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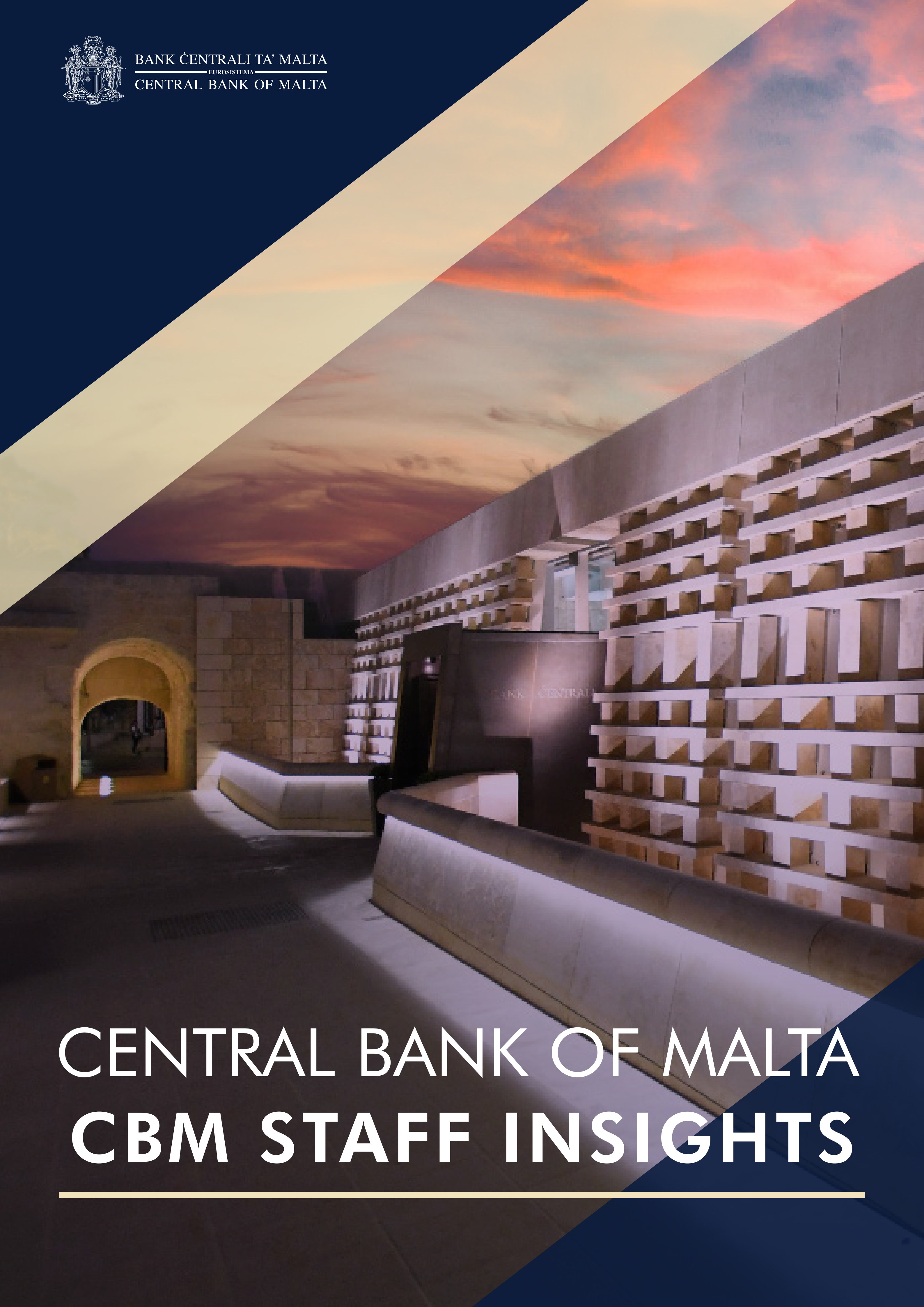

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EU AND MALTA'S TRADE WITH AUSTRALIA

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CBM Staff Insights 17/2026

EU AND MALTA'S TRADE WITH AUSTRALIA[1]

Introduction

Free trade agreement (FTA) negotiations between the European Union (EU) and Australia started in July 2018. The negotiations were successfully completed some 18 years later in March 2026. The FTA will enter into force once all ratifications steps have been completed. It follows the conclusion of the EU free trade agreement negotiations with Indonesia in September 2025, and with India in January 2026, which are an attempt to expand EU global trade relationships and supply chains. An EU-Australia Security and Defence Partnership was also signed.

