



Department for  
International Trade



# UK-Australia Free Trade Agreement: Benefits for the UK

# Introduction

**The UK–Australia Free Trade Agreement (FTA) is the first deal the UK has negotiated from scratch since leaving the European Union.**

The deal will play an important role in levelling up the UK, delivering benefits for towns, cities and rural areas throughout the country. It is expected to increase trade with Australia by 53%, boost the economy by £2.3 billion and add £900 million to household wages in the long-run.

Businesses in every region and nation of the UK will benefit from new opportunities to sell world-class British goods and services to Australia. According to government analysis, the West Midlands, the North East, North West, South East, South West and Wales are set to see the biggest gains.

The deal is also an important step towards joining and establishing closer ties with the 11 countries in the

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Together with a new free trade agreement agreed in principle with New Zealand, it will help UK businesses increase market share in the ANZ region and across the Indo-Pacific.

Exports to Australia already support over 100,000 UK jobs and Australian demand for imports is expected to grow by 30% in real terms over the next decade.<sup>1</sup> Greater access to Australian markets and reduced regulatory burdens on goods and services will create opportunities for businesses and consumers across the UK.

**This document explains the specific benefits for different sectors of the UK economy.**

<sup>1</sup> DIT Global Trade Outlook, September 2021 ; DIT, Evaluating the impact of exports on UK jobs and incomes, 2021. Research by the Department for International Trade and carried out by the Fraser of Allander Institute at the University of Strathclyde. Estimates are experimental and relate to 2016. Jobs estimates refer to FTE jobs, and include 'direct' and 'indirect' export-supported jobs. 'Direct' export-supported jobs are jobs in industries that export goods or services. 'Indirect' jobs are jobs in industries that are in the UK supply chain of exporting industries.



# 1

# Agriculture, food and drink

**Australia is one of the most important destinations for UK food and drink exports<sup>2</sup> and this trade deal will bring opportunities to every part of the UK, from Scottish salmon fishers to Northern Ireland's distillers. The deal will support jobs in a sector which contributes £120 billion to our economy.<sup>3</sup>**

## **Tariff-free exports**

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UK food and drink exports to Australia have more than doubled in the last decade.<sup>4</sup> They will benefit from the elimination of tariffs on all products, including UK biscuit, whisky and gin exports (previously 5%) and cheese (previously up to around 20%). Removing tariffs on whisky could boost exports to Australia, which is the industry's eighth largest market, already worth £116 million last year.<sup>5</sup>

## **Flexible Rules of Origin**

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Flexible Rules of Origin mean UK processed food exporters will not need to show that many of their ingredients wholly originate from the UK to qualify for 0% tariffs. Instead, there will be change of tariff classification rules that are tailored to each processed food product. These rules will ensure that only British and Australian goods can benefit from this agreement while allowing UK businesses to be more competitive and flexible in sourcing the best ingredients for their products. UK biscuit producers, for example, will be able to qualify for new 0% tariffs (previously 5%) even if they use imported ingredients such as wheat and sugar.

## **Simple customs**

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New commitments will ensure food and drink products exit customs quickly, giving businesses the certainty they need to ship products to Australia. Perishable goods such as Scottish salmon will be prioritised for clearance and must be released within 6 hours if all requirements have been met. All other goods (except fast-track parcels) will have to be released within 48 hours if requirements have been met. This will help ensure that delivery times can be met, businesses are paid on time, and food products don't expire while waiting to clear customs.

For products that already meet the UK and Australia's high food safety standards, businesses will only need to complete one set of compliance checks. These will be carried out in the exporting country. The UK's export health certificate, for example, will be automatically recognised by Australian authorities, reducing paperwork.

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<sup>2</sup> Food and Drink Industry Report, 2021

<sup>3</sup> DEFRA, Agriculture in the UK: 2020

<sup>4</sup> HMRC Overseas trade in goods statistics, July 2021, measured in current prices.

<sup>5</sup> HMRC Overseas trade in goods statistics, July 2021, measured in current prices.

## Geographical Indications

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This deal could see a wide range of iconic UK products given protected Geographical Indication (GI) status in Australia in the future. GIs mean that products that don't meet the required qualities or characteristics can't use recognisable names like Cornish clotted cream. If Australia introduces a GI scheme for spirits and agri-foods as part of an international agreement, the UK will be able to put forward UK GIs to undergo Australia's legal procedures. If Australia does not introduce a GI scheme for spirits and agri-foods within two years of the deal coming into force, a formal review process will be launched.

This could benefit high-quality UK products with well-known and carefully protected geographic origins, including Welsh lamb, Scottish salmon, Irish poteen, and Jersey Royal Potatoes. Geographical Indications, which are associated with quality and local Geographical Indications, represent at least 20% of UK food and drink exports by value.<sup>6</sup>

## Maintaining our high standards

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The deal does not create any new permissions for imports from Australia and so hormone-treated beef will remain banned. All food and drink products imported into the UK will continue to have to comply with our import requirements and the UK's independent food regulators – the Food Standards Agency and Food Standards Scotland – will ensure they meet our high standards.

We have secured a dedicated animal welfare chapter and both sides have committed to not lower animal welfare standards for the purpose of encouraging trade. We have also secured a comprehensive partnership to work with Australia on animal welfare. This includes an agreement to work together internationally to raise animal welfare standards, a strong statement recognising animals as sentient beings, and sharing information and expertise on animal welfare.

## Protecting our farmers

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Promoting the interests of our farmers has been a priority throughout these negotiations and the UK has secured three separate measures to safeguard farmers from any surge in imports.

The first measure – known as a Tariff Rate Quota - applies to a number of sensitive agricultural products and lasts up to 10 years (including for beef and sheepmeat imports) and automatically applies the UK Global Tariff to imports above a certain volume threshold (known as the quota). The UK Global Tariff applies to all countries we do not have a trade agreement with.

For beef and sheepmeat, there is also a second measure known as a product-specific safeguard which applies from year 11 to 15. This has a broadly similar effect: it imposes high tariffs – of 20% for beef and sheepmeat – above a volume threshold of imports.

The third measure – a general bilateral safeguard mechanism - will provide a safety net for domestic industry if there is evidence that they face serious injury or threat of serious injury from increased imports as a result of the tariff liberalisation agreed in this deal. This applies to all products. In these situations, the UK can raise tariffs or suspend planned tariff reductions.

A bilateral safeguard measure can be applied for up to a total of 4 years, and can be reapplied more than once on the same product, if necessary. A bilateral safeguard measure can be provisionally applied pending a full evidence-based investigation. This additional protection lasts for a product's tariff liberalisation period plus five years in order to allow domestic industries time for adjustment.



### Case study:

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**Somerdale International** is a leading exporter of British cheese and dairy products.

“We've been successfully exporting the very best of British cheese to Australia for over 30 years and believe a free trade agreement with Australia that removes the current tariff and import quota requirements has the potential to allow us to grow sales further. This in turn will benefit the long-established family-run British cheesemakers that supply us.”

**Stephen Jones, Managing Director**



## Door to fast-growing Pacific markets

The deal is a gateway to the UK joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade area of 11 key Pacific markets with GDP worth £8.4 trillion last year<sup>7</sup> which would see up to 99.9% of UK exports become eligible for tariff-free trade.

Demand for beef and lamb is increasing in the Asian market, in contrast to European markets, increasing the opportunities for high-quality British meat producers in this region. By 2030, two-thirds of the world's middle classes will be in Asia, creating unprecedented export opportunities for British farming.

## Sustainable agriculture, food and drink

The UK's proud agricultural history and world-class universities and institutes have cemented the UK's reputation as a key driver behind global agricultural modernisation. Increasingly, UK innovations in this area are translating into real-world growth and this deal will help more of our firms export innovative technology. New initiatives will make it easier for British farmers to share ideas with their Australian counterparts and for British experts to deliver advisory services in Australia.

The deal enshrines both countries' high environmental standards and further supports global decarbonisation. It will see greater regulatory cooperation and shared commitments to supporting a more sustainable economy. This will support not only big producers, but also SMEs interested in establishing themselves in a growing market for sustainable food and drink products.

<sup>7</sup> IMF, World Economic Outlook, October 2021.

### Case study:

**Moving Beans** sells high quality, sustainable and biodegradable coffee capsules and develops zero-waste food packaging applications. Australia is one of its biggest markets outside of the UK.

"Coffee capsules are used in 30% of Australian homes and Australians use over 3 million coffee capsules per day. The support of the DIT and facilitation of Anglo-Australian better trade through the Free Trade Agreement will help Moving Beans to work more closely with Australian coffee roasters and provide a better quality and more sustainable alternative to Australian coffee drinkers."

