

## FTA Negotiations: agreement in principle

### **GOODS**

#### **Trade in Goods [Note, see also Goods Market Access]**

*Australia and the UK commit to establishing mechanisms that will provide for the liberalisation of tariffs on each other's goods and that will address non-tariff barriers to trade between our two countries. Australia and the UK will commit to providing the most liberal possible treatment for goods of interest to both countries, while taking into account product sensitivities.*

Commitments in the Trade in Goods Chapter will include:

- A commitment for the UK and Australia to eliminate customs duties on originating goods of the other country in accordance with the tariff elimination schedules [to be finalised].
- A commitment on technical consultations on non-tariff measures at the request of either the UK or Australia.
- Establish a Committee on Trade in Goods.
- Australia and the UK will share tariff preference utilisation data.

#### **Goods Market Access**

*Australia and the UK commit to the liberalisation of tariffs on trade in goods between our two countries, while taking into account product sensitivities.*

Commitments will include:

- Full liberalisation of UK originating goods entering Australia.
- Full liberalisation of Australian originating goods entering UK, while taking account of UK product sensitivities. This includes but is not limited to:
  - ⊖ Increasing TRQ volumes on beef over 10 years, with access to a duty-free transitional quota of 35,000 tonnes on EIF, rising in equal instalments to 110,000 tonnes in year 10. In the subsequent 5 years (year 11-15 after entry into force) a product specific safeguard will be applied on beef imports exceeding a further volume threshold rising in equal instalments to 170,000 tonnes, levying a safeguard duty of 20% for the rest of the calendar year. Out of quota tariffs will remain at MFN until year 10 and then be eliminated.
  - ⊖ Increasing TRQ volumes on sheepmeat over 10 years, with a duty-free transitional quota of 25,000 tonnes on EIF rising in equal instalments to 75,000 tonnes in year 10. In the subsequent 5 years (year 11-15 after entry into force) a product specific safeguard will be applied on sheepmeat imports exceeding a further volume threshold rising in equal instalments to 125,000 tonnes, levying a safeguard duty of 20% for the rest of the calendar year. Out of quota tariffs will remain at MFN until year 10 and then be eliminated.
  - ⊖ Tariffs on sugar will be eliminated in equal instalments over 8 years with a duty-free quota of 80,000kt tonnes on EIF rising in equal instalments to 220,000 at year 8.
  - ⊖ Tariffs on dairy will be eliminated in equal instalments over 5 years. There will be a duty-free transitional quota for cheese of 24,000 tonnes rising in equal instalments to 48,000 tonnes in year 5. There will be a duty-free transitional quota for non-cheese dairy of 20,000 tonnes. There will be a further duty-free transitional quota for butter of 5,500 tonnes rising to 11,500 tonnes in year five.
  - ⊖ There will be a permanent duty-free quota of 1,000 tonnes per year for long-grain milled rice, with tariff elimination on EIF for short and medium-grain milled rice.
  - Transitional quotas will be single quotas for the products indicated above, with no additional conditions. Transitional quotas will be managed by the Australian Government on the same basis as Australia's country-specific quota access under the WTO.

- ◊ Neither side will seek additional access or faster tariff reduction through the UK's accession to CPTPP.
- Both sides formalise their agreement on splits of TRQs at the WTO and Australia withdraws its objections to the UK's goods schedule (including AMS) in order to provide certainty to traders in both countries.
- General bilateral safeguard mechanism for all goods to provide a safety net for industry if they face serious injury from increased imports as a direct consequence of the FTA.

### **Trade Remedies**

*Australia and the UK commit to including a chapter on Trade Remedies that will affirm both countries' rights and obligations under the WTO framework, including safeguards. This ensures Australian and UK businesses can seek protection from unfair trading practices or unforeseen surges in imports*

- Affirmation of rights and obligations under the WTO Agreements on Safeguards, Anti-Dumping and Subsidies and Countervailing Measures.
- Application of the "lesser duty rule" consistent with the WTO Agreement when imposing anti-dumping and countervailing duties.