The EU industries expected to benefit most from the FTA in question are machinery, motor vehicles and chemicals. Tariffs on these goods are eliminated immediately after the agreement enters into force. In services, EU companies will be provided with improved access in professional and business services, maritime transport and financial services. The agreement defines rules on data flows with a prohibition of data localisation requirements.

Imports of goods from Australia in sensitive agricultural sectors including beef, sheep and goat meat, sugar, rice, and certain dairy products, will be subject to zero or reduced tariffs only in limited amounts and at certain conditions. The EU would have the possibility to act promptly via a safeguard mechanism in the case of an increase in Australian imports causing issues for EU farmers. The agreement will also protect EU geographical labels such as *Champagne* or *Parmigiano Reggiano*. The latter can only be used if products are produced in their designated regions.

Australia is a major producer of critical raw materials such as aluminium, lithium and manganese. The agreement will reduce or eliminate tariffs on these materials. Australia and the EU will remove tariffs also on green goods including energy efficient, renewable energy and battery products.

For Malta, the agreement's direct impact on goods trade is likely to be relatively limited, given the low level of merchandise trade with Australia. However, as Malta's services exports to Australia have expanded in recent years, the EU-Australia FTA may create more immediate opportunities in services.

This article explores trade relations and developments between the EU and Australia, and Malta and Australia for trade in goods and services from the point of view of the EU and Malta.

EU[2] trade in goods with Australia

In 2025, the EU was Australia's second-largest trading partner after China (13.9% of total trade), while Australia ranked as the EU's 22nd biggest partner for trade in goods (0.9% of the EU's total trade).[3] Bilateral trade in goods between the EU and Australia has grown steadily over the decade under review, with EU exports to Australia increasing by 39.7% and imports rising by 49.9%, bringing total trade to €47.2 billion in 2025. The EU recorded a continuous merchandise trade surplus with Australia across the period, peaking at €28.1 billion in 2024

[1] Prepared by Silvio Galea, Dr Kalina Koleva and Lorraine Bonavia, Head, Manager and International Relations Officer, respectively, within the Central Bank of Malta's International Relations and Communications Department. The views expressed are those of the authors and do not necessarily reflect those of the Central Bank of Malta.

[2] For consistency purposes, the EU refers to the 27 EU countries throughout this article, which means that the UK is treated as a non-EU country and excluded from EU data, even in the years before Brexit.

[3] EU trade relations with Australia

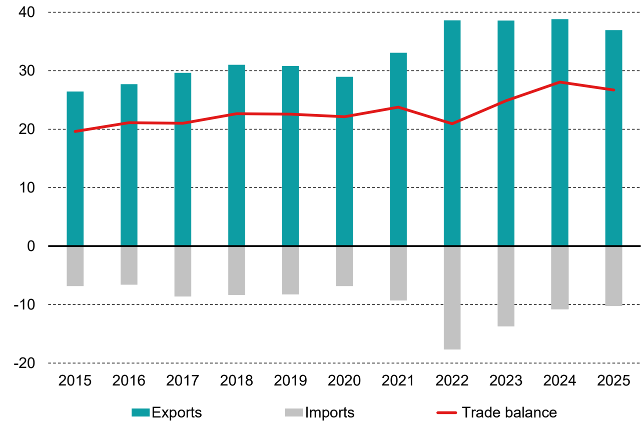
(see Chart 1). The surplus eased slightly to €26.8 billion in 2025, with EU exports to Australia amounting to €37.0 billion, while imports stood at €10.2 billion.

Chart 2 shows EU trade with Australia broken down by product groups.[4] In 2025, the most exported products by the EU to Australia were machinery and transport equipment (47.0%), chemicals (20.7%), other manufactured goods (19.7%), and food, drinks and tobacco (10.5%). The increase in EU exports to Australia between 2015 and 2025 was driven mainly by higher exports of machinery and transport equipment, as well as chemicals. The most imported products by the EU from Australia in 2025 were energy (29.6%), raw materials (25.1%), other manufactured goods (14.9%), and machinery and transport equipment (9.6%). The increase in EU imports from Australia over the reviewed decade was largely due to a rise in imports of energy products.