**Daniel Hardej, Co-Founder**

## Select tariff schedule:

Item	Previous Australian Tariff	New Australian Tariff
Whisky	5%	0%
Gin	5%	0%
Wine	5%	0%
Fruit juices	Up to 5%	0%
Cheese	Up to around 20%	0% (after 5 years)
Dairy spreads	4%	0%
Ham	5%	0%
Sausages	5%	0%
Chocolate	5%	0%
Biscuits	5%	0%
Ice cream	4%	0%
Chewing gum	5%	0%



# 2

# Manufacturing

**The UK has a world-renowned industrial heritage and around 280,000 manufacturing businesses - including many with globally recognised capabilities in automation, energy and technology.<sup>8</sup> Manufacturers will benefit from tariff-free exports, flexible Rules of Origin and simple customs procedures and overall the deal could increase the gross value added of this sector by around £465 million.<sup>9</sup>**

## Tariff-free exports

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This deal removes tariffs on all products, making it more competitive for UK manufacturers to export to Australia. This will benefit our industrial heartlands such as Northern Ireland, where manufacturing and transport equipment account for almost 90% of goods exports to Australia.<sup>10</sup> Total tariff reductions could be worth more than £29 million for the manufacturing sector.<sup>11</sup>

For example, cutting-edge green products and parts such as offshore wind power components will be exportable tariff-free (compared to 5% previously). This creates a more cost-effective market for maintenance and parts packages sold to Australia, making UK suppliers more attractive in Australian decarbonisation projects.

## Flexible Rules of Origin

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Flexible and simple Rules of Origin will ensure that most British manufacturers qualify for tariff-free trade without needing to change their existing supply chains. They will be able to import component parts like engines and valves into the UK and still qualify for 0% tariffs when exporting the finished products to Australia. High-quality recovered and recycled materials will count as originating in the UK, supporting businesses to shift towards eco-friendly production.

The deal minimises red tape and paperwork. For example, importers will now be able to self-certify based on information they already hold.

## Simple customs

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New commitments and minimised paperwork will ensure manufactured goods exit customs quickly, making exporting to Australia a more appealing and straightforward way for British manufacturers to scale their businesses.

Both the UK and Australia have committed to releasing all goods from customs within 48 hours of arrival, provided all requirements have been met. This gives manufacturers with complex value chains the certainty they need to produce and export innovative products efficiently.

Businesses who want to export goods to Australia can receive a legally binding decision in advance from customs authorities on the tariff classification and origin of their product within 90 days. This makes the use of advance rulings an attractive way to expedite customs processes for UK exporters, giving greater certainty and agility to manufacturing companies responding to order requests or carrying out market planning.

## Innovation

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The deal includes the world's first dedicated innovation chapter to help drive commercialisation of new technologies. It promotes cooperation between the UK and Australia in the development of future manufacturing designs and technologies in areas such as artificial intelligence, space technology or carbon capture systems.

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<sup>8</sup> BEIS Business Population Estimates, 2020

<sup>9</sup> DIT UK-Australia FTA Impact Assessment, 2021. This figure includes the categories of manufactures, manufacture of electronic equipment, manufacture of machinery and equipment, and manufacturing n.e.c.

<sup>10</sup> HMRC, Regional trade in goods statistics, Q2 2021

<sup>11</sup> DIT UK-Australia FTA Impact Assessment, 2021. This covers machinery, mechanical and electrical equipment.

For example, the UK's expertise in hydrogen and steam reformation could become a vehicle for sustainably addressing the domestic challenges faced by Australia in keeping down energy costs and creating supply certainty as a dry and geographically dispersed continent.

A bespoke Strategic Innovation Dialogue, in which industry experts can take part, will suggest ways to update the deal to reflect industry-changing developments. This will ensure the deal remains flexible enough to respond to rapid advancements in the manufacturing industry.

### Investment

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UK manufacturers who want to invest in their supply chains in Australia will benefit from simpler investment rules. UK investors will benefit from broader and deeper market access than Australia has ever guaranteed before, making it easier for them to invest across the economy. In particular, fewer UK investments will need to go through Australia's Foreign Investment Review Board. Now, only investments over AUD \$1.2 billion, other than those in certain sensitive sectors, will be subject to review, more than quadrupling the UK's previous threshold. Eliminating the need for approval could save UK investors money and enable them to get up and running in Australia much more quickly.

### Cheaper imports

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The UK imported around £249 million of machinery from Australia in 2020. This includes key components, like hydraulic power engines, spark-ignition motors and pressure-reducing valves, which previously faced UK tariffs of up to 6%. Removing tariffs on these products could make it cheaper for UK manufacturers to import components and assemble the final product in the UK.<sup>12</sup>

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<sup>12</sup> HMRC Overseas Trade in Goods Statistics, September 2021. Figure covers goods codes HS84-85.

### Clean growth

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By including specific priorities to cooperate on low-emissions technology, renewable energy and energy-efficient technologies, this deal promotes closer collaboration and innovation on next-generation green technology. For example, it opens the door for UK innovators in floating offshore wind technology to share expertise and expand in the Australian market.

The deal also promotes trade in low-carbon and climate-friendly goods. Australia currently imposes tariffs on 23 separate types of machinery used to improve waste management. The deal eliminates all these tariffs, making it easier for UK manufacturers to help Australian companies become more eco-friendly.

The UK and Australia will also work together to support the emergence of a more sustainable economy, with potential areas of focus including eco-labelling, repair, remanufacture and reuse, and sustainable supply chains. This is further supported by liberal provisions around services trade and free flows of data, which will make it easier and safer for UK based manufacturers to remotely inspect machinery in Australia whilst monitoring internal data for performance, efficiency and research.





## Case studies:

**Frugalpac** is a British sustainable packaging firm.

“Australia produces 1.3 billion litres of wine a year, 60% of which is exported so sustainable and lighter bottles are increasingly important. Frugalpac has had significant interest from Australian wine producers in our Frugal Bottle for wine and spirits, made from 94% recycled paper and five times lighter than glass with 84% less carbon. This trade deal will boost our plans to export our Frugal Bottle Assembly machines to help Australian winemakers decarbonise even further.”

**Malcolm Waugh, CEO**

**Retro Replicas**, founded in the North East of England, now with a Head Office in London and working with international clients, are a manufacturer of custom food trailers, mobile bars, events trailers and more.

“Huge demand for our custom trailers overseas has seen our sales grow by over 500% in the past 12 months. The reduction of trade barriers and simplified customs processes in Australia will support our rapid international expansion even further and means we have been able to start construction on a new assembly facility there.”

**Marc Fenwick, Director**

## Select tariff schedule:

Item	Previous Australian Tariff	New Australian Tariff
Wind turbine blades	5%	0%
Filtering or purifying machinery	Up to 5%	0%
Intake air filters	Up to 5%	0%
Electrical conductors	Up to 5%	0%
Bulldozers	5%	0%
Forklifts	5%	0%
Hand tools	5%	0%
Wind-powered generators	5%	0%
Insulated cable	Up to 5%	0%





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# Automotive

**The UK's vehicle manufacturers exported automotive goods worth £343 million to Australia last year and will benefit from all tariffs being cut to 0%, flexible Rules of Origin, simple customs procedures and support for innovation.<sup>13</sup> This deal will benefit the regions home to the UK automotive industry, including the West Midlands, North East, and North West of England, and could increase the gross value added of the sector by around £200 million.<sup>14</sup>**

## **Tariff-free exports**

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British carmakers currently face £34 million in annual duties and will benefit from having tariffs cut from 5% to 0% on all road vehicles including cars, buses, and lorries.<sup>15</sup> Since the end of Australian car production, all new cars sold in Australia are imported and the new 0% tariffs give the UK automotive industry a competitive advantage, especially in premium and luxury cars where the UK is a global leader.

## **Flexible Rules of Origin**

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British carmakers will now have more freedom to source car parts and materials internationally and still qualify for zero tariffs. More British cars will qualify for tariff-free trade as long as at least 25% of the value of the car is produced in the UK. More intermediate parts will be recognised as part of the 25%, which is more flexible than the Rules of Origin in EU-style agreements.

## **Simple customs**

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New commitments and minimised paperwork will ensure finished vehicles and car parts exit customs quickly. Both the UK and Australia have committed to releasing all goods from

customs within 48 hours of arrival, provided all requirements have been met. This means that the process for getting vehicles and their parts through the border will be predictable, consistent and transparent.

Traders who want to export goods to Australia will be able to get a legally binding ruling in advance from customs authorities on the tariff classification and origin of their product within 90 days. This makes the use of advance rulings an attractive way to expedite customs processes for UK exporters and creates greater certainty when fulfilling orders or developing market strategies.

## **Supporting innovation and electric vehicles**

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This deal supports the development of next-generation green technology, like carbon-neutral vehicles, by cutting tariffs from 5% to 0% on electric vehicles. It also supports future innovations by ensuring the UK and Australia work more closely together to drive the commercialisation of low-emissions technology.

