



## Tax Insights

### Australia-European Union free trade agreement signed

On 24 March 2026, and after eight years of negotiations, the Australian Prime Minister, Anthony Albanese, issued a [press release](#) announcing that Australia and the European Union (EU) had put pen to paper on a historic free trade agreement (FTA) which will drive enhanced economic and people to people links between the EU and Australia.

According to the European Australian Business Council (EABC), the deal, signed at Parliament House in Canberra by the prime minister and European Commission President Ursula von der Leyen, will see increased market access for Australia to [450 million high-income consumers and 26 million businesses and an economy worth over EUR 18 trillion](#). The agreement is expected to deliver an AUD 10 billion annual boost to the Australian economy.

#### What does this deal mean?

The agreement generates significant opportunities for Australian businesses. According to the EABC, bilateral trade between Australia and the EU already exceeds AUD 109.7 billion annually but with the agreement finalised, there are significant opportunities available to Australian businesses to maximise and diversify their international trade footprint.

Under the finalised deal, some of the key changes highlighted in the Australian government publication [Australia-European Union free trade agreement: Key outcomes](#) are:

- 98% of Australia's exports (by value) will enter the EU duty free;
- 99% of the EU's exports will enter Australia duty free, saving companies EUR 1 billion a year in duties (AUD 1.6 billion);
- Almost all EU tariffs on agricultural products will be eliminated, including Australian wine, seafood, nuts, dairy, wheat, barley, and olive oil. For example, Australian wine exporters alone are expected to benefit by approximately AUD 37 million annually. Additionally new or amended quota volumes are included for other key Australian agricultural exports; and
- The luxury car tax (LCT) will be amended to introduce an AUD 120,000 threshold for zero-emission vehicles. This will exempt approximately 75% of imported EU electric vehicles from LCT. In addition, the 5% duty rate on European vehicles imported into Australia will be removed.

## Opportunities

The agreement delivers meaningful gains across a broad range of sectors, from agriculture through to critical minerals and defence.

### **Agricultural access**

Australian producers gain expanded access to the EU market with new or increased tariff rate quota volumes for key exports including beef, sheep meat, rice, wheat, and butter.

### **Access to EU government contracts**

Australian companies including small and medium-sized enterprises will now be able to bid for EU government contracts worth approximately AUD 845 billion annually, spanning a range of sectors including rail and construction.

### **Services and professional mobility**

Australian service providers will receive improved market access across financial services, education, tourism, and communications, with streamlined recognition of Australian qualifications across EU member states.

### **Critical minerals and clean energy**

The agreement will boost trade and cooperation on critical minerals through the elimination of EU tariffs on critical minerals, which will enhance the competitiveness of Australian exports.

### **Security, defence, and innovation**

Alongside the FTA, the new Security and Defence Partnership between the EU and Australia creates a clear path for collaboration between the EU and Australia on key areas including defence capability, maritime security, cyber resilience and emerging and critical technologies. In addition, negotiations for Australia's association with Horizon Europe, the world's largest collaborative research program with a budget of EUR 95.5 billion, have been fast-tracked, with Australia expected to join in 2027.

## Key takeaways

This agreement is a significant milestone in Australia's trade architecture. Upon entry into force (expected 2027-28) it will deliver tariff-free access to one of the world's largest and wealthiest markets, which generates significant opportunities for Australian exporters, and which also results in cheaper imports of European goods for Australian consumers.

While the FTA is still [subject to domestic legal and parliamentary processes](#) in the EU and Australia, Australian businesses should as a priority, examine their supply chain and import and export profiles to determine what cost savings and new market access opportunities might flow from the agreement once it enters into force.

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