Exports

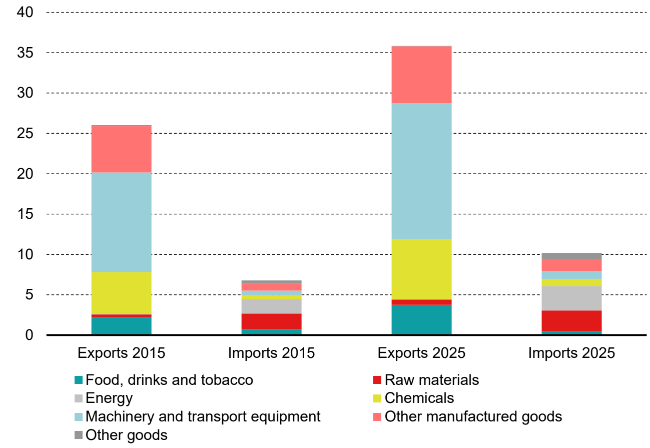
At a more granular product level (based on three-digit trade data), the composition of EU exports to Australia shifted between 2015 and 2025. The main exported product by the EU to Australia in 2025 was medicaments, including veterinary medicaments, which accounted for 8.5% of total exports to Australia (see Chart 3). Motor cars and other passenger vehicles were the

Chart 1
EU TRADE IN GOODS WITH AUSTRALIA
(EUR billions)



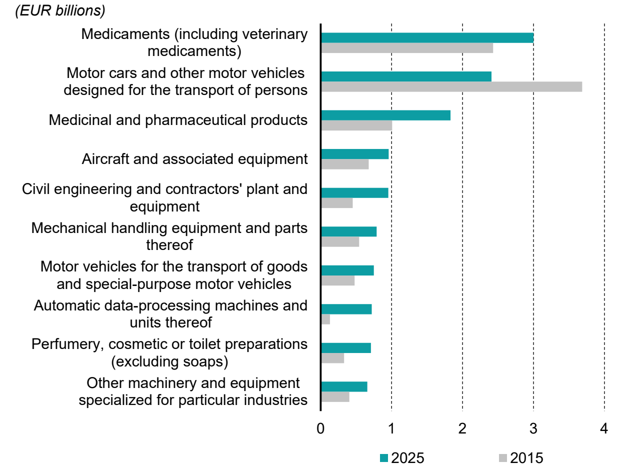
Source: Eurostat (International trade in goods data).

Chart 2
EU TRADE WITH AUSTRALIA BY PRODUCT GROUP
(EUR billions)



Source: Eurostat (International trade in goods data).

Chart 3
EU TOP TEN MOST EXPORTED GOODS TO AUSTRALIA
(EUR billions)



Source: Eurostat (International trade in goods data).

[4] Data is categorised according to the Standard International Trade Classification (SITC).

second most exported product (6.8%), followed by medicinal and pharmaceutical products (5.2%). Both medicaments, including veterinary medicaments, and medicinal and pharmaceutical products increased their share of EU exports to Australia between 2015 and 2025, whereas motor cars and other passenger vehicles recorded a decline.

The elimination of tariffs on more than 99% of EU exports to Australia under the EU-Australia FTA is likely to substantially affect both the composition and volumes of EU goods exports to Australia in the coming years. According to the European Commission, EU annual exports are expected to increase by up to 33% over the next decade, with significant growth in sectors such as motor vehicles (expected to increase by 52%), dairy (48%) and chemicals (20%).[5]