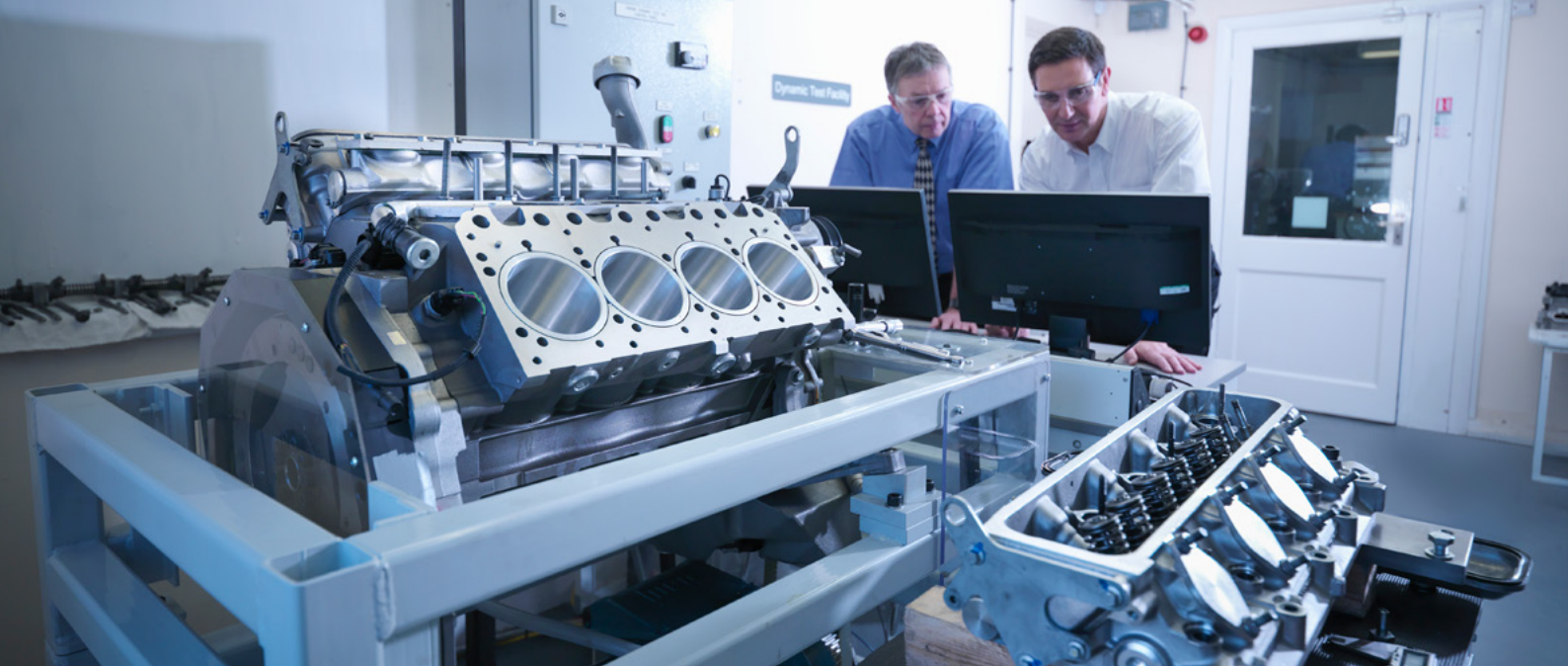
A bespoke Strategic Innovation Dialogue, in which industry experts can take part, will suggest ways to update the deal to reflect industry-changing developments like autonomous driving technologies.

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<sup>13</sup> ONS trade in goods by commodity, September 2021

<sup>14</sup> DIT UK-Australia FTA Impact Assessment, 2021

<sup>15</sup> DIT UK-Australia FTA Impact Assessment, 2021. Transport equipment



### Case studies:

**McLaren Automotive** is a manufacturer of luxury high-performance, technologically advanced supercars which are produced in Woking, Surrey. As a global exporter, Australia is one of McLaren's top 10 markets and has seen positive growth over recent years since it started selling to the market in 2012.

"As an iconic British company brand, there is a growing demand for luxury supercars like McLaren's. A reduction in tariffs will support and facilitate customer and network growth across Australia in the coming years."

**Ruth Nic Aoidh, Executive Director of Purchasing, Commercial, Government Affairs and Legal**

**Nissan** employs around 7,000 people across the UK and supports 30,000 jobs in the supply chain.

"Our UK plant manufactures vehicles for Australia, so we welcome this Free Trade Agreement which eliminates the 5% duty that UK-built vehicles were previously subject to, supporting further exports of the Nissan Qashqai, Juke and LEAF from Sunderland to our Australian customers."

**Kevin Fitzpatrick, Senior Vice President, Manufacturing and Supply Chain Management for Nissan AMIEO**

### Select tariff schedule:

Item	Previous Australian Tariff	New Australian Tariff
Cars	5%	0%
Electric vehicles	5%	0%
Car parts	Up to 5%	0%
Tyres	Up to 5%	0%
Buses	5%	0%
Lorries	5%	0%
Engines	Up to 5%	0%

# 4

## Digital and Data

**The UK digital industry exported £841 million worth of services to Australia in 2019<sup>16</sup> and is a key driver of global digital innovation thanks to strong investment in digital infrastructure such as 5G.<sup>17</sup> This deal will create opportunities for the UK's cutting-edge digital and tech sectors by facilitating the free flow of data, making e-commerce easier for businesses and supporting emerging technologies like Artificial Intelligence.**

### Free flow of data

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This deal ensures that data can flow freely between the two countries whilst retaining the UK's high standards on data protection. It will ensure that businesses do not face unjustified barriers to data flows, such as the requirement to store their data in costly servers in Australia.

British businesses operating in Australia can plan their business growth knowing that they can collect, process, and transfer data between the two countries, without facing unnecessary red tape or costs. This is critical for the 59% of UK services exports to Australia which were supplied remotely in 2019.<sup>18</sup>

### Boost for e-commerce

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This deal makes it easier for British retailers to sell their products online by guaranteeing the legal validity of electronic contracts and electronic transactions. Both parties will work towards ensuring that tools used to verify people's identity and authenticate online transactions work in both countries.

Consumers and suppliers alike will benefit from commitments to minimise spam and false descriptions of products in online marketplaces. The increased consumer protection offered by the deal will give Australian consumers greater confidence when sourcing their favourite UK products on the internet.

Selling goods directly to customers via online platforms is critical for many UK businesses, and these cutting-edge provisions could help boost their e-commerce sales.

### Greater cybersecurity

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The transition to 5G and 6G and the increased importance of protecting businesses online makes it vital that the UK continues to work closely with like-minded countries on cybersecurity. This deal contains a dedicated dialogue on tackling cybersecurity threats, which will allow the UK business community to work even more closely with their Australian counterparts on shared challenges.

The deal also ensures that businesses don't have to share source code or encryption keys – key commercial secrets for strong cybersecurity products – to enter the Australian market. The UK's flourishing cybersecurity sector is well positioned to benefit from this agreement with the number of UK cyber security businesses growing by 75% since 2017/18 and 48% of firms already exporting.<sup>19</sup> Industry hubs for source code and cryptography will benefit in areas such as Manchester, Bristol, and Dundee.

### World-class talent and expertise

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To retain the UK's global leadership in the digital technologies of the future – such as AI – UK developers need to be able to deliver contracts and services across the globe. Mobility provisions achieved through the trade deal will give UK companies a competitive edge by ensuring their highly skilled staff can work to deliver contracts in Australia. This will benefit cross-cutting digital service providers, particularly SMEs and tech companies who are now guaranteed to be able to move their senior talent between the two countries.

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<sup>16</sup> DCMS, Sectors Economic Estimate 2019: Trade in Services, 11th February 2021

<sup>17</sup> DCMS, Connected Growth: Digital Industries, 5th April 2019

<sup>18</sup> ONS, Trade in services by modes of supply, 27th November 2020. This data is experimental. Total services exports are calculated by the total of mode 1, mode 2 and mode 4 (exclude mode 3).

<sup>19</sup> DCMS, Cyber Security Sectoral Analysis 2021', 18th February 2021



## Start-ups and scale-ups

This deal gives businesses full and fair access to invest across the UK and Australian economy, making it easier than ever for Australian venture capital to invest in promising UK start-ups, and for growing UK tech companies to invest in Australian start-ups to increase efficiencies. This could boost the \$15 billion of venture capital which according to Tech Nation was invested in UK technology companies in 2020.<sup>20</sup>

UK tech companies providing digital services will also be able to diversify their income streams with new legally guaranteed access to Australian government contracts for digitally delivered services at sub-federal level.

## Supporting disruptive technology

The UK and Australia will deepen their co-operation on AI and other disruptive digital technologies, including through the world's first dedicated innovation chapter. The UK and Australia will work together to drive commercialisation and facilitate trade in these products. This will ensure that the UK both plays a leading role in the development of technologies of the future and takes full advantage of the social and economic benefits they will bring.

A bespoke Strategic Innovation Dialogue, in which industry experts can take part, will suggest ways to update the trade deal alongside industry-changing developments. This will ensure the deal is flexible enough to respond to rapid advancements in technology.