### **Rules of Origin**

*Australia and the UK commit to Rules of Origin (RoO) that will facilitate market access and reflect modern production processes, and existing and future global value chains. Commitments will boost efficiency, reduce costs and cut red tape by making it simpler for traders and customs authorities to prove the originating status of goods. They will include rules for specific products that support each country's economic and production interests.*

Commitments in the Rules of Origin Chapter will include:

- Efficient and low-cost processes to prove originating status of goods, reducing the amount of paperwork at the border for traders and Customs authorities.
- Product Specific Rules (PSRs) which enable traders to make fair use of the reduced tariffs [ongoing].
- No requirement for verification visits by the importing country to ascertain if goods being imported into its territory are originating.
- Low value threshold for declarations of origin that allows for Australia to use the value of AUD 1000.
- PSRs which respect UK sensitivities in agricultural sectors such as fisheries and dairy, and do not include Regional Value Content (RVC) rules for agricultural goods. PSRs which enable UK automotive exports, including an RVC of 25% for cars.

### **Customs Procedures and Trade Facilitation**

*Australia and the UK commit to facilitating increased bilateral trade and efficient and transparent customs procedures, while also allowing the UK and Australia to maintain effective customs control. Goods will be released from customs within clear timeframes to provide certainty in the supply chain and reduce costs. Paperwork will be simpler, with more information available electronically. Our systems will boost confidence in the way we trade together, ensuring transparency and predictability at, and away from, the border.*

Commitments in the Customs Procedures and Trade Facilitation Chapter will include:

- Goods to be released within 48 hours of arrival at customs where possible to provide certainty in the supply chain and reduce costs.
- Simplified paperwork requirements and a commitment to release shipments within 6 hours where possible for expedited shipments (for example fast-track parcels).

- Release of perishable goods within 6 hours where possible to prevent avoidable loss or deterioration of perishable goods.
- Time period of 90 days for issuing advance rulings to traders.
- Commitment not to require the use of customs brokers for import and export procedures.
- Detail concerning customs procedures to be made easily accessible to traders, including electronically, with review mechanisms available to traders for customs authority decisions.
- Commitment setting out how the UK and Australia may consider further simplification of customs procedures to benefit traders.
- A separate bilateral instrument to be negotiated on Cooperation and Mutual Administrative Assistance in Customs Matters (CMAA) intended to be completed to the same timeframe as the FTA (by Autumn 2021) to support and strengthen customs cooperation.

### **Sanitary and Phytosanitary Measures**

*Australia and the UK will commit to provisions that facilitate trade while ensuring protection of human, animal and plant life and health. Imports will still have to meet the same respective UK and Australian food safety and biosecurity standards. Both the UK and Australia agree the importance of independent SPS regimes.*

The SPS chapter will include trade facilitative provisions that build on WTO commitments relating to human, animal and plant life and health including:

- Recognition of the principle of equivalence of SPS measures where they achieve the other country's appropriate level of protection.
- Processes regarding the recognition of regional conditions (regionalisation) to build cooperation and promote confidence in the procedures followed by the UK and Australia. Ensure the UK and Australia can take into account the pest and disease status of areas from which goods may be sourced in setting biosecurity measures and apply all concepts of regional conditions, as appropriate, to trade between them, to facilitate trade.
- Recognition of the importance of ensuring that respective SPS measures are based on scientific principles.
- Provisions on transparency and information exchange to facilitate understanding of each other's system.
- Provisions on verification and certification, to facilitate trade through carrying out verifications and agreeing certification requirements.
- Establishment of an SPS Committee to monitor the implementation of the chapter and technical consultation provisions for any specific trade concerns regarding SPS measures.

### **Animal Welfare and Antimicrobial Resistance (AMR)**

- Provisions in a standalone chapter which will cover commitments including:
  - Provisions that affirm Australia and the UK's right to regulate on animal welfare and the right of each of Australia and the UK to establish its own policies and priorities for the protection of animal welfare
  - Provisions committing Australia and the UK to cooperate in relevant international fora on areas of mutual interest, including to promote development of the best possible animal welfare practices
  - An Animal Welfare Working Group to provide a forum for ongoing cooperation and initiatives in areas of mutual interest, review of animal welfare developments and to promote high animal welfare practices
  - Appropriate provisions around non-derogation from respective levels of animal welfare protections for the purpose of encouraging trade and investment between the UK and Australia

- Appropriate provisions recognising the importance of high levels of animal welfare protection and non-regression
- Appropriate provisions on cooperation on combatting antimicrobial resistance including bilaterally and in relevant international fora on areas of mutual interest.

