



With Australia's General Election Settled, It is a Good Opportunity for Closer EU Engagement

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The Labour Party's victory in the 3 May general election guarantees a continuation of Australia's foreign policy, including its continued support for Ukraine. Uncertainty in relations with the U.S. and ongoing tensions with China open up opportunities to bring Australia closer to European partners, including the EU. It is in the mutual interest of the two like-minded partners to swiftly complete the negotiation of a free trade agreement and enhance strategic and defence cooperation. It is also an opportunity to intensify the Polish-Australian political dialogue.

The general election in Australia was decisively won by the Labour Party, which increased its seats in parliament from 77 in 2022 to 94 today, securing well over an absolute majority (76). Labour leader Anthony Albanese will remain the prime minister. The opposition Liberal-National Coalition, which was clearly leading in the polls until as recently as January, suffered a historic defeat, dropping from 58 seats to 43. The main themes of the campaign were domestic issues, particularly inflation and rising property prices.

Although international issues were not a major campaign issue, the new international situation since January, when Donald Trump began his second term as U.S. president, influenced voters' decisions. At a time of uncertainty in the international environment, Australians opted for stability, guaranteed by the moderate Labour Party government. As with the earlier [Canadian election](#), the "Trump effect" worked against the opposition in Australia, albeit to a much lesser extent. Opposition leader Peter Dutton was hurt by statements similar in style and content to Trump's, including an anti-immigrant stance, announcing cuts to the government administration, and downplaying the importance of climate change, which cost him his parliamentary seat and leadership of the opposition. The defeat also led to the disintegration of the coalition, strengthening the current government and its ability to carry out reforms.

International Challenges. For many years, Australia's main foreign policy challenge has been the growing power and expansive policies of China in the Indo-Pacific. China imposed economic sanctions on Australia in 2020 and has been accused of domestic political interference and disinformation activities. However, after a more confrontational stance from [Scott Morrison's conservative government](#) (2019-2022), the Labour cabinet sought to improve relations with China from 2022 onwards. Maintaining a stable relationship with its largest trading partner—China accounts for 26% of Australian trade—will remain a priority for Albanese, who plans to travel to Beijing soon. At the same time, curbing Chinese influence in Southeast Asia will remain an important goal for Australia, as evidenced by the selection of Indonesia as the destination for the prime minister's first overseas trip after re-election.

The second challenge for Australia is the relationship with its most important ally, the United States. The Trump administration's unpredictability, uncertainty about American security guarantees and engagement in the region, and trade disputes are undermining the two countries' traditional partnership. Even though Australia ran an \$18 billion trade deficit with the U.S. in 2024, that did not save it from the imposition of the baseline additional 10% tariffs the Trump administration imposed earlier this year. The decline in confidence in the United States is shown by Lowy Institute polling, which found that the percentage of

respondents who agreed with the statement that the U.S. plays a negative role in the world rose to 66% in April 2025 from 44% a year earlier, while 36% are convinced of its positive role (down from 56% last year). The undermining of confidence in the alliance with the U.S. has raised the need for Australia to rely more on its own military resources and regional partners. It may also be more inclined to strengthen cooperation with its traditional partner, the European Union.

Opportunities for EU-Australian Relations. The impetus for reinvigorated cooperation with the EU was Prime Minister Albanese's visit to Rome on 18 May for the inauguration of Pope Leo XIV. Among others, he met with the President of the European Commission Ursula von der Leyen, and Ukrainian President Volodymyr Zelensky. He reaffirmed Australia's continued support of Ukraine and readiness to participate in a possible peace mission after the truce. Von der Leyen made an offer to accelerate the negotiation of a free trade agreement (FTA) and the conclusion of a Strategic and Defence Partnership (SDP).

FTA negotiations started in 2018 but were suspended in 2023 after 15 rounds due to the lack of agreement on Australian agricultural imports to the EU, mainly beef and mutton. On 4 June this year, there was a meeting between Australia's Trade Minister Don Farrell and EU Commissioner for Trade and Economic Security Maroš Šefčovič, who announced the resumption of FTA negotiations. An agreement would revitalise bilateral trade in goods and services, increase the resiliency of both sides to pressure from the U.S. and China, and send a political signal of support for free trade at a time of rising protectionism. Bilateral trade in goods reached almost €50 billion in 2024, with the EU having a large surplus (€27.9 billion). Australia is the Union's 20th trading partner (with a share of around 1% of its total trade), while the EU ranks third among Australia's partners (8.6%). Australia is an important partner for the EU in terms of trade in services (the value of such exchange in 2024 was €38 billion) and investment (EU countries had investments worth €122.8 billion in Australia as of 2022).

The signing of an FTA would strengthen the strategic dimension of cooperation on critical raw materials and low-carbon and cutting-edge technologies needed for the green and digital transformations in the EU and Indo-Pacific countries. With Australia the world's leader in lithium mining (43%), as well as an important producer of nickel (2nd), cobalt (4th) and rare earths, and the EU one of the main buyers of these raw materials, it makes them complementary partners. Both sides' dependence on China for trade in these critical minerals (Australia as an exporter and the EU as an importer of processed products) means that they also have a common interest in re-aligning global supply chains. Adoption of an FTA may facilitate the implementation of the

EU-Australia Strategic Partnership on Critical Raw Materials, signed in May 2024, by facilitating investment in processing infrastructure in Australia or joint projects in [Southeast Asian countries](#), further serving to diversify supply chains.

Defence could also be another important area of cooperation. The [EU's growing interest in the Indo-Pacific](#) and Australia's support for Ukraine's fight against Russian aggression reinforce mutual trust and lay the foundations for developing defence cooperation. Hence, after initial doubts, the leaders of the EU and Australia finally decided on the sidelines of the G7 summit in Canada on 16 June to start talks on a defence partnership, similar to those the EU concluded with Japan or South Korea in 2024. It is important that the new agreement brings additional benefits to the 2017 Framework Agreement with the EU, which covers several areas of security cooperation. An incentive could be the possible participation of Australian entities in procurement under the [EU's rearmament plans](#), estimated to total more than €150 billion. The new agreement would not impose additional costs and alliance guarantees on either party, but would facilitate cooperation on cybersecurity, counter-piracy, and hybrid threats.

Conclusions and Prospects. The Albanese government's second term marks a continuation of Australian foreign policy, including stabilising relations with China, strengthening Indo-Pacific partnerships, and attempting to maintain U.S. engagement in the region. The uncertainty of relations with the two major powers means that there is a growing convergence of interests between Australia and the EU. This presents an opportunity to develop a partnership of like-minded entities to strengthen multilateralism, rebuild global value chains, and enhance security cooperation. It is also a convenient time to complete trade negotiations and sign the Strategic and Defence Partnership.

Unblocking the FTA negotiations will require difficult concessions on the part of the Union, including countries with extensive agriculture, such as Poland and France, which fear an inflow of Australian agricultural products such as beef, among others. The favourable trade balance, opportunities to access critical raw materials and Australia's assistance to Ukraine could offset the limited economic costs and should not block the greater strategic benefits in bringing the two sides together. In order to overcome Australia's possible reluctance towards such new agreements, the EU should also emphasise the benefits of closer cooperation in defence, security, and joint projects in the Pacific and/or Southeast Asia. This is also a good time to strengthen political and economic relations between Poland and Australia, perhaps with Prime Minister Albanese's first visit to Poland or Premier Donald Tusk traveling to Australia.