<sup>20</sup> Tech Nation Report 2021

## Case studies:

**Manchester Airports Group** is a leading UK airport group.

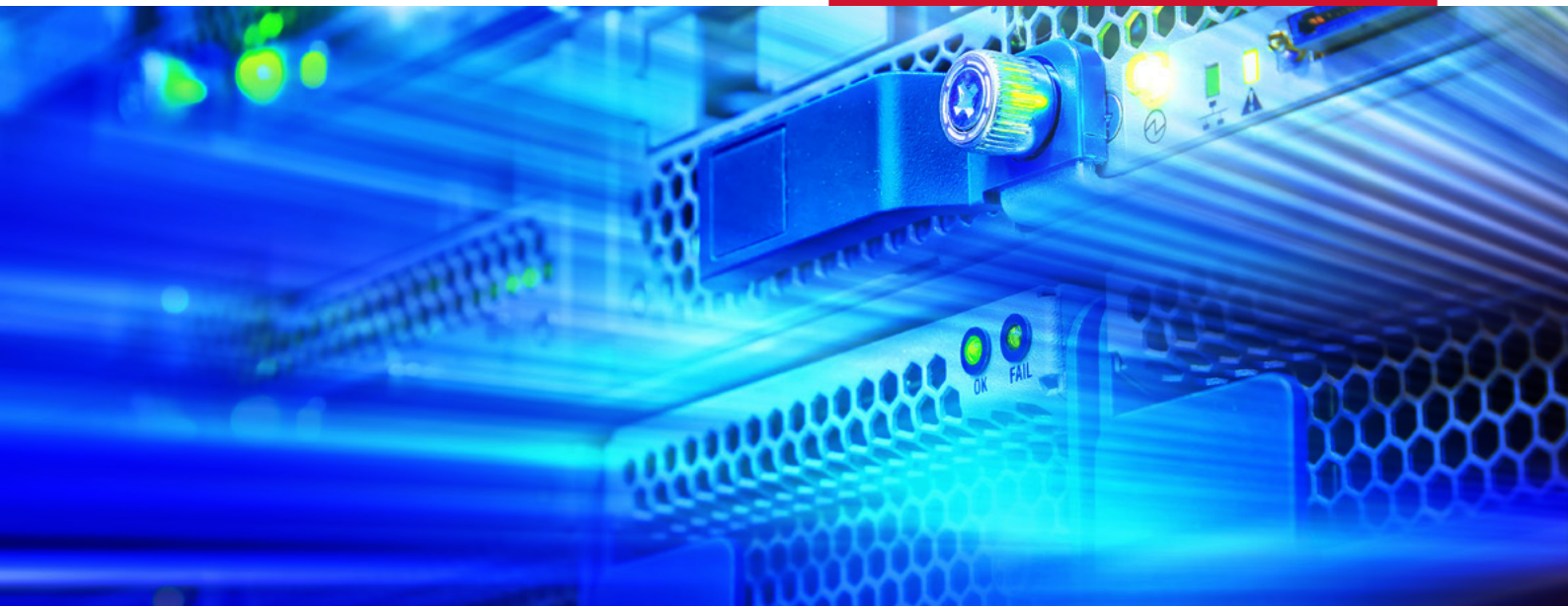
“Facilitating digital trade within the Free Trade Agreement will make it easier to share technologies and services, allowing MAG to work in partnership with Australian airports to support their recoveries when it is most needed post COVID-19. Building and maintaining UK-Australian trading relationships is important to enable collaboration with existing and future airport partners.”

**Richard Hill, BD and Partnerships Director**

**BT** is one of the UK's biggest telecommunications and network providers, with a global presence providing customer solutions in 180 countries.

“It is welcome to see this new trade deal between two long-standing champions of competitive, open markets. I particularly welcome the cooperation on emerging technology such as cyber security, which will be so critical to the future prosperity and security of all nations. BT is committed to playing its part, developing industry-leading assets like our new AI-enhanced cyber security platform, Eagle-i, and employing more cyber security professionals than any other UK company. With a Security Operation Centre in Sydney, we're proud to invest in cyber skills in Australia too, acting as a founding partner for the Schools Cyber Security Challenges Programme which has reached over 110,000 school children.”

**Bas Burger, CEO, BT Global**





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# Professional and business services

**From legal services and engineering to accountancy and audit, this deal creates new opportunities to increase the £1.2 billion of professional and business services exported to Australia in 2019.<sup>21</sup> Overall, this deal could increase the gross value added of the sector by around £210 million,<sup>22</sup> including through facilitating the recognition of professional qualifications, making business travel easier, and guaranteeing access to billions of pounds' worth of government contracts.**

## **Facilitating the recognition of UK qualifications**

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This deal supports regulators of all regulated professions to deliver recognition of more UK professional qualifications. This could mean professionals will be able to take on jobs in Australia without having to re-sit numerous exams. British professionals will benefit from new opportunities to work in Australia or deliver services remotely, and British companies will be able to attract and retain more global talent.

## **Easier business travel**

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Companies providing a service in Australia operating in a significant number of important sectors, including travel agents, engineers and consultants can more easily send British staff to Australia for work, without being subject to Australia's changing skilled occupation list. Providing this kind of certainty was a top priority for British businesses seeking to make further inroads into providing services in Australia. Businesses in Australia will also no longer have to prove they can't find an Australian local to fill a job before they sponsor a visa for a UK professional. This process currently exists for all businesses in Australia hiring anyone from overseas.

It will also be easier for senior employees of companies to move on intra-company transfers to Australia. They will be eligible for visas of up to 4 years instead of 2, and their spouses and dependant children will also have the right to work during a transfer for up to 4 years.

## **Enhanced certainty**

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This deal provides greater certainty for the UK services industry, securing access to the high-value Australian market on equal terms with Australian companies and reducing risk from investment decisions.

Australia has, for the first time, provided a 'negative listing' of reservations at the federal and sub-federal level of Government, meaning that all supply of services has this certainty unless specifically stated. This provides greater transparency and legal certainty for UK service suppliers operating, or seeking to operate, in the Australian market.

## **Clearer regulatory environment**

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This deal addresses behind-the-scenes access barriers by securing globally leading regulatory transparency commitments for all services sectors, as well as commitments to keep sector-specific rules and domestic regulation straightforward. This will ensure unnecessary bureaucracy does not get in the way of firms operating in Australia and

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<sup>21</sup> ONS UK trade in services by industry, country and service type, exports: 2019  
<sup>22</sup> DIT UK-Australia FTA Impact Assessment

makes it more attractive for services exporters to enter the Australian market.

### Free flow of data

As a knowledge-based sector, access to data and information is essential to professional and business services firms both to transform their own business models and to develop innovative new services for clients. The free flow of data is crucial for services companies to effectively service their customers and achieve business growth. The deal ensures that data can flow freely between the two countries whilst retaining the UK's high standards on data protection. This means businesses will not face unjustified barriers to data flows, such as the requirement to store their data in costly servers in Australia.

### Legal services

The UK is the second-largest legal centre in the world and home to 5 of the world's 20 largest law firms, with English law used in 40% of all global corporate arbitrations according to TheCityUK.<sup>23</sup>

This deal guarantees that UK lawyers can practise foreign and international law in Australia using their 'home' title and qualification, without having to requalify as an Australian lawyer. For example, lawyers in England and Wales, Scotland, and Northern Ireland will have certainty of the right to advise Australian-based multinational clients on matters of UK contract law whilst using their UK title. This will also include arbitration, conciliation and mediation services.

UK law firms will also benefit from having legally guaranteed access to Australian government contracts for legal services for the first time when these are procured by bodies covered by the deal.

This deal also establishes a bespoke legal services regulatory dialogue which provides for structured engagement between the respective UK and Australian sectors to address remaining barriers to practising law locally in each market.

<sup>23</sup> TheCityUK, 'Legal excellence, internationally renowned: UK legal services 2021,' 2021



### Case studies:

**Herbert Smith Freehills** is a leading law firm with about 150 years of legacy in the UK and Australia.

"Leading multinational law firms such as Herbert Smith Freehills, with major operations in both countries, are looking for certainty on mobility and recognition of professional qualifications provisions relating to the legal profession. We are delighted that the UK and Australian governments have included these provisions which will help us to work more easily across regions."

**Rebecca Maslen-Stannage, Chair and Senior Partner**

The deal will benefit global professional services businesses such as **Deloitte** who have offices in the UK and Australia and intend to grow their footprint in both markets over the coming years.

"Both the UK and Australian economies are home to thriving professional services sectors. As a global business with a presence in both markets we intend to use this Free Trade Agreement to deliver our services more easily. The agreement will enable our clients in both countries to take advantage of the benefits of trading internationally in both goods and services."

