

UK-Australia FTA

techUK's RESPONSE TO THE HOUSE OF COMMONS INTERNATIONAL TRADE COMMITTEE INQUIRY REGARDING UK-AUSTRALIA FTA

25 January 2022

About techUK

1. techUK is the trade association which brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve.
2. With over 800 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.
3. By providing expertise and insight, we support our members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.

Introduction

4. techUK welcomes the opportunity to offer feedback on the recently signed UK-Australia Free Trade Agreement. This submission outlines techUK's high level view of the agreement, as a full analysis will take longer.
5. The tech sector is likely to benefit from a number of different provisions included in various chapters of the agreement, ranging from digital trade and innovation provisions to mobility, procurement and telecommunications. For the purposes of this submission, we will focus on the key provisions that are likely to increase digital trade between the two countries and thus support British exporters of technology.
6. The top five service types exported from the UK to Australia in the four quarters to the end of Q2 2021 include telecommunications, computer and information services (£501 million or 10.5% of total export services to Australia). The imports of telecom and ICT services from Australia into the UK was only a fifth of the export rate, at around £100 million¹.

International Trade Committee Questions

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

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1042852/australia-trade-and-investment-factsheet-2021-12-24.pdf

7. From the perspective of the tech sector, the UK-Australia FTA contains some of the most advanced provisions in digital trade and innovation of all of UK's agreement to date.
8. In particular, the digital trade chapter is very strong. It goes further than existing precedent contained in UK-Japan CEPA, and in the other roll over agreements. The chapter ensures the free flow of trusted data and standards for personal data protection. The two countries have agreed on a ban on data localisation requirements or requirements to transfer source code. It also ensures the legal recognition of electronic contracts, signatures and various electronic trust services. There are also provisions on regulatory cooperation in digital identities to promote compatibility, as well as provisions committing parties to open government data.
9. On data innovation, there are several interesting commitments on cooperation on data-sharing projects, regulatory cooperation on data mobility and sharing research and best practice.
10. In a first of its kind innovation chapter, the two governments committed to a mechanism for the UK and Australia to discuss the impact of innovation on trade, including on regulatory approaches, commercialisation of new technologies and supply chain resilience.
11. The mobility provisions are also welcomed by techUK members. The agreement establishes that executives located in one nation can relocate to the other's territory for up to four years and that they may bring their spouses and children with them.
12. The telecommunications chapter contains provisions that commit to ensuring service suppliers have access to public telecommunications networks on a timely, reasonable and non-discriminatory basis. It also commits the two countries to work together on security and diversification in the telecommunications sector, including on infrastructure and technologies.

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

13. From a tech sector perspective, the Government has achieved its headline negotiating objectives in the FTA with Australia. In particular, it has achieved the following objectives:
 - a. To secure ambitious commitments from Australia on market access and fair competition for UK services exporters.
 - b. To increase opportunities for UK service suppliers and investors to operate in Australia by enhancing opportunities for business travel and supporting the Mutual Recognition of Professional Qualifications (MRPQs).
 - c. To secure cutting-edge provisions which maximise opportunities for digital trade across all sectors of the economy.
 - d. To include provisions that facilitate the free flow of data, whilst ensuring that the UK's high standards of personal data protection are maintained and include provisions to prevent unjustified data localisation requirements.
 - e. To ensure customs duties are not imposed on electronic transmissions.
 - f. To promote fair and transparent access to the Australian telecommunications market.

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

14. techUK sees no difference between the FTA commitments on digital trade and telecoms and the provisional commitments in the Agreement in Principle.

- 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?

15. Once the UK-Australia FTA has entered into force, UK technology firms will be able to easily access the Australian market. Companies and individuals will also be able to benefit from the business mobility terms and have great access to government procurement contracts, at federal, state and territory level.

16. The more substantial benefits of the agreement will come to fruition over time and will depend on the continued commitment of the two governments to developing the FTA provisions.
17. For example, the real value of the digital trade and innovation chapters will come from regulatory cooperation and continued dialogue. Making sure that domestic regulators are fully involved in the cooperation mechanisms – such as the Strategic Innovation Dialogue - and that there is a continued engagement with stakeholders in the economy and broader society will be key for reaping the full benefits of the agreement. Both sides will need to show continued commitment to advancing discussions on key issues, such as cyber security, emerging technologies, or Digital ID.
 - 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?
18. We are not in a position to be able to predict the impact at this stage. However, as stated above, this is likely to be a gradual impact, with companies being able to take advantage of the FTA provisions from day 1 of entry into force, while some other benefits will take longer to show and assess. Strategically, this is an important deal both for CPTPP accession and for UK's leadership in international digital trade policy.
 - How well has the Government communicated its progress in negotiations – and how much has it listened to stakeholders during those negotiations?
19. Engagement with the Ministerial team, negotiating teams, as well as across departments – in our case DIT and DCMS – has been positive and constructive. techUK sits on the Strategic Trade Advisory Group, the Trade Advisory Group on Digital and Telecoms as well as other cross-cutting groups on things like services and multilateral.
20. On a broader point, techUK supports a wide and open stakeholder engagement approach, that keeps all stakeholders, including industry, civil society and consumer organisations informed and engaged throughout negotiating processes. Wide transparency of FTA negotiations, with due regard to the secrecy of negotiating positions, ensures businesses are well prepared for FTAs and able to take advantage of agreements when they enter into force.
 - How well has the Government communicated the possible impact of the FTA, to enable you or other stakeholders to prepare for its implementation?
21. Our members report that the Department of International Trade provides useful resources for firms looking to scale up internationally. However, we believe more can be done to help the industry understand the benefits of recent and upcoming trade agreements.
22. The phase after negotiating trade deals will need to be given just as much importance as negotiating them. Translating policy commitments into real-life understandable commercial opportunities that companies – and especially SMEs – can take advantage is an important step, especially given the pace of negotiations and the number of agreements reached in short sequencing.
 - 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?

23. As this is the first agreement negotiated from scratch and it has the most advanced digital and innovation provisions, as well as mobility, recognitions of qualifications and procurement, we believe this sets a clear signal for the level of ambition the UK is looking to pursue in its trade agreements. The UK-Australia FTA builds upon the experience with the UK-Japan CEPA and UK-EU TCA and techUK assumes similar provisions are likely to be secured with New Zealand and Singapore. techUK therefore believes this creates a real opportunity for upcoming trade negotiations to build upon this FTA. Especially with countries like Canada or Mexico, techUK hopes this new precedent will be used there.
24. Important to note also that this FTA is part of a broader group of like-minded countries, including New Zealand and Singapore, that the UK and Australia will have the chance to work together with on all things digital trade. Australia has a Digital Economy Partnership with Singapore, a similar agreement in principle was reached by the UK with the same market and New Zealand, Chile and Singapore have signed their own digital economy partnership agreement in 2020. This is the core group of countries pushing the boundaries of what is possible in digital trade and that group now includes the UK.