

Statement on launch of Australia-UK FTA

Today we are very pleased to announce the launch of free trade agreement (FTA) negotiations between Australia and the United Kingdom. An FTA between our two nations, close allies with deep historical and people-to-people ties, will support the economic recovery from COVID-19 and take our bilateral trade and investment relationship to the next level.

The FTA will be ambitious and comprehensive. It will contribute to economic growth and job creation, drive increased two-way trade in goods and services worth £18.1bn in 2019, and encourage two-way investment. The UK was the second largest direct investor in Australia and the second largest recipient of Australian Foreign Direct Investment in 2019. UK FDI in Australia was £35.6bn and Australian FDI in UK was £15.9bn in 2018. It will be a modern agreement with best-practice trade rules on emerging and increasingly important issues, including digital trade and innovation, and will include outcomes that benefit the small and medium-sized enterprises who already sell goods and services between our countries, as well as encouraging more to do so.

In responding to the impact of COVID-19, it is more important than ever to support open trading arrangements based on global trading rules that underpin mutual growth and prosperity. Increased protectionism can only hinder the world's recovery from COVID-19, slowing the necessary return of economic and employment growth. We will continue to work closely in multilateral fora including the G20, the Commonwealth and the WTO. The Australia-UK FTA is a top priority and will be an important part of our post-COVID strategies, making it easier for businesses to export, and access goods, services and capital to fuel economic recovery.

Minister Birmingham said:

The Australian Government looks forward to negotiating an ambitious and comprehensive free trade agreement with the United Kingdom, a close friend and an important trading partner.

We will pursue a deal that opens up new opportunities for our farmers, businesses and consumers, supports job creation and strengthens our economies as we recover from the impacts of COVID-19.

As like-minded champions of free trade, the FTA will also signal our shared commitment to global trade liberalisation and the rules that underpin it.

International Trade Secretary Liz Truss said:

This is a chance for both our nations to make history. Despite our long friendship and the common values that unite us, our two great countries have never before had a free trade agreement. That can change now the UK has left the EU and become an independent trading nation once again.

An ambitious, wide-ranging deal will renew and strengthen our bond of friendship, help bring greater prosperity to our peoples, and send a clear signal to the rest of the world that like-minded democracies are prepared to stand up for free trade and the rules underpinning international trade.

Increasing trade will strengthen our supply chains and create new opportunities for our businesses recovering from the economic impact of COVID-19. The FTA will serve as a framework for an even closer economic partnership as the UK seeks to strengthen its engagement in the Indo-Pacific region. Together, the UK and Australia will promote a liberal free trading agenda that helps maintain an environment for long-term prosperity. To that end, Australia, as a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), welcomes the UK's intention to join this group of committed free trading nations. Collectively CPTPP members represented 13% of global GDP in 2018. The UK is determined to turbocharge its economic activity through membership.

In these challenging times, we are all looking for new ways to continue to work and communicate with each other. The first round of negotiations will begin on 29 June in a virtual format. We will work flexibly and creatively to conclude a high-quality agreement as quickly as possible, consulting closely with all interested stakeholders. We remain committed to upholding our high health, environmental, labour, food safety and animal welfare standards in these FTA discussions.

Alongside negotiations, we will also explore ways to build on our deep and historic people-to-people links to ensure the benefits of deeper Australia-UK economic cooperation are distributed as widely as possible.

The Australian FTA negotiating team will be led by Elisabeth Bowes, Chief Negotiator, Regional Trade Agreements Division, Department of Foreign Affairs and Trade; and the UK negotiating team will be led by Vivien Life, Director, Asia & Australasia Negotiations Directorate, UK Department for International Trade.