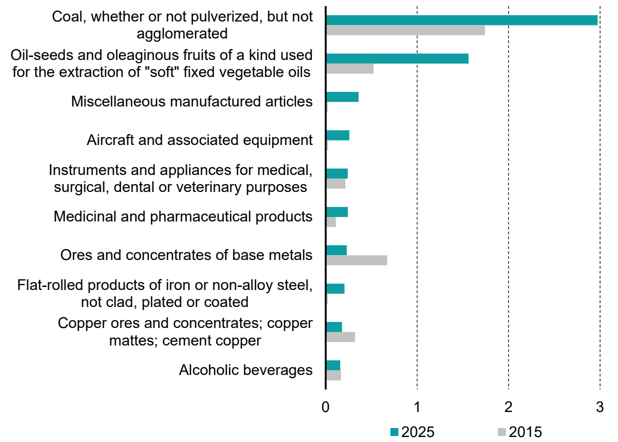
Australia will eliminate duties on a wide range of industrial products exported by the EU, including cars, trucks and motor vehicle parts; machinery; chemicals; textiles, clothing and footwear; plastics; most articles of steel; and wood and furniture. EU farmers and food producers will also benefit from new export opportunities. The agreement will, upon entry into force, remove duties on EU food and drink exports for all products except cheeses, for which tariffs will be phased out over a short transition period. High-volume exports benefiting from immediate tariff elimination include wine, sparkling wine and spirits; chocolate, sugar confectionery and biscuits; pasta and cereal food preparations; and canned tomatoes, potatoes, olives and other canned vegetables.[6]

Imports

At a more granular product level (based on three-digit trade data), Chart 4 shows that coal was the EU's main imported product from Australia in 2025, accounting for 31.2% of total imports from Australia. Oil-seeds and oleaginous fruits ranked second (16.4%), followed by miscellaneous manufactured articles (3.8%). Both coal and oil-seeds increased their share of EU imports from Australia over the period under review. In contrast, products such as ores and concentrates of base metals and copper ores and concentrates, which featured more prominently in 2015, accounted for a smaller share of imports in 2025.

Although Australia and the EU maintain a strong bilateral trade relationship, Australian exports to the EU remain subject to tariffs in several sectors. The EU-Australia FTA will eliminate or significantly reduce EU import duties on most Australian goods, resulting in improved access for Australian exporters to the EU market, especially in sectors such as agriculture, raw materials and some manufactured goods. Australian farmers and producers will be able to export

Chart 4
EU TOP TEN MOST IMPORTED GOODS FROM AUSTRALIA
(EUR billions)



Source: Eurostat (International trade in goods data).

[5] EU and Australia strengthen relations with Security and Defence Partnership and Trade Agreement
[6] EU-Australia Free Trade Agreement

a wider range of agricultural products more competitively to the EU market, including wine, nuts, fruit and vegetables, honey, olive oil, most dairy products, wheat and barley, and seafood.[7] However, imports from Australia of sensitive agricultural products (such as beef, sheep and goat meat, sugar, rice and some dairy products) will be allowed at zero or reduced tariffs only in limited quantities and under specific conditions, to avoid overwhelming EU markets. A safeguard mechanism is also included, allowing the EU to quickly introduce protective measures if a sudden increase in Australian imports harms EU farmers.[8]

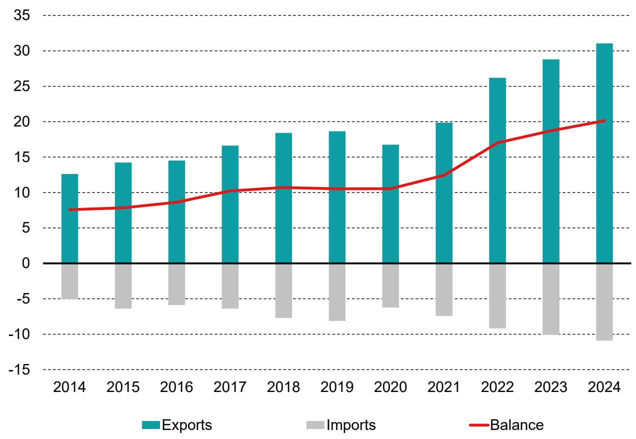
Australia is one of the world's leading producers of critical raw materials (CRMs), including aluminium, lithium and manganese, which all play a key role in EU industry. The FTA will facilitate EU access to Australian CRMs by reducing or eliminating tariffs, while also reinforcing cooperation between the EU and Australia in ensuring secure supply chains.[9] This is particularly important, given the EU's continued reliance on imports of CRMs and rising global demand. Trade in CRMs is vulnerable to sudden economic or geopolitical shocks, and therefore agreements with reliable partners are essential to ensure a stable EU supply. The deal also includes environmental and safety provisions to ensure the sustainable extraction of these materials.

