



# Department for International Trade

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Dear Colleague,

## **Update on negotiations on the UK's future trading relationship with Australia: Agreement in principle**

I am writing to update you on the progress made on the UK's future trading relationship with Australia. On 14 June, the Prime Minister agreed the main elements of a trade deal between the UK and Australia, in a meeting with the Australian Prime Minister Scott Morrison.

We have reaffirmed our enduring partnership with Australia in the first major trade deal negotiated from scratch by the Government since we left the EU. This deal is a fundamentally liberalising agreement, which will create new opportunities and support industries that employ 3.5 million British people.

- 1. Tariff free trade for all British goods:** The deal removes tariffs on £4.3bn of exports, making it cheaper to sell iconic products like cars, Scotch whisky and ceramics into Australia - supporting industries that employ 3.5 million people in the UK. Car makers in the Midlands and the North of England will benefit.
- 2. Easier for Brits to travel and work in Australia:** Brits under the age of 35 will be able to travel and work in Australia more freely, opening exciting opportunities for young people. Highly skilled professionals will now be able to work in Australia temporarily and Australian firms will no longer have to prioritise hiring Australian nationals first.
- 3. Lower prices and more choice for British shoppers:** The elimination of tariffs on Australian favourites like Jacob's Creek and Hardys wines, Tim Tams and Vegemite will boost choice for British consumers and save British households up to £34 million a year. Our manufacturers will also benefit from cheaper imports of vital parts and ingredients from Australia.
- 4. Enhanced access for British tech companies:** The deal will create opportunities for the UK's cutting edge digital and tech sectors, preparing us to lead in industries of the future like AI, space exploration and low emissions technology. The gold standard deal, with the world's first ever innovation chapter, will facilitate the free flow of data, saving UK businesses from the cost of setting up servers in Australia, whilst maintaining personal data protections standards for British consumers.

- 5. Greater opportunities for UK professionals in Australia:** UK lawyers will be able to practice in Australia without having to requalify as an Australian lawyer. The deal will help facilitate the recognition of UK professional qualifications across many sectors, creating opportunity for our professionals while allowing British companies to attract and retain global talent.
- 6. Boost for UK services industries:** The UK exported £5.4 billion worth of services to Australia in 2020 accounting for 56 per cent of our total exports to the country. The combined effect of the deal's cutting-edge provisions, allowing UK and Australian service professionals access to each other's markets, and reduced barriers to investment will give a substantial lift to the UK's service sectors.
- 7. Slashing red tape for entrepreneurs and small business:** Red tape and bureaucracy will be torn down for more than 13,000 small businesses across the length and breadth of the UK who already export goods to Australia. The agreement will deliver quicker export times and ensure small business have access to new intelligence that will better allow them to seize the opportunities created by the deal.
- 8. Access to billions of pounds worth of procurement contracts:** British companies will now be able to bid for additional Australian government contracts worth billions of pounds. It is the most substantial level of access Australia has ever granted in a free trade agreement, creating new opportunities for UK firms including in transport and financial services, building on the success of companies like Leeds-headquartered Turner & Townsend, who have project managed some of Australia's biggest public transport infrastructure programmes.
- 9. Stronger cooperation on shared challenges:** Australia is a like-minded democracy that shares our belief in free enterprise, the rule of law, and high standards in areas like labour, animal welfare, gender equality and the environment. The deal will uphold these high standards and foster collaboration on challenges like tackling climate change and unfair trading practices.
- 10. Paves the way to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP):** Australia strongly supports UK membership of CPTPP, which will further open up 11 Pacific markets worth £9 trillion GDP. CPTPP membership will secure British exports superior access to these growing markets, approximately two thirds of middle class consumers expected to be in Asia by 2030.

Throughout the negotiations we have listened closely to the concerns of farmers and other stakeholders. That is why we have agreed 15 years of capped tariff free imports from Australia, which means that Australian farmers will only have the same access as EU farmers 15 years after the agreement comes into force.

We will back British farmers in opening up new export opportunities, such as to the CPTPP markets which are expected to account for a quarter of global import demand for meat by 2030.

The deal also includes an unprecedented chapter on animal welfare with commitments to collaborating to promote high standards, going further than any trade deal in force across the world. We have agreed a non-regression clause on animal welfare with Australia, which means that neither country can lower their animal welfare standards to undercut the other.

The NHS' services and the prices it pays for drugs remain protected and was not up for negotiation – and never will be. There will be no changes to our intellectual property regime that would lead to increased medicines prices for the NHS.

The Governments of Australia and the United Kingdom now intend to finalise the text before signature and the subsequent entry into force of the deal. Once signed, the deal will be presented to Parliament and published on GOV.UK, alongside an independently scrutinised impact assessment. The deal will get full Parliamentary scrutiny and Parliamentarians will be able to block the deal if they choose to.

Our scrutiny arrangements are some of the most robust and transparent in the world, and the Trade and Agriculture Commission will play a full role, providing expert and independent advice.

The UK and Australia have agreed in principle to a modern and ambitious trade deal that supports jobs and growth for both our countries, however the full signing will not take place until months afterwards and that is when the scrutiny process really kicks in. The deal strengthens ties between two nations who want to win the fight for free and fair trade. It is fitting that the UK's first new trade deal negotiated from scratch will be with one of our greatest friends.

I have attached the following document: "FTA Negotiations: agreement in principle", which has been published online on earlier today, alongside an explainer. I will be placing copies of both documents in the libraries of the House.

Best wishes,

A handwritten signature in blue ink, appearing to read "Elizabeth Truss". The signature is fluid and cursive, with the first name "Elizabeth" written in a larger, more prominent script than the surname "Truss".

**THE RT HON ELIZABETH TRUSS MP**  
Secretary of State for International Trade  
& President of the Board of Trade