



Australia-EU Free Trade Agreement and Critical Minerals Cooperation

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Event Report

The European Institute for Asian Studies (EIAS) and the Jean Monnet Centre of Excellence in Critical Minerals at the University of Canberra, in partnership with the Export Council of Australia and the Leuven Centre for Global Governance Studies, convened a Policy Roundtable on the Australia-EU Free Trade Agreement and Critical Minerals Cooperation on 28 May 2026 at the European Institute for Asian Studies in Brussels. In a period of rising resource demand, geoeconomic competition, and evolving ESG standards, the event brought together policymakers, industry leaders, think tank experts, and academics to turn the EU-Australia critical minerals partnership into practical, mutually beneficial cooperation.

The roundtable opened with welcome addresses from the hosting institutions, which framed the context: the conclusion of FTA negotiations on 24 March 2026 represented a significant milestone in the EU's engagement with like-minded Indo-Pacific partners, and this roundtable delineates a shift in the conversation from high-level political will to practical implementation. Speakers underlined the role of middle powers in maintaining checks and balances in international politics and stressed the growing importance of the Indo-Pacific as an arena for that effort. The EU-Australia relationship is grounded in shared values, including commitments to environmental protection and rules-based trade, with considerable untapped potential that needs to be translated into practice. Critical raw materials are a central element of EU-Australia complementarity: the European demand can successfully align with Australia's supply capacity, but the two countries still need to meet midstream, focusing on implementing concretely the provisions of the FTA.

The **keynote addresses** proceeded to situate the FTA within the broader context of EU-Australia relations and geoeconomic competition. Speakers reflected on the opportunities the agreement creates for deeper trade, investment and industrial cooperation, as well as the structural and regulatory challenges that must be addressed for those opportunities to materialise. The 24 March 2026 package was presented in its full breadth: beyond the FTA itself, it includes a Security and Defence Partnership and Australia's association to Horizon Europe, constituting a comprehensive deepening of the bilateral relationship. A 2024 Memorandum of Understanding on critical raw materials was noted as having established the foundations for cooperation across the CRM value chain, with the FTA now providing the economic tools to build on that foundation.

Speakers drew attention to the structural vulnerability created by supply chain concentration

in a single country, where both supply and demand can be controlled strategically. The FTA was presented as a solution to this vulnerability: Australia has the capacity to supply 15 different critical raw materials, yet currently exports predominantly coal to the EU, with only 9% of its CRM exports directed to European markets. The potential for nickel and other strategic materials was highlighted, alongside a committed AUD 28 billion (EUR 17.25 billion) investment to build critical supply chains. The priorities identified for translating this potential into reality included mobilising funds, deepening industrial collaboration, addressing midstream bottlenecks, aligning policy frameworks, and extending cooperation beyond supply to encompass recycling, ESG standards, and sustainability. Demand is expected to grow significantly, driven by electrification, AI, and advanced manufacturing, making the combination of Australian resources and European industrial and regulatory capabilities a mutually beneficial alliance.

Speakers also stressed that the EU-Australia relationship is driven by a shared mindset rather than geographical proximity. Representing its eighth agreement in the region, the FTA with Australia lies within the EU's broader network expansion strategy in the Indo-Pacific. The agreement was described as ambitious, with tariffs removed across most sectors, and emerged against a backdrop in which trade is increasingly being weaponised, making cooperation with unaligned, like-minded partners all the more important. At the same time, the focus must now shift from concluding the agreement to implementing it, as cumulative delays in implementation carry real costs in missed opportunities. Practical needs identified included resources for implementation, digital portals and information centres for SMEs, and the activation of business networks and non-governmental entities to support new market entrants.

The **first session** examined trade, industry and strategic supply chains, bringing together perspectives from industry associations, the private sector and academia. Discussants explored the FTA's implications for bilateral trade flows, the alignment of regulatory frameworks, and the positioning of EU-Australia industrial cooperation within broader debates on economic security and strategic autonomy. The broader context was described as a global scene characterised by weaponised trade, a weakened rules-based order, slowed global growth, and heightened security concerns. In this environment, managing risk through diversification and deepening ties with trusted partners was presented as a strategic imperative rather than a choice.

