



Why is the Australian Government pursuing a Free Trade Agreement (FTA) with the United Kingdom?

The United Kingdom of Great Britain and Northern Ireland (UK) is one of Australia's most important partners. Australia has a significant and unique relationship with the UK, underpinned by our shared heritage, common values, historic people-to-people links and advanced, open economies.

An Australia-UK FTA will build on our existing strengths in two-way trade and investment, support our post-COVID economic recovery and signal our shared commitment to global trade liberalisation and a rules-based international order.

The UK is already an important trading partner for Australia. In 2018-19, two-way goods and services trade was valued at \$30.3 billion, making the UK Australia's seventh-largest trading partner. An FTA with the UK has the potential to deepen our trade and investment relationship for the benefit of Australian businesses and consumers.

We will also explore ways to build on our deep and historic people-to-people links, such as youth mobility exchanges, to ensure the benefits of deeper Australia-UK economic cooperation are distributed as widely as possible.

What are the potential benefits of an Australia-UK FTA?



Australia will pursue an ambitious and comprehensive FTA with the UK that drives increased two-way trade in goods and services, economic growth and job creation.

Through improved market access for goods and services, an FTA will give Australian exporters a competitive edge when entering the UK market. Australian businesses and consumers will also benefit from greater access to competitively-priced goods and services, new technologies and innovative practices.

An FTA will also further strengthen investment flows between the UK and Australia, playing an important role in growing and diversifying the economy and creating jobs in the COVID-19 recovery phase.

What could an Australia-UK FTA deliver?

Services



Services are a crucial component of the two-way trading relationship. The UK is our third-largest services trading partner, accounting for 7.7 per cent (\$15.2 billion) of our total services trade in 2018-19. Services sectors that are key to our two-way trading relationship include financial and professional services and telecommunications.

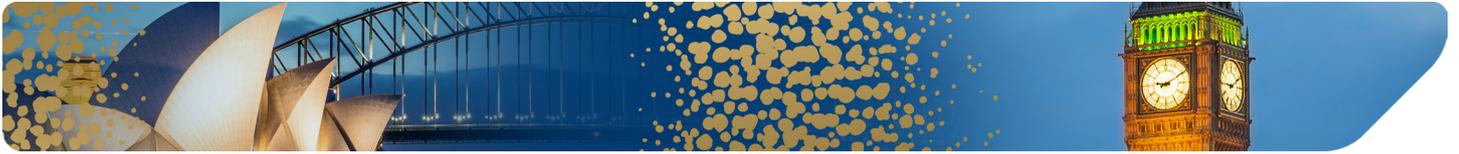
Australia will aim to secure modern commitments from the UK that strengthen our trade relationship across our priority services sectors. This will include securing ambitious commitments on the mutual recognition of professional qualifications, and providing greater certainty for skilled professionals entering the UK labour market.



Australian Government

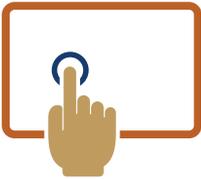


AUSTRALIA



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Digital trade



The rapid rise of technology and digitisation is transforming global economies and creating new opportunities for businesses and consumers. Digital trade is also playing a key role in the economic recovery from COVID-19.

Australia will seek modern commitments with the UK that will reduce digital trade barriers and assist Australians to engage with, and benefit from, the digital economy. These will be complemented by provisions ensuring appropriate protections for consumers and for legitimate public policy objectives.

Goods



The UK was Australia's 12th-largest goods trading partner in 2018-19, with our major exports to the UK being gold, lead and wine. Australia will seek improved market access for our goods exports, including agricultural products, through the elimination of tariffs, quotas and non-tariff barriers under the FTA.

Australian agricultural exports to the UK have been relatively low since the UK joined the EU, due to the high tariffs and other trade barriers the UK imposed as a member of the EU. While it is unlikely we will return to pre-EU volumes of agricultural trade with the UK, as Australian agricultural exporters have since diverted their trade to other markets especially in Asia, the opening of more choices is important for our primary producers, particularly for our post-COVID economic recovery.

Investment



The UK was the second-largest source of foreign investment in Australia in 2019, in terms of both total stock (\$686 billion) and foreign direct investment (FDI) (\$127 billion). It was also the second-largest destination for Australian foreign investment, with total stock of \$509 billion and FDI of \$143 billion in 2019. Australia will seek modern and comprehensive investment rules in the FTA that increase opportunities for Australian businesses entering the UK market, and enhance Australia's reputation as an attractive destination for UK investment.

By bringing in new businesses with connections in different markets, foreign investment from the UK can create more export opportunities for Australian business. Increased UK investment would also encourage competition and increased innovation by bringing new technologies and services to the Australian market. Foreign investment, including from the UK, will play an important role in our post-COVID economic recovery.

High-quality rules and standards

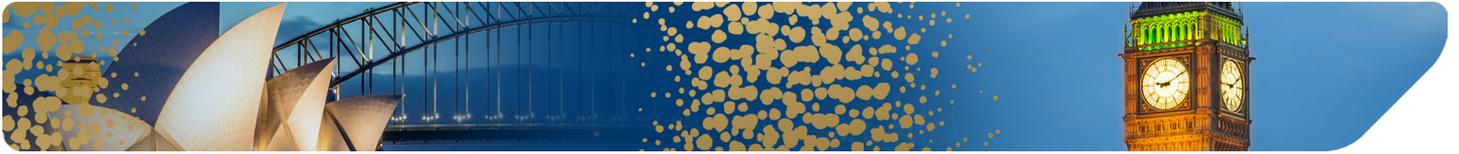


Australia will seek high-quality commitments on key sustainability issues, such as environmental protection and labour rights, that align with internationally agreed principles, standards and rules. We will also work to establish strong regulatory practice and compliance provisions that create a more predictable business environment for Australian companies.

Ease of doing business



Australia will aim to address non-tariff barriers (NTBs) by assessing and removing trade-restrictive measures for trade in goods. Commitments seeking enhanced transparency for customs procedures will also make it easier for Australian companies to do business with the UK.



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Who will be consulted and how?



The Department of Foreign Affairs and Trade (DFAT) leads Australia's whole-of-government negotiations on the Australia-UK FTA. Australia's negotiating positions rely on input provided by stakeholders.

Stakeholders are invited to express their views through public meetings, industry specific consultations, or written submissions. DFAT is particularly interested to understand details of any specific impediments to trade and investment that could be addressed in the FTA.

For further information on the Australia-UK FTA, including updates on negotiations and how to make a submission or submit a query, please visit www.dfat.gov.au/trade/agreements/negotiations/aukfta

DFAT will continue to provide updates and information on our negotiating objectives on this webpage. Requests for additional information and written submissions can be sent by email to: ukfta@dfat.gov.au

How are FTAs implemented?

In line with Australia's treaty-making processes, our FTA with the UK would be tabled in Parliament. The Joint Standing Committee on Treaties (JSCOT) would then conduct an inquiry into the FTA and report back to Parliament. Parliament would consider any legislation or amendments to existing legislation that may be necessary to implement an agreement.

