



Seafood Industry Update: Australia – United Kingdom Free Trade Agreement (FTA) Negotiations.

December 2020 update

- On 17 June 2020 Australia and the United Kingdom launched negotiations for a free trade agreement.
- 3 rounds of negotiations have been held to date with the third round concluding on 4 December 2020. The 4th round will be held at the end of February 2021.
 - Negotiations are at an early stage with both parties seeking to identify areas of common interest that could be readily agreed. Preliminary discussions on sensitive areas of trade and investment, that will require significant negotiation, have also commenced.
- The Australian industry submission will be finalised and tabled with the Department of Foreign Affairs and Trade prior to the 4th round of negotiations. Discussions with industry regarding its position on the Rules of Origin provisions in the agreement are ongoing and have delayed the finalisation of the submission.

The Australian seafood industry objectives from the Australia – United Kingdom FTA.

1. the elimination of all **seafood tariffs** into the UK market
2. that the **rules of origin** text under the agreement does not adversely affect current and potential seafood exports to the UK
3. to ensure that the agreement does not lead to increased **registration and compliance costs** for exports to the UK
4. to ensure that **geographical indicators** are not introduced by the UK as a barrier to trade
5. to ensure that the agreement does not seek to introduce **UK unilaterally determined environmental measures** regarding fisheries production, fisheries management and trade
6. to ensure that the agreement recognises **science-based food safety standards and guidelines**, consistent with those of the agreed by FAO-WHO Codex Alimentarius
7. to ensure that the agreement does not affect **Australia's biosecurity and import protocols/regulations** in order to continue to protect the industry from diseases endemic to the UK/EU
8. to ensure that the agreement abides by Australia's **country of origin food labelling** requirements as administered by the Australian Competition and Consumer Commission (ACCC)
9. to query the legitimacy of the **UK Seafish levy** on imported seafood.

Background

Why the Australian seafood industry is interested in the UK free trade agreement

- Valued at US\$4.4 billion, the United Kingdom is the sixth largest global importer of seafood behind the European Union US\$59.3 billion, United States US\$22.6 billion, Japan US\$15.3 billion, China US\$14.5 billion and South Korea US\$5.9 billion.
- The UK market is largely untapped by Australian seafood exporters @ < 1 per cent of total exports
- UK market has high tariff rates, is highly regulated and a relatively expensive market to access
 - A significant reduction in tariff and non-tariff barriers would make the UK market commercially viable for a range of seafood products
- Market diversification has high priority in light of current market access and trade issues in key export markets. Free trade agreements are one part of the Australian Governments' strategy to assist in the diversification of markets.
- FTAs (bilateral and multilateral) are the only effective mechanism to negotiate terms of trade with export markets
 - The results of the Australia – UK FTA negotiation, re: tariffs and the conditions imposed by the agreement, will be permanent. (Potentially for the next 50 years)

Current restrictions on Australian seafood exports to the UK

- Although the UK has strong commercial potential, over the past two decades Australian seafood exports to the UK have been stagnant due to a range of factors including:
 - consistently high UK/EU tariff rates for seafood, particularly when compared to competing Asian and United States markets
 - the high cost of compliance with the UK/EU's commercially expensive import regulations and procedures (non-tariff barriers)
 - the introduction of UK/EU unilaterally imposed food safety standards including maximum limits (MLs) for cadmium in crustaceans, particularly affecting trade in prawns
 - competition from key Asian markets, coinciding with rapid economic growth in Asia, tariff reductions achieved in free trade negotiations and lower transportation costs.

Potential outcomes from the Australia – United Kingdom FTA

- A positive outcome from the Australia - UK FTA negotiations would:
 - significantly lower the cost of exporting to the UK for a majority of seafood exports
 - diversify export market options and reduce the commercial risk caused by the dependence upon a few key Asian markets
 - provide a clear commercial advantage over other global competitors exporting seafood to the UK, as Australia will be one of the first countries to conclude an FTA
 - provide a gateway to the European Union market

- potentially put upward pressure on prices for select Australian seafood exports through increased market competition and
- provide the opportunity for regular dialogue with the UK on a range of market access and trade issues following the negotiations, including export regulations, food safety standards and environmental measures.

If you would like any additional issues raised with Australian Government FTA negotiators or have additional issues incorporated into the Australian seafood industry submission, contact me at Jim.fitzgerald@frdc.com.au.

Regards

Jim Fitzgerald
Principal: Jim Fitzgerald & Associates
Australia - UK FTA Project
Jim.fitzgerald@frdc.com.au
Jim_fitzgerald@bigpond.com
0402 130766