EU trade in services with Australia

Trade in services has also grown steadily between the EU and Australia from 2014 to 2024, with EU services exports to Australia increasing by 146.1% while imports rose by 116.8%, with bilateral trade in services reaching €42.0 billion in 2024. The EU registered a persistent services trade surplus with Australia over the ten years under review, with the highest surplus recorded in 2024 at €20.1 billion (see Chart 5).

The FTA between the EU and Australia is expected to support further growth and diversification of EU services exports to Australia. By enhancing transparency and predictability in the regulatory framework, eliminating discriminatory practices, and expanding opportunities, the agreement will improve market access for EU service providers in Australia, particularly in key sectors such as professional and business services, maritime transport and financial services.[10] Australian service providers will also have greater market access to the EU, including in financial services, education, tourism and communications.[11]

Chart 5
EU TRADE IN SERVICES WITH AUSTRALIA
(EUR billions)

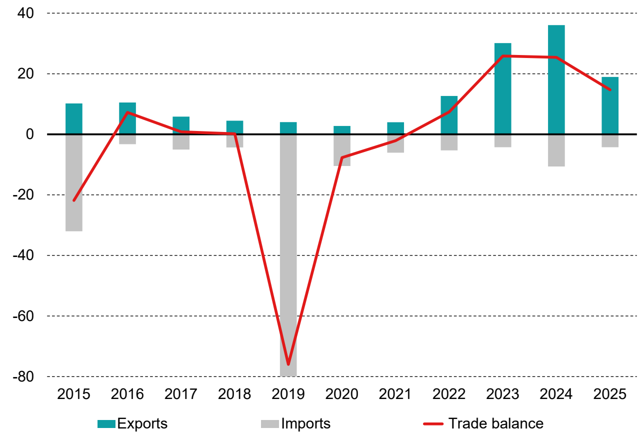


Source: Eurostat (International trade in services data).

7 [Australia-European Union Free Trade Agreement]
8 [The EU-Australia Trade Agreement]
9 See footnote 5.
10 [Questions and answers on the EU-Australia Trade Agreement]
11 See footnote 6.

Malta's trade in goods with Australia

Chart 6
MALTA'S TRADE IN GOODS WITH AUSTRALIA
(EUR millions)

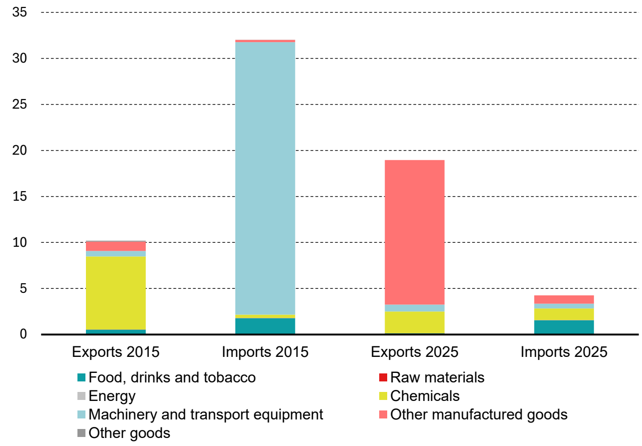


Source: Eurostat (International trade in goods data).

Bilateral trade in goods between Malta and Australia was characterised by relatively low trade volumes over the period under review, with the notable exception of 2019 (see Chart 6). The large trade deficits of €21.9 million in 2015 and €76.0 million in 2019 were primarily driven by one-off surges in imports of ships, boats and floating structures. Following 2019, imports returned to comparatively low levels and the trade balance gradually improved. Exports increased significantly from 2022 onwards, reaching a peak in 2024, while imports remained limited. As a result, the highest trade surpluses were recorded in 2023 and 2024, at €25.9 million and €25.4 million, respectively. The surplus narrowed to €14.7 million in 2025 as exports moderated to €19.0 million (0.5% of Malta's total exports), but remained well above import levels, which amounted to €4.3 million (0.05% of Malta's total imports).

Chart 7 shows Malta's trade with Australia broken down by product groups. In 2025, the most exported products by Malta to Australia were other manufactured goods (82.8%), chemicals (12.4%) and machinery and transport equipment (4.0%). The increase in Malta's exports to Australia between 2015 and 2025 was mainly driven by a substantial rise in exports of other manufactured goods. The main products imported by Malta from Australia in 2025 were food, drinks and tobacco (36.3%), chemicals (29.6%), other manufactured goods (21.3%), and machinery and transport equipment (12.0%). The high level of imports recorded in 2015 was largely due to a one-off increase in imports of ships, boats and floating structures, classified under machinery and transport equipment. Trade volumes were therefore considerably lower in 2025 and more evenly distributed across product groups.

