



April 2021 Update

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

A few simple facts.....

Valued at US\$4.4 billion the UK is the sixth largest global importer of seafood.¹

UK seafood trade is characterised by high import tariffs typically ranging between 12 – 25 per cent and, of the major global markets, is considered by industry as heavily regulated and an expensive market to access.

A positive outcome from the negotiations would:

- significantly lower the cost of exporting to the UK for a majority of seafood exports
- provide a clear commercial advantage over other global competitors exporting seafood to the UK as Australia will be one of the first countries outside the European Union, to conclude an FTA
- diversify export market options and reduce the commercial risk caused by the dependence upon a few key Asian markets
- provide a gateway to the European Union market
- potentially put upward pressure on prices for select Australian seafood exports through increased market competition
- provide the opportunity for ongoing dialogue with the UK on a range of market access and trade issues, including export regulations, food safety standards and environmental measures.

FTA negotiations to date

- On 17 June 2020 Australia and the United Kingdom launched negotiations for a free trade agreement.
- Four rounds of negotiations have been held to date with the latest round concluding on 5 March 2021.
- Negotiations are still 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.
- Australia and the UK have made progress on preliminary aspects of the Trade in Goods (tariffs) Chapter of the agreement. Offers for proposed tariff reductions, including seafood tariffs, have yet to be made.

¹ FAO Trade Database 2020 (2018 data).

- On Rules of Origin (ROO), progress continued on developing and agreeing to common negotiating text. Specific draft text on ROO text relating to trade in seafood is yet to be exchanged.
- On the Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary measures chapters, the parties made progress on chapter text and had extensive discussions on TBT annex proposals.

Industry consultation and ongoing representation in the FTA negotiating process

- Following industry wide consultation over the preceding six months, an Australian industry submission to the Australia – UK FTA negotiations was finalised and tabled with the Department of Foreign Affairs and Trade during March 2021.
- The key objectives for the Australian seafood industry from the Australia – United Kingdom FTA negotiations are included in Annex 1.
- The Australian seafood industry will continue to be represented during the negotiations under a project funded through the FRDC. Jim Fitzgerald will provide technical support and coordinate ongoing industry representations to the Australian negotiating teams from the Department of Foreign Affairs and Trade and the Department of Agriculture, Water and the Environment.
- Any additional issues that industry would like raised with the Government negotiating teams, or clarification of the key objectives for the Australian seafood industry from the Australia – United Kingdom FTA negotiations - as detailed in Annex 1. - should be directed to Jim Fitzgerald at jim.fitzgerald@frdc.com.au or jim_fitzgerald@bigpond.com.au

Regards

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Annex 1.

Key objectives for the Australian seafood industry from the Australia – United Kingdom FTA negotiations

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 regulation 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 or animal welfare 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 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)*

1. UK Seafood Tariffs and Quotas

The Australian seafood industry is seeking:

- the elimination of all seafood tariffs into the UK market.
- to ensure that there are no quotas imposed on Australian seafood exports entering the UK market.

2. Rules of Origin

The Australian seafood industry is seeking that the rules of origin (ROOS) text under the agreement does not adversely affect current and potential seafood exports to the UK.

Key Points:

- Australia is seeking to have Australia's Exclusive Economic Zone (EEZ) and not Territorial Seas recognised when determining the origin of Australian product under the agreement.
- Regarding Australia's External Territories including: Heard and McDonald Islands, Macquarie Island, Cocos Islands, Norfolk Island and Christmas Island.
 - Australia is seeking to have its external territories included when determining the origin of Australian product under the agreement.
 - Each of Australia's external territories is surrounded by an Australian EEZ of 200 nautical miles. Outside this zone is considered high seas, under the 1982 United Nations Convention on the Law of the Sea.
- Regarding vessels operating outside Australia's EEZ – (i.e. the High Seas)

- Australia is seeking that product caught by Australian registered vessels or vessels entitled to fly the Australian flag, is able to be exported under the preferential conditions of the FTA.
- Regarding “vessel ownership conditions”
 - Australia is seeking to ensure that any text regarding “vessel ownership conditions”, does not prevent Australian seafood producers from exporting product under the preferential conditions of the FTA.

3. Minimisation of the Cost of Regulation/Compliance with UK Seafood Import Rules and Regulations

The Australian seafood industry is seeking to ensure that the agreement does not lead to increased regulation and compliance costs to export to the UK.

4. Geographical Indicators

The Australian seafood industry is unlikely to support the use of Geographical Indicators (GIs) as part of the FTA negotiations.

Key Points:

- The Australian seafood industry seeks to ensure that GIs are not utilised by the UK as a barrier to trade.

5. Environmental and Animal Welfare Measures

The Australian seafood industry is seeking to ensure that the agreement does not seek to introduce UK unilaterally determined environmental or animal welfare measures regarding fisheries production, fisheries management and trade.

6. Food Safety Standards and Guidelines

The Australian seafood industry is seeking to ensure that the agreement recognises science-based food safety standards and guidelines, consistent with those agreed by FAO-WHO Codex Alimentarius.

7. Maintenance of Australia’s Biosecurity Protocols

The Australian seafood industry is seeking to ensure that the agreement does not affect Australia’s biosecurity protocols/regulations on imported seafood, in order to continue to protect the industry from diseases endemic to the UK and EU

8. Maintenance and policing of Australian country of origin food labelling requirements

The Australian seafood industry is seeking to ensure that the agreement does not impact Australia’s country of origin food labelling requirements, as administered by the Australian Competition and Consumer Commission (ACCC).

Key Points:

- Australia has strong consumer laws regulating country of origin food labelling requirements.
- The Australian seafood industry has an interest in the maintenance of these requirements and ensuring that adequate resources are available to uphold their implementation.