

# Free Trade Agreement

UK – Australia



# The Free Trade Agreement between the UK and Australia was the first wholly new agreement of its kind signed after the UK departed the European Union.

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Negotiations for the deal began in June 2020 and concluded almost exactly a year later. The agreement was then ratified by both the UK and Australian governments on 17 December 2021. Then Secretary of State and future short-lived Prime Minister Liz Truss led the deal on the UK side. The agreement then came into force on 31 May 2023.

## What are the Free Trade Agreement headlines?

The key headlines are around tariff-free trade for almost all goods and an easing of travel rules for those Brits wanting to visit Australia - and vice versa. There would also be new rules around working in Australia, especially for certain skilled professions.

There will be a reduction of red tape, while opening the door to procurement contracts for companies. There is some talk in the fine print about the maintenance of standards around areas such as animal welfare and the environment, although it should be noted that George Eustice MP, who had been involved in negotiations, criticised the deal for not going far enough in safeguarding food safety and farmers in the UK.

## What does it mean for goods and tariffs?

- Under the UK-Aus Free Trade Agreement, trade on some 99% of goods will be tariff-free. In terms of exports from the UK to Australia, that means around £4.3B of products will be exported without tariffs. While that's the main headline, those goods weren't all subject to tariffs before. In fact, 89% of goods exported and imported between the two countries were already tariff free.
- Many of the tariffs were removed on day one of the agreement, but a few are staged over several years. While the government itself has been saying trade tariffs have been removed for all goods, this isn't strictly true. At present there are no plans to remove duty on a range of poultry and pork products, and other items have quotas applied. For the British consumer, there could be lower prices for Australian products in the UK such as popular wine brands, but that depends on the savings being passed along.

## Goods Highlights

<b>Wine</b>	Elimination of tariffs on entry into force (EIF), saving around \$43 million annually in duties
<b>Beef</b>	Elimination of tariffs after 10 years with immediate access to duty free transitional quotas
<b>Sheep Meat</b>	Elimination of tariffs after 10 years with immediate access to duty free transitional quotas
<b>Sugar</b>	Elimination of tariffs over 8 years, with immediate access to duty free quota during the transition period
<b>Dairy</b>	Elimination of tariffs over 5 years, with immediate access to duty free quota during the transition period
<b>Rice</b>	Elimination of tariffs for short and medium grain milled rice on EIF. Elimination of tariffs on broken rice over 4 years, with immediate access to a duty free transitional quota. Access to a permanent annual duty-free quota for long grain milled rice.
<b>Seafood</b>	Elimination of tariffs on most products on EIF, and remaining tariffs over 3 years. Tariffs eliminated on EIF include those on all finfish and the 12% tariff on fresh and frozen rock lobster
<b>Honey</b>	Elimination of 16% tariff on EIF
<b>Horticulture</b>	Elimination of tariffs on most fruits and vegetables on EIF, with tariffs on other products of Australian export interests eliminated over 3 years and all remaining tariffs eliminated over 7 years
<b>Wheat, Barley and Other cereals</b>	Elimination of tariffs over 4 years. Immediate access to a duty-free quota of 80,000 tonnes per year for wheat, and a duty-free quota of 7,000 tonnes per year for barley
<b>Processed foods</b>	Elimination of tariffs on most processed foods on EIF
<b>Industrial products</b>	Elimination of tariffs on all Australian origin industrial goods, except ammonia and aluminium where tariffs of up to 6% will be eliminated over 3 years

## Will things move through customs faster?

The government is promising quicker import and export times as a result of the agreement. If all necessary requirements are met, there'll be a guarantee in place of customs clearance within 48 hours. Companies will also no longer be obliged to employ customs brokers to act on their behalf, a significant cost saving. For perishable goods, there'll be a 'fast track' for 6-hour release of goods.

Beyond that, there will also be a single trade window, electronic transactions and generally a cut in red tape and paperwork to make border trade easier and cheaper. A key new rule that will impact car manufacturers among other companies is that 'rules of origin' will be made more flexible. In other words, UK businesses looking to export items that contain imported elements can still qualify for the new zero tariffs.

## Is there any other impact of the Aus-UK FTA for service companies?

It looks like the UK-Australia Free Trade Agreement will also make a difference to companies in the service sector. There'll be increased access to each other's market with a guaranteed equal footing. The service sector in the UK is responsible for more than half of our exports to Australia, and this could increase further. Equally, Australian service companies will be better able to compete in the UK.

UK businesses will also have better access to Australian government contracts and vice versa. This is expected to impact transport and financial services companies the most, but also those in the infrastructure sector.

## What does the FTA mean for visas, travel and working?

One thing the FTA certainly does is improve the opportunities for UK and Australian nationals to live and work in each other's country, albeit temporarily. Working holidays for the young will be increased to a maximum of three years, with the age of eligibility increased from 30 to 35.

There'll be more opportunities for professionals as well. Australian companies used to be committed to hiring Australian professionals first - that will no longer apply.

At the same time, lawyers will be able to work in the partner country under their existing qualifications. Some analysts feel that the surprising liberality of the Australians with regard to professional mobility is something of a quid pro quo in return for some of the concessions the UK made on agricultural imports.

## Highlights include:

- Same access as European nationals, can work in the UK on contracts up to a year
- UK has guaranteed access for managers and specialists across all sectors to undertake 3 year intra-corporate transfers to the UK
- New and more beneficial visa provisions to enable intra group transfers for innovators and agricultural labourers

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