Chart 7
MALTA'S TRADE WITH AUSTRALIA BY PRODUCT GROUP
(EUR millions)



Source: Eurostat (International trade in goods data).

Exports

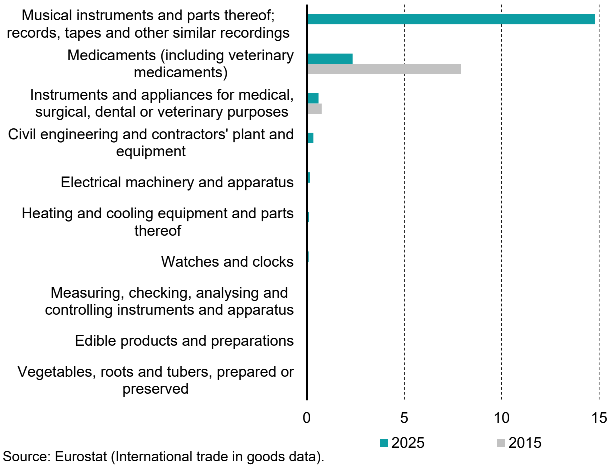
At a more detailed product level (based on three-digit trade data), the composition of Malta's exports to Australia changed significantly between 2015 and 2025 (see Chart 8). In 2025, exports were largely dominated by musical instruments, which accounted for 78.1% of Malta's exports to Australia. Medicaments, including veterinary medicaments, were the second most exported product (12.4%), followed by instruments and appliances for medical, surgical, dental or veterinary purposes (3.2%). By contrast, in 2015, exports of musical instruments were negligible, whereas medicaments, including veterinary medicaments, featured more prominently in Malta's exports to Australia.

Imports

At a more detailed product level (based on three-digit trade data), the structure of Malta's imports from Australia changed markedly between 2015 and 2025. Imports in 2025 were dominated by plates, sheets, film, foil and strip, of plastics, which amounted to 22.3% of Malta's imports from Australia, whereas imports of plastics were negligible in 2015 (see Chart 9). Margarine and shortening were the second most imported product (20.2%) in 2025, followed by cheese and curd (8.8%). These products also featured prominently among Malta's imports from Australia in 2015.

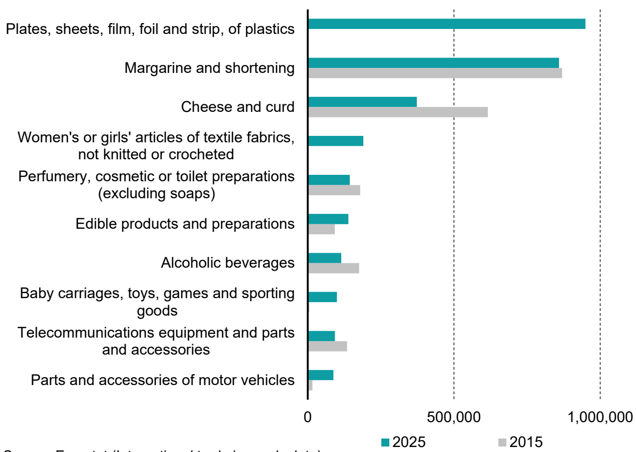
Malta's trade with Australia, as well as the EU's trade with Australia, remained relatively low in 2025, as shown in Chart 10. In

Chart 8
MALTA'S TOP TEN MOST EXPORTED GOODS TO AUSTRALIA
(EUR millions)



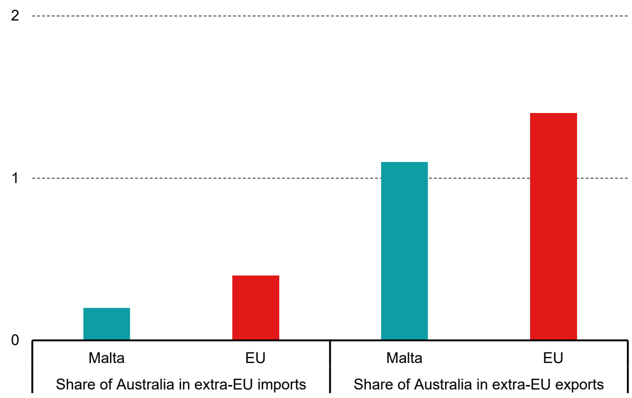
Source: Eurostat (International trade in goods data).