**Amanda Tickel, Head of Tax and Trade Policy**



# 6

## Financial services

**This deal ensures UK companies' ability to deliver high-value financial services to clients in Australia, supports the UK's leadership in Fintech, and promotes innovation in financial services. This will cement the UK's status as the second biggest provider of financial services in Australia<sup>24</sup> - with exports worth £737 million last year.<sup>25</sup>**

### **Strong, transparent rules**

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This deal ensures that UK financial services companies are treated fairly and can compete on an equal footing with Australian companies. For the first time, the UK and Australia have committed to allow both parties' firms to provide insurance of additional categories of large risks (such as fire and natural forces, property) and insurance of large risks relating to multinational corporations in each others' country. The deal also secures the ability of investment firms to provide portfolio management services to sophisticated clients in the other country, such as pension funds and insurance companies.

### **Greater regulatory cooperation**

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Our consultation with stakeholders in the financial services sector demonstrated that regulatory cooperation was an industry priority. This deal establishes a bespoke dialogue between the UK and Australian Treasuries and their financial service regulators. The aim of this dialogue is to increase collaboration around shared objectives and principles, including greater compatibility and coherence between our regulatory and supervisory frameworks and our approaches to financial innovation.

### **Free flow of data**

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Data flows are essential to a thriving digital economy and are especially relevant in a data-rich sector like financial services to reduce payment fraud, improve the sector's security and resilience, and underpin innovation.

This deal ensures data can flow freely between the two countries

whilst retaining the UK's high standards on data protection. This means businesses will not face unjustified barriers to data flows, such as the requirement to store their data in costly servers in Australia.

### **Access to government procurement**

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UK companies will have a legally guaranteed right to bid for all contracts for financial and business services procured by Australian government bodies covered by this deal. For example, UK businesses will now have a right to bid for financial and business service contracts procured by the Australian Financial Security Authority and other federal and state-level finance departments. This will help UK businesses compete on an equal footing with Australian companies.

### **Easier business travel**

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The UK has the highest concentration of global financial institutions in the world, producing a steady stream of the finest financial talent.<sup>26</sup> Professionals advising Australian clients on projects will now have access to temporary business visas without being subject to Australia's skilled occupation list. This will enable long-term business planning, particularly benefitting small and medium sized fintech firms looking to expand into the booming Indo-Pacific region.

Australian firms will no longer have to prove an Australian could not be hired when hiring a UK professional, securing UK financial service professionals greater long-term opportunities abroad.

<sup>24</sup> Australian Bureau of Statistics, International Investment Positions: Supplementary Statistics, 2020

<sup>25</sup> ONS 'UK Trade in Services: Services type by partner country, non-seasonally adjusted', 2021

<sup>26</sup> <https://www.great.gov.uk/international/content/about-uk/industries/financial-services/>

## Electronic Verifications

Financial services companies will benefit from the guaranteed legal validity of a wide range of electronic trust services. This will ensure consumers and businesses can use electronic signatures, electronic contracts, electronic seals, and electronic timestamps which are more efficient and secure. Businesses will not have to ship physical contracts around the world, and financial services companies will have greater security on the validity of electronic contracts in the event of any dispute.

## Investment

UK investors will benefit from broader and deeper market access than Australia has ever guaranteed before, making it easier for them to invest across the economy. In particular, fewer UK investments will need to go through Australia's Foreign Investment Review Board. Now, only investments over AUD \$1.2 billion, other than those in certain sensitive sectors, will be subject to review, more than quadrupling the UK's previous threshold. Removing the need for approval could save UK investors money and enable them to get up and running in Australia much more quickly. These new opportunities could further boost the UK's £7 billion of direct investment in the Australian financial services sector.<sup>27</sup> The deal also includes protection safeguarding investment and investors against discriminatory treatment, such as expropriation.

## Fintech innovation

The UK is a leader in fintech, making up around 10% of a global market which is forecast to grow dramatically to £380 billion by 2030.<sup>28</sup> The UK fintech sector employs over 75,000 people.<sup>29</sup>

This deal builds on the UK-Australia Fintech Bridge, launched in 2017, which commits the UK and Australia to strengthen engagement on fintech policy and regulation, facilitates trade flows, increases access to capital opportunities and addresses barriers to international growth. The trade deal enhances this agreement through greater cooperation on new financial services and Fintech.

<sup>27</sup> ONS 'Foreign direct investment involving UK companies (directional): 2019'

<sup>28</sup> HMT, 'The Kalifa Review of UK Fintech', 26th February 2021.

<sup>29</sup> HMT and DIT: UK fintech: state of the nation: 2019



### Case studies:

**Abrdn** is a global investment company, headquartered in Edinburgh and with a sizeable presence in Sydney, where it provides asset management services to the Australian market. Currently the firm faces barriers to relocating and seconding employees between its global locations.

"We are very positive about the potential benefits of a closer trading relationship with Australia, especially the removal of barriers to us relocating our employees between the UK and Australia. Such increased visa flexibility would allow firms to make full use of their global talent pool and for us, improve our ability to expand the services we provide to the Australian retail market."

**Brett Jollie, Managing Director,  
Abrdn Australia**

Having launched to Australians in late 2020, **Revolut's** goal is to build a community of at least one million Australian users over the next couple of years.

"By reducing friction in cross-border trade and increasing alignment between the countries' regulatory environments, the deal has the potential to further enrich the fintech industries in both the UK and Australia, and allow UK-grown fintechs like Revolut to more readily scale into Australia as a stepping stone to other global markets."

**Matt Baxby, CEO, Revolut Australia**





7

# Transport Services

**UK companies already have an excellent track record in winning contracts for major Australian infrastructure projects and will benefit from more legally guaranteed access to government procurement, easier business travel and specific wins for the UK rail and maritime sectors. This will help UK businesses reap the benefits from the AUD \$15 billion in new infrastructure funding over the next decade announced in Australia's 2021-22 budget.<sup>30</sup>**

## Access to government procurement

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UK companies will now have legally guaranteed access to bid for additional Australian government contracts worth approximately £10 billion per year, including for railway transport services and freight transportation services. It is the most substantial level of access Australia has ever granted in a free trade agreement, creating new opportunities for UK transport services providers.

For example, UK businesses will have the legally guaranteed opportunity to bid for contracts in projects such as railway constructions and road upgrades.

## Easier business travel

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UK infrastructure and transportation companies will be able to bring their expertise to the Australian market more easily. Professionals including architects, engineers, project managers and transport consultants will now have guaranteed access to apply for visas, allowing for the transfer of skills and knowledge to collaborate on projects within the infrastructure and transportation sectors.

The deal also facilitates the recognition of UK professional qualifications across all infrastructure sectors. These commitments will allow UK companies to export their UK-based talent and expertise with confidence.

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<sup>30</sup> Australian Government, 2021-22 Budget

<sup>31</sup> Australasian Railway Association

<sup>32</sup> Australasian Railway Association Budget Briefing

## Rail

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This deal gives UK companies legally guaranteed access to Australian government contracts on rail procured by bodies covered by this deal. It ensures UK rail businesses do not face any quantitative restrictions, such as quotas, or unfair treatment when investing and operating in Australia. It also removes all tariffs on rail-related goods, including rolling stock, track fixtures and fittings, and traffic signalling equipment.

Australia is a priority market for UK rail companies, with the Australian rail industry valued at AUD \$29.8 billion according to the Australasian Railway Association.<sup>31</sup> UK companies already have a strong presence in Australia, from design and engineering to the export of rolling stock and operation of railroads and this deal will help them to further expand. The Australian market is a huge opportunity for UK rail companies interested in the planned expansion of rail services across the continent. A further AUD \$3 billion in funding for rail related projects around the country was announced in Australia's 2021-22 budget.<sup>32</sup>

## Airports

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Australia's airport sector is witnessing rapid investment and growth, with many airports committing to expansion and refurbishment projects. The new Western Sydney airport project already benefits from sizeable UK involvement,



including in the design of its main terminal. This deal will make UK businesses more competitive when bidding for related contracts.

UK airports are also well placed to benefit from any increase in trade under the new deal. £8 billion of UK-Australia goods trade passed through Heathrow last year and this is expected to rise as a result of the deal.<sup>33</sup>

### Maritime services

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The UK is a leading maritime nation with the UK Ship Register recognised as a world-class brand.<sup>34</sup> UK shipping companies and UK-flagged ships will benefit from guaranteed market access and fair treatment when operating in Australia.

The deal also delivers legal certainty for UK shipping companies and ships operating in Australia by ensuring they have fair access to ports and the right to move empty containers and provide feeder services between Australian ports. This will ensure that the UK maritime sector can operate and sell its services to Australia with increased confidence and guarantees that they will not face any barriers in the future.

These commitments could boost a sector which exported £253 million worth of maritime transport services to Australia in 2020.<sup>35</sup>

### Clean transport

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The UK is a world leader in energy optimisation as well as producing innovative and sustainable solutions in transport operations, energy management and efficient design - all contributing to a cleaner and lower-cost transport economy. UK companies are leading global innovation in the development of battery trains and systems capable of charging entire trains in as little as 10 minutes. This deal will benefit transport industries such as clean rail by including specific priorities to collaborate on the commercialisation of low-emissions technology.

