

Liz Truss kick-starts trade negotiations with Australia and New Zealand

The UK has today (Wednesday 17 June) published its negotiating objectives for free trade agreements (FTAs) with Australia and New Zealand, with talks for each agreement beginning shortly.

The UK, Australia and New Zealand are already important economic partners. UK businesses traded a significant £21bn worth of goods and services in total with both countries last year.

Drinks companies, the automotive industry and professional services firms are among those expected to benefit from removing barriers to trade with Australia and New Zealand.

Government analysis published today shows that the value of UK exports to the two countries could increase by around £1 billion as a result of the deals. Expanding free and open trade in this way is essential to helping businesses and the whole of the UK overcome the economic challenge of Coronavirus.

Trade agreements with Australia and New Zealand will help boost our economic recovery by opening up new markets for businesses, creating jobs and supporting a range of industries across the UK. In the long term, UK workers' wages could increase by £400m and £200m respectively, while consumers are expected to benefit from a greater choice of goods and lower prices.

Opportunities for UK businesses include additional access for UK services and investment, the removal of tariffs and other barriers to trade, and the chance to shape the future of digital trade.

Both agreements will include chapters on digital trade to maximise opportunities for businesses to trade digitally. They will also include dedicated SME chapters to help more small businesses to sell their goods and services to Australia and New Zealand for the first time.

These talks are also a logical step towards membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), one of the world's largest free trade areas accounting for 13% of global GDP in 2018.

The Government has today reaffirmed its interest in joining the group and is stepping up engagement with its members. UK membership would increase and diversify the UK's £110 billion trade relationship with its members and create opportunities in the world's most dynamic economies. Both Australia and New Zealand support the UK joining CPTPP, and trade agreements with them could facilitate the UK's accession.

International Trade Secretary Liz Truss said:

Our new-found status as an independent trading nation will enable us to strengthen ties with countries around the world.

Ambitious, wide-ranging free trade agreements with old friends like Australia and New Zealand are a powerful way for us to do that and make good on the promise of Brexit.

Pivoting towards the Asia-Pacific will diversify our trade, increase the resilience of our supply chains and ensure the UK is less vulnerable to political and economic shocks in certain parts of the world.

Stephen Phipson, CEO of Make UK, commenting on the start of trade negotiations with New Zealand and Australia, said:

New trade opportunities and an emphasis on digital trade to boost business as we come out of the current COVID crisis will be welcomed by British industry.

The emphasis on helping the UK's smaller businesses access the opportunities of international trade particularly in liberalising access for UK manufacturing services will be good news for some of our most innovative companies, which sometimes struggle to navigate the intricacies of breaking into new markets.

Business looks forward to being directly and closely involved in the ongoing programme of trade negotiations to ensure the best possible outcomes.

Federation of Small Businesses (FSB) National Chair Mike Cherry said:

The UK is embarking on an ambitious new era of independent trade and these new deals are critical to the success of small businesses as well as the wider economy.

Of the small businesses that export, 38 per cent already do so with Australia while 30 per cent are trading with New Zealand, which highlights the potential to build on these existing strong trading links via trade deals with both countries. A comprehensive small business chapter is equally important to ensure that the needs of SMEs are fully catered for in the years to come.

Both nations are in the top 10 most important destination export

markets for small firms over the next three years, making these deals vitally important.

The UK already has a common connection with these nations as members of the Commonwealth and that is why businesses are looking forward to engaging with these trade negotiations in the weeks and months to come.

New Zealand and Australia rank among our closest friends. We share a language, head of state and a system of common law. We have a proud shared history and today we are guided by a common set of values.

Like the UK, both nations have always stood up for what is right and maintained a fierce belief in the merits of free trade, the rule of law, international cooperation and democratic government.

Free Trade Agreements with Australia and New Zealand need to work for the whole of the UK. We have been clear that any future agreement with Australia and New Zealand must benefit British consumers, producers and companies. We remain committed to upholding our high environmental, labour, food safety and animal welfare standards in our trade agreements with Australia and New Zealand.

On the UK side, talks will be overseen by DIT Chief Trade Negotiation Advisor Crawford Falconer.

Background

- Our negotiating objectives for all proposed agreements are also underpinned by one of the biggest consultations ever undertaken with the UK public, businesses and civil society on new FTAs.
- We will continue to speak to businesses and interest groups in every part of the UK to ensure their views are taken into account.
- Negotiations with Australia and New Zealand will be carried out by video conference, ensuring that talks can progress during the Coronavirus pandemic.
- The first round of talks with Australia and New Zealand are expected to take place in the coming weeks

The UK's overall negotiating objectives for a free trade agreement with Australia are:

- Agree an ambitious and comprehensive Free Trade Agreement (FTA) with Australia that strengthens our economic relationship with a key like-minded partner, promoting increased trade in goods and services and greater cross-border investment.
- Strengthen our economic partnership focusing on technology, innovation and research and development (R&D). An FTA with Australia provides an opportunity to enhance co-operation on shared global and economic challenges, including supporting innovation and R&D across our

economies. We will seek to set a new precedent with Australia by establishing an ambitious framework for co-operation in these areas, focusing on the role of trade policy in facilitating innovation.

- Increase the resilience of our supply chains and the security of our whole economy by diversifying trade.
- Futureproof the agreement in line with the Government's ambition on climate and in anticipation of rapid technological developments, such as Artificial Intelligence.
- The Government has been clear that when we are negotiating trade agreements, the National Health Service (NHS) will not be on the table. The price the NHS pays for drugs will not be on the table. The services the NHS provides will not be on the table. The NHS is not, and never will be, for sale to the private sector, whether overseas or domestic.
- Secure an agreement which works for the whole of the UK and takes appropriate consideration of the UK's constitutional arrangements and obligations.
- Throughout the agreement, ensure high standards and protections for UK consumers and workers and build on our existing international obligations. This will include not compromising on our high environmental protection, animal welfare and food safety standards.

The UK's overall negotiating objectives for a free trade agreement with New Zealand are:

- Agree an ambitious and comprehensive Free Trade Agreement (FTA) with New Zealand that strengthens our economic relationship with a key like-minded partner, promoting increased trade in goods and services and greater cross-border investment.
- Work together to reinforce our mutual interest in sustainable and inclusive trade policy.
- Supporting both Governments' Net Zero commitments on climate change, we will seek provisions that maintain the right to regulate for each party and support opportunities for global growth in low carbon sectors and associated research and development.
- Increase the resilience of our supply chains and the security of our whole economy by diversifying trade.
- Futureproof the agreement in line with the Government's ambition on climate and in anticipation of rapid technological developments, such as Artificial Intelligence.
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