### **Technical Barriers to Trade**

*Australia and the UK commit to provisions that will be aimed at ensuring that technical barriers to trade are non-discriminatory and do not create unnecessary obstacles to trade, while preserving each country's ability to take measures to fulfil legitimate objectives, including for the protection of health, safety and the environment. The commitments in the agreement will result in increased cooperation regarding technical regulations, standards and conformity assessments.*

- Provisions that build on the WTO TBT Agreement and the close institutional relationships already in place between Australia and the UK, through increased cooperation regarding technical regulations, standards, and conformity assessments.
- Provisions on transparency and information exchange to facilitate understanding of each other's systems.
- Establishment of a TBT Committee to monitor the implementation of the chapter and with the authority to establish specific working groups.
- Process to give positive consideration to acceptance of technical regulations where they are found to be equivalent.
- Commitment on international standards and to encourage respective standards bodies to cooperate.
- Ongoing discussion of outcomes to address technical barriers to trade in specific sectors that do not constrain public policy making, create new non-tariff barriers or create additional regulatory burdens. This includes continued discussions on UK annex proposals on spirits, cosmetics, medicines, and medical devices, and Australian proposals on wine and organics. Australia and UK commit to use best endeavours to secure agreement in Australia to the UK proposal for a whisky definition in a form enforceable by domestic authorities and to implement in the UK Australia's proposals under the Wine Agreement, both taking account of consultation requirements.

### **SERVICES**

*Australia and the UK commit to liberalising services in a manner that strengthens existing bilateral trade, deepens market access and makes it easier for services companies to trade and for professionals to operate in each other's economies. The UK and Australia will commit to high standard rules for all services sectors, including cross border trade in services, professional services, financial services, maritime and delivery services, and telecommunications. This will include full market access to the other market for all UK and Australian service suppliers, including ensuring commitments on services extend to Australian and UK-flagged vessels, except for some specific reservations. The UK and Australia will also commit to Maritime Transport Services and Express Delivery Annexes, a Financial Services Regulatory Co-Operation Annex, and commitments that UK and Australian lawyers can practise in the other country's territory using their original qualifications and title. On Telecommunications, Australia and the UK commit to access for Australian and UK service suppliers to public telecommunications networks and services in the other country on a non-discriminatory basis.*

Commitments in the Services Chapter will include:

- Highly liberal approach to trade in services, including full market access for service suppliers from the other country at central and regional level, except where specific reservations [once

regional consultations are complete] are noted in a schedule (i.e. using the “negative listing” approach).

- Services market access liberalisation going beyond the UK and Australia’s respective best precedent to be finalised through a request and revised offer process.
- Professional services provisions, which will deliver long term benefits for UK and Australian professionals who want to work in each other’s territory and have their qualifications recognised without facing unnecessary cost and bureaucracy, primarily through collaboration between UK and Australian accreditation and regulatory bodies aimed at facilitating qualification recognition.
- Legal services provisions which will both guarantee that UK and Australian lawyers can advise clients and provide arbitration, mediation and conciliation services in the other country’s territory using their original qualifications and title, as well as establish and drive collaboration between regulators with the aim of addressing remaining barriers to practise as a local lawyer in the other country’s territory.
- Coverage of UK/Australia-flagged vessels in the services chapter, allowing these to benefit from guaranteed market access and non-discriminatory treatment when operating in Australia/UK and an International Maritime Transport Annex which ensures that UK/Australian shipping companies, vessels and service suppliers have non-discriminatory access to ports and port services, can move empty containers freely and provide feeder services between ports, consistent with each country’s cabotage regimes.
- An Express Delivery Services Annex that ensures a level-playing field for express delivery operators by ensuring postal monopolies do not engage in market distorting practices, while allowing the UK and Australia to maintain their universal service obligations.
- “MFN provisions” which ensure that if UK/Australia provide more generous access to their services markets for other countries, this will be extended to Australia/UK too.
- Commitments to impartiality, transparency and responsiveness by Australian and UK competent authorities, ensuring that their requirements, procedures, and technical standards do not constitute unnecessary barriers to trade across the whole economy.
- Non-discrimination provisions, ensuring that UK/Australia cannot discriminate in favour of its own service suppliers.
- Coverage of the services disciplines where services are supplied by the presence of a national of UK/Australia in the other country.