33 HMRC Overseas Trade in goods statistics: June 2021

34 DfT (2019) 'Maritime 2050: Navigating the Future'

35 ONS (2021) 'UK Trade in Services: Services type by partner country, non-seasonally adjusted', 21st July 2021.

### Case studies:

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**Heathrow Airport** is uniquely placed to help support an Australian free trade agreement, as it is the only European airport to offer a direct service to Australia, and prior to COVID-19 saw over £8 billion worth of goods trade travel between the UK and Australia.

"In 2019, two-thirds of the value of trade between the UK and Australia travelled via Heathrow. A Free Trade Agreement would further strengthen Global Britain trading opportunities that the UK's only hub airport is uniquely placed to deliver. These will benefit the whole of the UK economy during the recovery from COVID-19."

**Emma Gilthorpe, Chief Operating Officer**

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**PriestmanGoode** is a global design company based in London that specialises in infrastructure, transport, hospitality and product design. In the last year over 80% of annual turnover came from overseas projects. The company has identified the Australian rail market as a valuable opportunity for growth.

"A Free Trade Agreement would mean that we could bring our expertise and design skills in both rail and parallel industries to Australia. To work alongside transit providers and local suppliers to create a future rail and transport system across Australia that provides a world 'best in class' travel experience as well as building local specialist knowledge and bringing employment through collaboration."

**Kirsty Dias, Managing Director**

# 8

# Telecommunications

**The UK telecommunications sector is critical to supporting the UK's thriving digital economy, and providing the speed, resilience and reliability businesses and consumers need to conduct business in real time, anywhere in the world. This deal will lock in access to the Australian market for UK telecommunications suppliers, support investment and innovation in the telecommunications sector and maximise connectivity.**

## **Improved market access**

The deal provides certainty to UK telecommunications operators that they have non-discriminatory access to Australian infrastructure, necessary to connect users globally. UK suppliers will have the flexibility to use technology of their own choosing, which is crucial to support innovation and emerging technologies such as 5G. Telecommunications suppliers will also benefit from knowing that scarce resources like radio spectrum will be allocated in a fair, objective way, which is key in ensuring diverse supply chains.

## **Competitive and innovative sector**

The deal ensures a well-regulated and competitive telecommunications sector. Transparent and non-discriminatory regulatory principles will give businesses the confidence to invest in new markets, whether this be by expanding connectivity across the UK and Australia or innovating new technologies.

The UK and Australia will be required to have measures in place to prevent dominant telecommunications operators from using their position in the market to behave anti-competitively, allowing UK operators to compete on an equal footing with Australian operators.

Telecommunications operators will be able to resolve disputes with other suppliers through the regulator and appeal any decision of the regulator that adversely affects them.

## **Consumer benefits**

Consumers will benefit from a competitive UK and Australian telecommunications sector. Competition is important to ensure that consumers have access to the cheapest packages which suit their needs and can choose between a variety of suppliers to be able to use their devices. The deal is a basis for future cooperation with Australia on international mobile roaming charges. This will help consumers to benefit from affordable and transparent rates.



## **Case study:**

**Inmarsat** is a world leader in global, mobile satellite communications and is proud to be the largest UK-headquartered space company with over £1 billion annual revenue.

“Almost all of Inmarsat's business is exported and, as the leading private sector commissioner of satellite manufacturing in the UK, facilitating trade and deepening relationships with important partners, such as Australia, is critical for realising UK ambitions as a space power, especially by building on the UK-Australia space bridge.”

**Nick Shave, Vice President, Strategic Partnerships**

# 9

## Creative

**The UK's thriving creative industries contributed £115.9 billion to the UK economy in 2019<sup>36</sup> - from gaming in Scotland, to animation in Wales and TV in London. This deal gives the creative industries access to the talent, intellectual property protections and export opportunities they need to increase on the £688 million they exported to Australia in 2019.<sup>37</sup>**

### **Easier travel**

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Guaranteed access to business visas will help UK creative industry professionals to work in Australia. This applies across the creative spectrum, from designers to advertising executives, who will no longer have to worry about Australia's changing skilled occupation list.

The deal also strengthens bonds through the youth mobility scheme, which allows Brits aged 18 to 35 to travel and work in Australia for up to 3 years at a time. Youth mobility supports the production of cultural goods and services and facilitates the exchange of ideas that is vital in driving innovation across the economy.

### **Intellectual property (IP) protections**

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This deal guarantees consultations on reciprocal arrangements for artists' resale rights, which should see the UK's world-leading visual artists remunerated for sales of their work in the Australian market, providing them with new income streams. We have also secured commitments to tackle online infringement of IP rights, such as film and music piracy.

Design right protections in the agreement enshrine the ability for 2 or more designs for a product to be registered in one application, as opposed to separate applications. This will save time and reduce costs.

Australia also agreed to make all reasonable efforts to accede to the Hague Agreement on International Registration of Industrial Designs, which will streamline the process for designers looking to register their product internationally.

These protections could boost the £186 million of IP services exported to Australia in 2020.<sup>38</sup>

### **Digital creative sector**

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The deal's cutting-edge digital provisions will benefit the digital creative sector. The thriving digital creative economy is driving rapid innovations - from offering digital versions of traditionally physical products such as music, books and games to new virtual reality experiences. As an area with high levels of innovation and entrepreneurship, the digital creative sector will benefit from rules that ensure that data can flow freely between the two countries whilst retaining the UK's high standards on data protection.

By having greater control over their data, and without the need for costly and prohibitive data localisation, digital creators can explore ways of increasing the value of their proprietary data whilst also using greater insights from trade with Australia to cut costs, streamline operations or even create new revenue streams - such as through app development, digital advertising or marketing.

<sup>36</sup> DCMS, DCMS Sectors Economic Estimates: GVA', 10th December 2020.

<sup>37</sup> DCMS, DCMS Sectors Economic Estimates 2019: Trade in services', 11th February 2021.

<sup>38</sup> ONS UK Trade in Services: Services type by partner country, non-seasonally adjusted', 2021.



### Case studies:

**The Association of UK Interactive Entertainment (UKIE)** is a not for profit trade body that represents the UK games and interactive entertainment industry - including 500 businesses such as game developers, publishers, platforms and service providers - helping make the UK into the best place to make, sell and play games in the world.

“The FTA includes measures to boost trade in services between the countries, a first ever innovation chapter, and liberalisation of foreign investment rules. The agreement should pave the way for improved opportunity for growth, and help make our two countries amongst the best places to grow successful games businesses.”

**Tim Scott, Head of Policy and Public Affairs**

**The Publishers Association** is the member organisation for UK publishing, which is the biggest exporter of books globally.

“Australia is a hugely important destination for UK books and our second largest export market. A strong trading relationship with Australia, including high standards of intellectual property protection, is therefore hugely important to the publishing industry. We congratulate both sides on formalising this important agreement.”

**Stephen Lotinga, CEO**





# 10

## Consumer goods & fashion

**The ‘Made in the UK’ label proudly commands a premium globally and will benefit from tariff-free trade, flexible Rules of Origin and effective intellectual property systems. This will boost a sector where nearly 80% of all UK produced high-end consumer goods were sold internationally in 2017.<sup>39</sup>**

### Tariff-free exports

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This deal cuts tariffs on consumer goods like dresses, swimwear and perfumes from 5% to 0%. Australia is the second most important export destination for UK fashion, textiles, and footwear outside of Europe.<sup>40</sup> Eliminating these tariffs could further boost the £390 million of UK fashion exported to Australia and benefit regions like the North West and East of England, which have seen significant growth in clothing exports to Australia.<sup>41</sup>

### Flexible Rules of Origin

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Flexible Rules of Origin will benefit UK manufacturers of consumer goods. For example, British clothing producers, even those who manufacture from imported materials and fabrics, will qualify for 0% tariffs on exports to Australia. Likewise, high-end UK ceramics manufacturers can import ceramic slabs that have already been fired in kilns, decorate and glaze the product in the UK, and then export it to Australia with 0% tariffs.

Businesses will also not have to meet burdensome EU-style rules on ‘insufficient transformation requirements’, which prevented goods made by simple processes like stitching fabrics together from qualifying as originating from the UK – costing businesses money and time.

Businesses will benefit from simple processes involved in qualifying for tariff-free trade. For example, importers will now be able to self-certify based on information they already hold.

### Simple customs

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New commitments and minimised paperwork will ensure consumer products exit customs quickly. Both the UK and Australia have committed to releasing all goods from customs within 48 hours of arrival, provided all requirements have been met. Businesses who want to export goods to Australia can receive a legally binding decision in advance from customs authorities on the tariff classification and origin of their product within 90 days. This will benefit UK-based fashion companies in areas such as Manchester and London helping them to efficiently roll-out seasonal lines.

