

**PROFESSIONAL AND BUSINESS SERVICES COUNCIL RESPONSE TO THE
HOUSE OF COMMONS INTERNATIONAL TRADE COMMITTEE INQUIRY REGARDING AUSTRALIA**

Professional and Business Services Council

1. The Professional and Business Services Council (PBSC) is a partnership between the professional & business services sector and Government. It is industry-led and co-chaired by the private sector and the Department of Business, Energy and Industrial strategy; it brings together sectors including law, accountancy, consultancy, actuarial, architecture, surveying and advertising services, amongst others.
2. The views contained herein are those of the business side of the PBSC only.
3. The PBSC has identified several priority areas and works in partnership with Government to inform thinking on the future direction of the sector and its contribution to the UK economy. One of priorities identified is pursuing greater market access for international trade in professional services.

General remarks

4. The PBSC welcomes the opportunity to consider the recently signed UK-Australia Free Trade Agreement (FTA). The below outlines the PBSC's initial view of the agreement as we have not yet had time to fully consider and analyse the entirety of the document.
5. The PBSC welcomes the inclusion of a dedicated chapter in the FTA which focuses on issues relating to professional services trade, including a commitment to regulatory dialogue to address being the border barriers to legal services trade.
6. While the COVID-19 pandemic continues to disrupt global trade, prior to the pandemic the amount of services trade between the UK and Australia has been considerable, with the UK being Australia's third largest two-way services trading partner, accounting for 7.7% of Australia's total services trade in 2019-20. For the UK, services exports to Australia had been growing steadily from £6.2bn in 2016 to £7.7bn in 2019.
7. In 2019, the top categories of UK services trade with Australia (excluding travel) included:

1.	Other Business Services Professional and management consulting services Legal, accountancy, and public relations	£1.8bn £553m £449m
2.	Technical, trade-related and other business services Architectural, engineering, and scientific services	£1.2bn £274m
3.	Insurance and Pension funds	£1.2bn
4.	Transportation	£1.1bn
5.	Financial Services	£0.7bn

8. For services providers in Australia exporting to the UK in 2019 (excluding travel), other business services (£880m) and technical and trade-related services (£619m) were also the largest categories of Australian exports.

International Trade Committee Questions

Q1. How good a deal is the UK-Australia FTA for the UK?

9. In many ways from the perspective of services trade commitments, the UK-Australia FTA represents one of the most ambitious deals currently agreed by the UK. Specific benefits include:
 - i. Some UK professionals will have access to visas to work in Australia without being subject to its changeable skilled occupation list (i.e. architects) that might otherwise restrict access.
 - ii. Increased likelihood of mutual recognition of professional qualifications.
 - iii. More transparency and predictability as a result of commitments on Domestic Regulation for Services.
 - iv. Access to public procurement at federal and state level will be made non-discriminatory.
10. Individual PBSC members have also provided separate analysis of their sector's analysis of the deal including: [RIBA](#), Law Society of England and Wales and the City of London Corporation response to this inquiry which the PBSC supports.

Q2. To what extent has the Government achieved its stated negotiating objectives?

11. From a professional and business services perspective, the Government achieved its headline stated negotiating objectives for services trade of:
 - i. Securing ambitious market access commitments.
 - ii. Agreeing rules for all services sectors, as well as sector-specific rules, including professional and business services.
 - iii. Rules relating to domestic regulation.
 - iv. Increased business mobility.
 - v. Facilitating digital trade.
12. Additional time will be needed to analyse the schedules of reservations of both the UK and Australia to undertake a comparative study of the commitments each side has made as part of this FTA in comparison to other FTAs.

Q3. To what extent does the FTA deliver on the UK-Australia Agreement in Principle?

13. For services providers, there was little change noted between the Agreement in Principle and the text of the final FTA once it was published.

Q4. How are the terms of the FTA between the UK and Australia likely to affect you, your business or organisation, or those that you represent?

14. Once the UK-Australia FTA has entered into force, UK service providers will be able to access the Australia with greater certainty where preferential access has been granted. Professional and business services firms as well as individual professionals will also be able to access the business mobility terms which will facilitate the servicing of client projects.