On the structural dimensions of the critical minerals challenge, participants highlighted the midstream bottleneck as the most acute problem. Approximately 90% of midstream processing is controlled by China, where 95–96% of Australia's lithium is currently exported for processing. To address this, Australia needs to develop into a processing powerhouse, and Europe needs to accelerate investment to make that possible. The FTA was described as a necessary but insufficient condition for this shift: despite creating the framework, implementation, resource injection, and industrial commitment are required to make it work. On a broader level, Australia's export diversification strategy was presented as a structural shift away from overdependence on China and toward a just-in-case model of supply security. The role of the CPTPP was raised as a complementary mechanism, with the suggestion that the EU should look beyond its current FTA partners to build a broader network including Indonesia, given its centrality to CRM supply chains.

Regarding sustainability and standards, speakers noted that the EU's regulatory pioneering role through instruments such as the batteries regulation and the deforestation law is already producing alignment effects in Australia and across global value chains through

phenomena such as the Brussels Effect. ESG costs were acknowledged as a challenge, particularly for SMEs, and the need to make sustainability frameworks viable for all companies was identified as a priority. Companies were noted to be moving ahead of governments in agreeing on digital and sustainability standards, a trend that policy frameworks should support rather than obstruct.

The **second session** turned to the more specific question of critical minerals, traceability and supply chain resilience, featuring voices from EU institutions, industry, research, and civil society. Participants examined how the EU-Australia partnership can be operationalised to build more resilient and sustainable supply chains, and what role traceability mechanisms and regulatory alignment can play in that effort.

The EU's evolving CRM policy architecture was outlined, tracing the trajectory from the 2008 Raw Materials Initiative through the Critical Raw Materials Act and toward new instruments including the CRM Center, ReSourceEU, and strategic partnerships with resource-rich, like-minded countries such as Australia and Canada. The business-oriented pillar of the emerging framework was highlighted alongside research cooperation and ESG criteria, with a Team Europe approach involving all relevant European stakeholders presented as the appropriate model for implementation.

On traceability, the Digital Product Passport was identified as a key near-term instrument, covering composition, carbon footprint, responsible sourcing, and recycled content. Permanent magnet traceability requirements under Article 28 of the CRM Act and environmental footprint data for imports were also highlighted as tools through which traceability can be translated into competitive advantage and trust-building with partners. A proposal was made for EU-Australia co-design of traceability rules to ensure mutual recognition.

The session also addressed the investment and bankability challenges facing the green metals transition. Moving from traditional to green iron and metals requires capital-intensive processes that cannot be secured without credible offtake commitments, and local permitting constraints compound the difficulty. Hydrogen was cited as a case study in the mismatch between political ambition and commercial viability. Participants called for governments to signal that demand is real and backed by public commitment before expecting the private sector to secure supply. While Europe is the end-user market and Australia is the mining market, the central challenge is that the processing market in the middle is still underdeveloped. Speakers drew lessons from China's long-horizon approach, where controlling manufacturing means controlling innovation, and controlling raw materials means controlling supply chains, and called on Europe to become proactive rather than reactive in building sovereign supply chain security.

Concrete proposals included filling the debt capital gap through the European Investment Bank, fast-tracking project approvals, creating binding CRM frameworks, supporting alternative technologies, introducing floor pricing mechanisms, and developing a coordinated joint investment strategy through a strengthened CRM Center with direct financial powers including equity participation, price support, and expanded Global Gateway resources. An Industrial Accelerator Act was proposed to create demand for EU and FTA partners' minerals, alongside calls for policy coherence, noting the risk that instruments like the 2035 combustion engine ban, if reversed or diluted, undermine the investment signals that CRM partnerships depend upon.

The roundtable concluded with **closing remarks** that drew together the day's main threads. Speakers stressed that high standards drive rather than impede innovation, and that the challenge is to make projects commercially viable without compromising the ESG and values-based framework that gives the EU-Australia partnership its distinctive character. A coherent long-term perspective was identified as the most important strategic requirement: unlike the reactive, project-by-project approach that has characterised European CRM policy to date, building a genuinely resilient supply chain requires sustained political commitment, coordinated industrial strategy, and the willingness to move at the speed that geoeconomic competition demands. The EU-Australia FTA, if implemented with ambition and urgency, offers a concrete foundation for that effort.