### Intellectual property protections

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This deal will make it easier than ever for UK companies to protect their much-loved brands. The deal will see more efficient registration and renewal processes for trademarks. It also guarantees that multiple designs can be registered in one application. This means a footwear designer who has recently designed a new line of trainers may file for design right protection for all these new products in one application instead of having to send the applications separately, which is more time consuming and costly.

Australia also agreed to make all reasonable efforts to accede to the Hague Agreement on International Registration of Industrial Designs, which will allow UK designers of anything from furniture to jewellery to file for design right registration in Australia through the international Hague system. This will streamline the registration process for designers looking to file their products in Australia.

<sup>39</sup> <https://www.thewalpole.co.uk/news/walpole-announces-49-growth-british-luxury-industry-four-years>

<sup>40</sup> ONS goods by commodity exports, September 2021. Covers SITC 65,84,85.

<sup>41</sup> HMRC regional trade statistics, Q2 2021



## Boost for e-commerce

Our gold-standard digital trade provisions bring Australian consumers closer than ever to UK companies selling their goods online. Australians have a passion for UK consumer products and this deal includes a number of commitments to guarantee the legal validity of online purchases. Selling their products on platforms like Amazon and Catch is more important than ever for UK companies, who will benefit from commitments to minimise false descriptions of products in online marketplaces. Increased consumer confidence, through new commitments on consumer protection, will benefit UK companies selling online.

## Cheaper imports

Businesses will benefit from reduced UK tariffs on imports from Australia. UK fashion companies can consider diversifying their supply chain with cheaper access to Australian merino wool or finished leather. UK tariffs on Australian merino wool will be cut from 8% to 0%.

<sup>42</sup> <https://accord.asn.au/about/who-we-are/>

## Cosmetics

The deal includes a dedicated cosmetics annex which lays the groundwork to reduce the differences in regulation for businesses exporting cosmetics to Australia. The Australian and UK governments will seek to work together through international fora to align cosmetics regulation where appropriate.

This will make it easier to understand what rules businesses need to follow, including on products that are classified as cosmetics in one system but not the other. UK businesses exporting products like sunscreen, acne cream and anti-dandruff shampoo to Australia will be supported to understand whether their product is a cosmetic and what rules they need to follow. For UK cosmetics manufacturers, this could improve access to Australia's market, which has sales of AUD \$10 billion annual, according to the industry association Accord.<sup>42</sup>



### Case studies:

Founded in Cambridge in 2008, **The Cambridge Satchel Company** produces satchels and leather goods, and exports around the world.

“I am confident that I speak for many British manufacturers and exporters in expressing my support for a trade agreement that reduces, or better eliminates, barriers to trade. Such barriers would include duties and tariffs, but also simplification of paperwork. We are ready to trade, we are grateful for help in enabling that.”

**Julie Deane OBE, Founder and CEO**

One of the longest established shoemakers in England, **R. E. Tricker Limited** was founded in 1829 and has a strong reputation for making some of the best Goodyear welted footwear. All of its manufacturing is still done in its factory in Northamptonshire.

“As an iconic British footwear brand already exporting to over 43 countries and planning to take strides into new markets like Australia, a new free trade agreement is only going to enhance this opportunity for us and other Northamptonshire shoemakers.”

**David Jeffery, Sales Director**



### Select tariff schedule:

Item	Previous Australian Tariff	New Australian Tariff
Leather articles	Up to 5%	0%
Textiles & fabrics	Up to 5%	0%
Footwear	Up to 5%	0%
Jackets and coats	5%	0%
Shirts	5%	0%
Swimwear	5%	0%
Dresses	5%	0%
Jewellery	Up to 5%	0%
Contact Lenses	5%	0%
Shampoo	5%	0%
Makeup	5%	0%
Perfume	5%	0%
Blankets	Up to 5%	0%
Towels	Up to 5%	0%
Bicycles	5%	0%
Furniture	Up to 5%	0%
Ceramics	Up to 5%	0%
Glassware	Up to 5%	0%
Kitchenware	5%	0%



# 11

## Small and Medium Sized Enterprises (SMEs)

**Small businesses and entrepreneurship are the bedrock of the UK economy, with almost 6 million small and medium-sized enterprises (SMEs) across the country.<sup>43</sup> This deal addresses trade barriers which disproportionately affect SMEs, like lack of information or complex customs procedures, boosting the 13,300 SMEs that already export goods to Australia and encouraging others to join them.<sup>44</sup>**

### Information for SMEs

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A dedicated SMEs chapter will ensure both the UK and Australia provide information specifically designed to help them to trade. This will help address the disproportionate barriers SMEs face when entering another market and ensure the provisions of this agreement are easily understandable. This will benefit SME clusters across the UK, for example in Wales, where up to 99.4% of enterprises are SMEs.<sup>45</sup>

### SME Website

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Both the UK and Australia will maintain dedicated websites for businesses looking to trade. This will allow SMEs to access information on how to do business in their respective territories. The UK and Australia will also create online databases of tariffs and other trade-related information that can be easily searched.

### Cooperation on support for SMEs

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The UK and Australia have agreed to a detailed cooperation framework so that we can learn from each other, and the private sector, on how to support SMEs in trade. Cooperation will focus on exchange of best practice in areas ranging from trade finance, to payment practices, to SMEs' integration into global supply chains. The UK and Australia will also exchange best practice on how to run trade training programmes to enable SMEs to take advantage of the commercial opportunities of the deal. This means that UK SMEs will receive more direct help in identifying commercial partners in Australia.

### Simple customs

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The UK and Australia have made a range of commitments which will benefit SMEs and make customs easier to navigate without needing to hire an expert. Both the UK and Australia have committed to releasing all goods from customs within 48 hours of arrival, provided all requirements have been met. Businesses will benefit from faster approvals when shipping products to and from Australia for the first time.

Businesses will also be able to access information covering topics like transit procedures, which documents they need to complete, opening hours for customs offices at ports and border crossings procedures.

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<sup>43</sup> BEIS Business Population Estimates, 2021

<sup>44</sup> HMRC Trade in goods by business characteristics, 2020

<sup>45</sup> Statistics for Wales - Statistical First Release, Size Analysis of Active Businesses in Wales, 2019



## Boost for e-commerce

Many of the UK's small businesses and sole traders rely on online platforms to sell their products to customers around the world. This deal supports e-commerce by guaranteeing the legal validity of electronic contracts and electronic transactions. Both parties will work towards ensuring that tools used to verify people's identity and authenticate online transactions work in both countries. Consumers and suppliers alike will also benefit from commitments to minimise spam and false descriptions of products in online marketplaces.

### Case studies:

**British Corner Shop** delivers Britain's best loved food and drink brands to Australia, with sales soaring by 55% in the last year.

"As a global food and drink exporter, British Corner Shop very much welcomes a trade agreement with a key market like Australia. A reduction of tariffs, leading to more frictionless trade, would not only drive new jobs and investment in the UK, it would increase sales to the region of many British brands."

**Ben White, Key Relationship Director**

**Daylight Distribution** is an independent UK distributor and international champion exporter of UK produced award-winning ciders, beers, spirits and drinks for all tastes and occasions.

"Daylight Distribution has developed a reputation as an international champion exporter of UK produced award winning alcoholic drinks. We commend all the work done in order to secure the UK-Australia Free Trade Agreement following Brexit. The removal of local tariffs and a simplified customs process will stimulate the UK alcoholic drinks export industry and we are working closely with the DIT to maximise this opportunity."

**Al Smit, Business Development Director**





12

# Life Sciences

**The UK's thriving life sciences sector, which employs over 260,000 people across the UK,<sup>46</sup> will benefit from enhanced collaboration on emerging technologies in health, greater regulatory co-operation, as well as the elimination of all tariffs. This will benefit a sector which contributed £88.9 billion to the UK economy in 2020.<sup>47</sup>**

## **Tariff-free exports**

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This deal benefits life sciences exporters by cutting tariffs on healthcare products including gauze, bandages, and dental cement from 5% to 0%. This could boost the UK's current £526 million of medicines and pharmaceuticals exported to Australia in 2020, originating from all regions and nations of the UK. This includes SME and large life-sciences exporters in Scotland and Wales, which exported over £12 million and £21 million to Australia respectively in 2020.<sup>48</sup>

## **Flexible Rules of Origin**

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Flexible Rules of Origin will ensure that UK exporters qualify for 0% tariffs without the need for cumulation of content from the EU. For example, specific chemical processing rules allow essential pharmaceutical products that use imported components to be exported to Australia tariff-free. These Rules of Origin reflect the modern production processes and complex value chains in the life sciences sector.

## **Greater regulatory cooperation**

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Life sciences companies will benefit from greater regulatory cooperation on medical devices, human medicines and veterinary medicines. This will make it easier for both governments to reduce red tape for exporters of medicines and medical devices while protecting patient safety. The deal ensures that these benefits apply for veterinary medicines as

well as human medicines.