15. However, many of the more substantial benefits of the UK-Australia FTA will only be apparent over time, and will be dependent on the continued commitment of both governments and industry on both sides.
16. One example of this relates to the Mutual Recognition of Professional Qualifications. Chapter 10 of the FTA, Professional Services and Recognition of Professional Qualifications, only sets out the framework under which mutual recognition can take place, provides for a Professional Services Working Group to be established (in particular, Article 10.8 sets up a specific legal services regulatory dialogue), and sets each side to encourage mutual recognition.
17. Firstly, that the existence of framework must be matched by the political will to drive forward 'deals' on recognition. Experience in other MRPQ settings has shown that a framework means little without commitment to use it. Secondly, it may be of concern that the PSWG is only scheduled to meet annually for the first three years. One outstanding question that the PBSC has is whether regulators will have delegated authority to agree deals outside PSWG meetings?
18. Regarding engineering, Australia currently has a requirement to recruit highly competent engineers from overseas to deliver significant new infrastructure projects. New engineering regulation that is being rolled out at State level presents a new behind-the-border barrier for individuals and firms from overseas providing engineering services. The MRQP provision in the FTA may provide a way forward in time, but it will require engagement and commitment at State level, as well as Federal support. It should be noted that the Engineering Council, the UK regulator, maintains routes for Australian engineers to become registered in UK as long as they can demonstrate that they meet the UK standard of competence. Therefore reciprocation is not a problem.
19. For digital trade, the digital trade chapter includes core provisions such as preventing the localisation of data, ensuring a high standard of protection of personal data as well as specific provisions reducing barriers to digital trade.
20. However, the true value of the digital trade chapter will result from the regulatory dialogue that the FTA will establish between the UK and Australia. This requires both sides to stay committed to cooperating on the development of future regulations and initiatives related to emerging technologies, data innovation and cybersecurity.
21. Both the UK and Australia also have an opportunity to work with third countries, like Singapore with which Australia already has a Digital Economy Agreement and with which the UK has recently announced the commencement of negotiations towards a Digital Economy Agreement.

Q5. What is likely to be the impact of the agreement on: the UK's economy as a whole? particular sectors of the UK economy? the UK's devolved nations and English regions? UK consumers?

22. We consider it too soon to tell.

Q6. How well has the Government communicated its progress in negotiations – and how much has it listened to stakeholders during those negotiations?

23. With respect to engagement by the Government with the PBSC on UK FTA negotiations, it has been positive and constructive, both at Ministerial level and across Whitehall departments. The PBSC has welcomed engagement via both the DIT PBS Trade Advisory Group as well as the Cross-Cutting Services Thematic Working Group.
24. In general terms we consider more focus could be paid to several of the horizontal trade issues which sit outside the services-related chapters in FTAs such as digital and mobility but nevertheless have a significant impact on UK services firms.

Q7. How well has the Government communicated the possible impact of the FTA, to enable you or other stakeholders to prepare for its implementation?

25. Additional work can always be undertaken with regard to helping businesses to utilise trade agreements which have already entered into force, or which will do so in the near future.
26. The PBSC welcomed the inclusion of services trade for the first time in DIT's Export Strategy which was published in 2021. The PBSC has encouraged DIT and other government departments to increase the information available to service exporters on how to take advantage of FTAs as well as other trading arrangements.

Q8. What lessons and inferences for other current and future negotiations can be drawn from how the Government approached, and what it secured in, the FTA with Australia?

27. The experience of negotiating any new FTA from scratch is clearly beneficial to future negotiations given the UK is in the process of building its trade policy capacity. We consider there still to be a gap around how businesses, particularly SMEs, can be better educated to practically take advantage of FTAs.
28. Regarding legal services, the agreement confirms the existing right for UK and Australian lawyers to advise clients and prepare documents relevant to arbitration, mediation and conciliation in the other country's territory using their original qualifications and title.
29. While this article does not create any new rights for lawyers in either jurisdiction, as both Australia and the UK already recognised the ability to practice and advise on home title law, it is welcomed both as precedent and for the certainty it provides to legal service suppliers. A similar provision was also seen in the EU-UK TCA.
30. Given the different implications of mutual recognition agreements for the legal sector, the Law Society considers the recognition of professional qualifications as the *recognition of existing home country qualifications and experience for the purposes of requalification into a host state profession*. The Law Society believes the UK should seek rights for UK lawyers practising abroad that are equivalent to those afforded to foreign lawyers practising in the UK: the ability to practise home-country and international laws under home title; and a clear, transparent and proportionate path to requalification into the host country professional title.