or semi-diesel): --g.v.w. Not exceeding 5 t		CA:Free
87.04.22	Other, with compression-ignition internal combustion piston engine (diesel or semi-diesel) -- g.v.w Exceeding 5 t, but not exceeding 20 t	20%	5% CA:Free
87.04.23	Other, with compression-ignition internal combustion piston engine (diesel or semi-diesel): --g.v.w. Exceeding 20 t	15%	5% CA:Free
87.04.31	Other, with spark-ignition internal combustion piston engine: g.v.w. Not exceeding 5 t	15%	5% CA:Free
87.04.21	Other, with spark-ignition internal combustion piston engine: g.v.w. Exceeding 5 t	15%	5% CA:Free
87.04.90	Other	15%	5% CA:Free
<b>Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units):</b>			
87.05.10	Crane lorries	15%	5%
87.05.20	Mobile drilling derricks	15%	5%
87.05.40	Concrete-mixer lorries	15%	5%
87.05.90	Other special purpose motor vehicles, but not crane lorries or fire fighting vehicles	15%	5%
<b>Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles</b>			
87.09.11 & 87.09.19	Vehicles: electrical and other	U	5%
87.09.90	Parts	15%	0%