This will complement the existing Mutual Recognition Agreement between the UK and Australia, by committing us to closer working on key issues like improving the international response to epidemics and other global health threats.

The deal will also foster collaboration between the designated regulators and the Technical Barriers to Trade Committee will consider any trade concerns hampering the development of health technologies and medicines.

An initiative signed alongside the deal commits us to greater collaboration on public health, notably across the areas of obesity, tobacco control and alcohol-related harm.

## **Investment**

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The UK is currently the number one Foreign Direct Investment greenfield destination for life sciences in Europe in 2021.<sup>49</sup> This deal gives businesses full and fair access to invest across the whole of the UK and Australian economies. Increased investor confidence will make it easier than ever for innovative UK life sciences companies to attract investment. This could further boost the £2.8 billion of Australian direct investment in the UK life sciences sector and provide a greater incentive for the development of innovative new health technologies.<sup>50</sup>

46 OLS Bioscience and health technology sector statistics 2020

47 OLS Bioscience and health technology sector statistics 2020

48 HMRC Regional Trade Statistics, Q2 2021

49 DIT calculations on FDI Markits data, 2021

50 ONS 'Foreign direct investment involving UK companies (directional),' 2019. Figure relates to 'professional, scientific, and technical services.'



## Intellectual property protections

Life sciences companies will benefit from the guaranteed provision of the supplementary extension in Australia of the monopoly that a patent holder enjoys for their pharmaceutical product. This will directly compensate the patentee for the time lost marketing pharmaceutical products while awaiting market authorisation.

The deal also provides certainty for UK companies by enshrining Australia’s current levels of regulatory data protection for pharmaceutical products and agrichemicals.

## Healthtech

Cutting-edge digital trade provisions and increased collaboration on innovation will benefit the UK’s more than 4,060<sup>51</sup> healthtech start-ups and scale-ups, who are inventing and applying modern technologies to solve age-old medical problems.

The UK recognises the benefits of technology to deliver improved healthcare outcomes. We have committed, through the AI and Data Grand Challenge mission to use data, AI and innovation to transform the prevention, early diagnosis and treatment of diseases.<sup>52</sup>

The deal includes the world’s first innovation chapter which commits the UK and Australia to co-operate on the commercial application of new technologies related to health, including in Artificial Intelligence. The world’s first innovation chapter will ensure the agreement keeps up with important industry advancements - which could lead to better patient outcomes for Brits and Australians alike.

### Case studies:

**Quotient Sciences** is a drug development and manufacturing accelerator providing integrated programmes and tailored services across the entire development pathway.

“For pharmaceutical development sites in the North East, such as Quotient Sciences, getting new lifesaving treatments to Australian clinics quickly and safely is key. A Free Trade Agreement between the UK and Australia will ensure the elimination of trade barriers which could delay this process, strengthen our economic ties and enhance R&D collaborations.”

**Kieron Hall, Chief Commercial Officer**

<sup>51</sup> <https://www.abhi.org.uk/>

<sup>52</sup> DHSC, ‘The future of healthcare: our vision for digital, data and technology in health and care,’ 2018

### Select tariff schedule:

Item	Previous Australian Tariff	New Australian Tariff
Immunological products	Up to 5%	0%
Wadding and gauze	5%	0%
Bandages	5%	0%
Dental cement and fillings	5%	0%
Surgical gloves	5%	0%
Sterile suture materials and tissue adhesives	Up to 5%	0%



# 13

## Chemicals

**The UK chemicals sector is highly specialised and diversified and exported over £872 million worth of chemicals to Australia last year.<sup>53</sup> This deal could increase the gross value added of the UK's chemicals sector by around £90 million, including by cutting tariffs, reducing trade barriers and encouraging innovative collaboration.<sup>54</sup>**

### Tariff-free exports

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The chemicals sector will benefit from having tariffs cut by up to 5% on paints, soaps, acids, and organic chemicals. This could boost a sector which contributes £12 billion to the UK economy yearly.<sup>55</sup> For example, this could benefit Wales, where chemicals and related products made up almost a third of all goods exports to Australia last year.<sup>56</sup>

### Flexible Rules of Origin

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Flexible Rules of Origin mean chemicals manufacturers have a range of options to prove the originating status of their goods and qualify for 0% tariffs. Companies will be able to choose whether to follow regional value content rules, change in tariff classification rules and, for a selection of goods, chemical processing rules (such as distillation and purification rules). This gives the industry the flexibility it requires to drive maximum value from its complex production and supply chains, increasing competitiveness in the Australian market.

This will support the chemicals industry to more competitively source the raw materials needed to produce more than 70,000 different chemical and toiletry products whilst still qualifying for tariff-free exports.<sup>57</sup> This will be a boost for UK specialised chemicals producers such as those of lubricants and surface coatings, and could increase access to the Australian chemicals market.

### Boost for SMEs

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Clearer information on how to do business in Australia will benefit SMEs, which account for more than 98% of companies in the chemicals sector.<sup>58</sup> Companies will have access to a dedicated website and searchable database of tariff information. The UK and Australia have also committed to improve information-sharing and make it easier for businesses to understand what regulations and standards they need to follow to export chemicals and chemical products to Australia.

### Innovation and clean growth

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Digital innovation is critical to the chemicals sector, and can enhance production processes, improve management systems and enable new supply chain structures. World-class digital and innovation provisions will ensure the free flow of data and close collaboration on research and development needed for the sector to continue to innovate and grow. As part of the world's first dedicated innovation chapter, the UK and Australia will facilitate collaboration between research institutions, industries and businesses and work together on regulation and support important new developments. This will benefit the UK's state-of-the-art chemicals sector which invests £5 billion each year on research and development according to the Chemicals Industry Association.<sup>59</sup>

<sup>53</sup> ONS UK Trade, goods by commodity exports, September 2021. Figure represents SITC5 Chemicals

<sup>54</sup> DIT, UK-Australia FTA Impact Assessment, 2021

<sup>55</sup> ONS GVA Low level aggregates, Q3 2021. Division 20 Manufacture of Chemicals and Chemical Products

<sup>56</sup> HMRC Regional Trade in Goods, Q2 2021

<sup>57</sup> <https://www.weforum.org/agenda/2020/09/chemical-and-materials-industry-impact-stimulus-packages/>

<sup>58</sup> BEIS Population Estimates 2020

<sup>59</sup> <https://www.cia.org.uk/Media-Centre/Details/Britains-biggest-manufacturing-exporter-sees-some-stability-but-warns-about-the-future>



### Case studies:

Established in 1987 and based in Denton, **Concept Chemicals & Coatings Ltd** is a chemical developer, formulator and manufacturer of cleaning, detailing and protection products, providing solutions across the automotive, transport, marine, and industrial sectors.

“As a self-contained business, we have total control of our product development and chemistry, with 80% of our production exported to over 60 countries around the world. Concept Chemicals & Coatings Ltd will benefit from the removal of import tariffs on our products imported into Australia, giving our products a better price position in market.”

**Fraser Callum, UK and Export Sales Manager**

The chemicals sector is a critical low-carbon solutions provider, serving as a catalyst for improving energy efficiency and reducing greenhouse gas emissions. In 2020 UK Research and Innovation (UKRI) announced the largest ever investment in UK chemical recycling technology with 4 projects receiving £20 million from the Industrial Strategy Challenge Fund (ISCF) alongside a commitment of £65 million from industry.<sup>60</sup> The UK’s experience in this area and increased collaboration on commercialisation of low-emissions technology as part of this deal could open doors for further cooperation with Australian companies as part of the Australian Government’s Recycling and Clean Energy National Manufacturing Priority road map.<sup>61</sup>

### Door to fast-growing Pacific markets

This deal paves the way for new markets for the UK’s innovative chemicals products. Australia strongly supports UK membership of CPTPP, which would further open up 11 Pacific markets worth £8.4 trillion in GDP<sup>62</sup> and see up to 99.9% of UK goods exports being eligible for tariff-free trade.

<sup>60</sup> <https://www.ukri.org/news/ukri-funding-puts-uk-at-the-forefront-of-plastic-recycling/>

<sup>61</sup> Australian Government, ‘Recycling and Clean Energy National Manufacturing Priority road map,’ 2021

<sup>62</sup> IMF World Economic Outlook, April 2021.

### Select tariff schedule:

Item	Previous Australian Tariff	New Australian Tariff
Organic chemicals	Up to 5%	0%
Acids	Up to 5%	0%
Dyes	Up to 5%	0%
Paints and varnishes	5%	0%
Soap	5%	0%
Fireworks	5%	0%
Candles	5%	0%

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We are an international economic department, responsible for:

- supporting and encouraging UK businesses to drive sustainable international growth
- ensuring the UK remains a leading destination for international investment and maintains its number one position for international investment stock in Europe
- opening markets, building a trade framework with new and existing partners which is free and fair
- using trade and investment to underpin the government's agenda for a Global Britain and its ambitions for prosperity, stability and security worldwide.

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