Chart 9
MALTA'S TOP TEN MOST IMPORTED GOODS FROM AUSTRALIA
(EUR)



Source: Eurostat (International trade in goods data).

Chart 10
TRADE IN GOODS WITH AUSTRALIA AS A SHARE OF EXTRA-EU TRADE IN GOODS
(percentage; 2025)

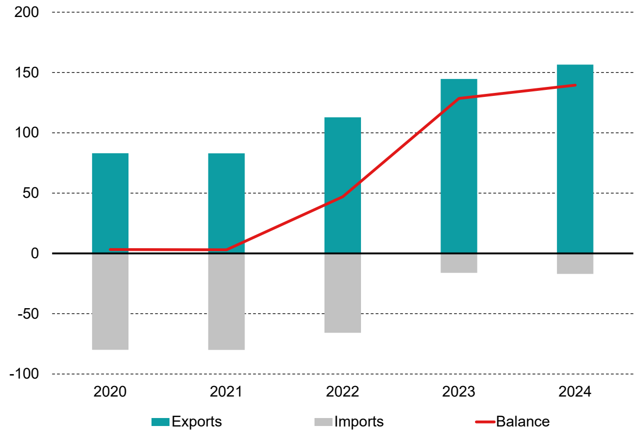


Source: Eurostat (International trade in goods data).

2025, Australia accounted for only 1.1% of Malta's extra-EU exports and 1.4% of the EU's extra-EU exports. On the import side, figures were even lower, with Malta's and the EU's imports from Australia corresponding to 0.2% and 0.4% of extra-EU imports, in that order.

Malta's trade in services with Australia

Chart 11
MALTA'S TRADE IN SERVICES WITH AUSTRALIA
(EUR millions)



Source: Eurostat (International trade in services data).

Trade in services between Malta and Australia registered an increase from 2020 to 2024,[12] with services exports increasing by 88.3% and imports decreasing by 78.7%. Bilateral trade in services reached €173.5 million in 2024. Malta registered a persistent services trade surplus with Australia over the five years under review, with the highest surplus recorded in 2024 at €139.5 million (see Chart 11). In 2024, Malta's services exports to Australia consisted mainly of transport and travel services.

Conclusion

The conclusion of the EU-Australia FTA marks another important step in the EU's efforts to diversify its trade relations, strengthen economic ties with key international partners and reinforce its presence in the strategically important Indo-Pacific region.

The agreement is expected to have a significant positive impact on the EU economy. The EU and Australia already trade more than €89.2 billion in goods and services annually, supporting around 460,000 jobs across the EU. Once implemented, the FTA would deliver up to €1 billion in annual duty savings for EU exporters, increase EU annual exports by up to 33% over the next decade and contribute an estimated €4 billion to EU gross domestic product by 2030.[13]

As the EU trade in goods with Australia represents a relatively modest share of extra-EU goods trade, there is room for growth, particularly in sectors where tariffs would be eliminated and market access improved. The FTA is projected to deepen EU-Australia trade in critical minerals and green energy resources, industrial and manufactured goods, agri-food products and wine. EU exporters of machinery, motor vehicles and chemicals would benefit immediately, as tariffs on these goods would be eliminated when the agreement enters into force. EU food and agricultural exports to Australia should also expand, as the agreement removes tariffs on a range of agri-food products, including cheese, wine, chocolate, biscuits and bread.

As services trade between the EU and Australia is higher, services could develop further the EU-Australia trade relationship after the agreement ratification. The agreement should support further growth in services, digital trade and foreign direct investment.

[12] Data for services trade between Malta and Australia was unavailable for 2015, 2016 and 2019.
[13] See footnote 6.

For Malta, the direct impact of the agreement is likely to be more limited in goods trade, given that Australia accounted for a relatively small share of Malta's extra-EU exports and imports in 2025. However, the steady growth in Malta's services exports to Australia might indicate that services could offer more immediate opportunities for Malta under the EU-Australia FTA.