## **Financial Services**

Commitments in the Financial Services Chapter will include:

- Ambitious provisions that strengthen our trading relationship, address behind-the-border barriers to financial services trade and expand opportunities for cross-border trade provision of financial services.
- Commitment ensuring Australia and the UK recognise the importance of allowing financial service suppliers to offshore their back-office functions and avoid the imposition of arbitrary requirements on the performance of those functions.
- Commitments on the provision of new financial services.
- Provisions which recognise the importance of transparency in facilitating the ability of financial service suppliers to gain access and operate in each other’s markets.
- A financial services regulatory cooperation annex which includes
  - commitments to provide a foundation for further enhancing the regulatory cooperation relationship between the UK and Australia
  - commitments on emerging issues
  - commitments on working towards and developing dialogues on mutual compatibility and regulatory deference.

## **Telecommunications**

Commitments in the Telecoms Chapter will include:

- A commitment to promote competition in our telecommunications markets through adopting and maintaining competitive safeguards and approaches to regulation that prevent anti-competitive practices including through ensuring non-discriminatory treatment.
- A commitment to ensure that service suppliers of both countries have access to and use of any public telecommunications network or service on a timely basis and on reasonable, transparent and non-discriminatory terms and conditions.
- Provisions that ensure the independence of telecommunications regulatory authorities, ensuring that suppliers are independent from our regulators – including through commitments on impartiality and transparency.
- A commitment that any authorisation or licensing requirement will be transparent, while also recognising a country's ability to allow telecoms services and networks to operate without prior authorisation.
- Promotion of transparent and reasonable international mobile roaming rates, and steps to ensure that retail rates and alternatives to roaming are easily accessible for consumers and businesses.
- A commitment to a strategic dialogue and partnership on security and diversification in the telecommunications sector, including on infrastructure and technologies.

## **MOBILITY**

*Australia and the UK commit to provisions on temporary entry that will support economic recovery, enhance opportunities for business travel, and encourage people to travel and work in each other's territory, on the basis of reciprocity.*

Commitments in the Mobility Chapter will include:

- Companies to sponsor visas committed in the FTA without first having to prove that a national of the country in question could not be hired to do the job, through the reciprocal removal of economic needs tests.
- Australia and the UK to provide balanced guarantees that are broadly reciprocal to maintain visa pathways for service suppliers for a substantial number of sectors - through the binding of these sectors in the FTA.

A wider range of side initiatives alongside the FTA encompassing broader demographics than Business Mobility including:

- The UK and Australia will make unprecedented changes to their Youth Mobility Schemes, making them available to nationals no older than 35 for a total stay of up to 3 years, without having to undertake specified work including regional work, for example on a farm. In line with each country's respective immigration system, the parties will further explore opportunities to enhance the ability for citizens to live, work and travel in each country.
- Agricultural work – the UK and Australia will ensure we can further support agriculture and agribusiness, by outlining visa pathways to facilitate mobility for those involved in agricultural work.
- Innovation and Early Careers Skills Exchange – the UK and Australia will jointly explore dedicated visa requirements, in line with our respective systems, to further enable workplace exchanges which facilitate early career mobility for those involved in innovation across industry, culture and the arts.
- These changes will be made within 5 years to allow for a smooth adjustment in respective systems.

## **Investment**

*Australia and the UK commit to investment commitments that will underpin the already strong investment relationship between our two countries and boost the recovery from COVID-19. Commitments will cover all investment, portfolio and FDI and ambitious market access commitments. Investors will get fair treatment and protection from expropriation of assets, while the right of states to regulate in the public interest will be preserved. The agreement will not include an Investor-State Dispute Settlement mechanism. The deal also includes higher investment screening thresholds for UK investors in Australia, meaning fewer UK investments are subject to review by the Foreign Investment Review Board.*

Commitments in the Investment Chapter will include:

- Application of Market Access obligation (prohibition of certain quantitative restrictions on investment) at Central and regional level, except where specific reservations [once regional consultations are complete] are noted in a schedule across the whole economy, using the "negative listing" approaches.
- A new commitment prohibiting all residency and nationality requirements for senior managers and boards of directors, with precise application to take account of the outcome of Australia's consultations, which are seeking to narrow the policy space required as far as possible.
- Most Favoured Nation provisions (covering services and investment) which ensure that if UK or Australia provide more generous access for investment from other countries, this will also be extended to Australian and UK investors.
- Protection for UK and Australian investors, including from unfair or discriminatory treatment, or expropriation of assets without due compensation, reflecting the customary international standard of protection, on the CPTPP model.
- A new provision confirming that economic sanctions are not impacted by the commitment to allow free transfers of funds by investors.
- The investment chapter will not include Investor-State Dispute Settlement.
- Includes all Prohibition of Performance Requirements included in the CPTPP.
- Commitment to consult on the inclusion of additional PPRs (Prohibition of Performance Requirements) to minimise market distortions, potential barriers and bureaucracy faced by investors
  - Headquarters localisation requirements
  - Mandatory levels of research and development
  - Export restrictions
  - Local hiring requirements
- Protections applying to investment in Air services, and liberalisation applying except where explicitly noted in a schedule.
- Investment screening thresholds raised to at least the level Australia gave the US and CPTPP countries.
- Confirmation that the territorial scope of the "Whole of Economy" Market Access provision is the same as in the UK-Canada agreement through textual clarification, enabling incorporation of the outcomes of consultations.

## **Digital Trade**

*Australia and the United Kingdom commit to ambitious commitments that will increase opportunities for digital trade across all sectors of the economy, while also ensuring world-leading standards for personal data protection and for legitimate public policy objectives. These will include strong rules on data flows and the prohibition of unjustifiable data localisation requirements to create a more certain and secure online environment and support increased growth in digital trade between Australia and the United Kingdom. It will also include provisions to ensure the recognition of*

*electronic contracts and signatures and legal frameworks on electronic transactions that facilitate e-commerce.*

Commitments in the Digital Trade Chapter will include:

- Commitment to enable cross-border data flows and avoid unjustified data localisation commitments, whilst ensuring high standards of data protection.
- Commitment to open digital markets by establishing effective principles that allow businesses to operate fairly and competitively. Recognition that consumers benefit from equal treatment by internet service providers and commitment not to impose customs duties on electronic transactions.
- Commitment to reduce barriers to digital trade by addressing restrictive practices such as requirements for paper-based trade administration documents and a commitment to accept electronic contracts, except in specific circumstances. These exceptions will be published on a single government website, providing clarity for businesses. The UK and Australia will aim to establish interoperable electronic invoicing frameworks and ensure that electronic transactions regulations are implemented in a manner consistent with international frameworks.
- Commitment to provide a safe trading environment for both consumers and businesses, through new and innovative ways to establish protections online, including improved enforcement and compliance provisions that support online consumer protection, personal information protection, and discourage unsolicited commercial electronic messages (spam). This includes commitments to cooperate in the development of a Digital Identities framework, and to help users identify themselves online.
- Commitments to improve the accessibility of publicly available, anonymised government information, for the purpose of economic, social and research benefit.
- Provisions to protect innovation by preventing the forced tech transfer of Source Code and Encryption Keys, subject to legitimate scrutiny by appropriate authorities.
- Commitments to support ongoing cooperation on important digital trade issues, including data innovation and emerging technologies, as well as collaboration to improve opportunities for our innovative Regtech enterprises.
- Commitments to build capabilities and cooperate on evolving cybersecurity threats, helping to shape global standards and effective regulations in digital trade.

### **Intellectual Property**

*Australia and the United Kingdom will commit to ambitious intellectual property (IP) provisions that support our vibrant economies through adequate, effective and balanced protection and enforcement of IP rights and that encourage innovation and creativity. The agreement will include provisions on copyright, design rights, patents, trade marks, artists resale rights, trade secrets and test data. These commitments will not lead to increased medicines prices in either country. The deal will also include a commitment that if Australia introduces bespoke GI schemes for spirits and agri-foods, the UK will be able to put forward GIs for potential protection subject to Australia's legal procedures.*

Commitments in the IP Chapter will include:

- Commitments in support of our vibrant creative sectors, including high standard provisions on copyright, designs and the enforcement of IP rights online.
- Commitments underpinning the IP in our world-leading innovation sectors, including provisions on patents, trade secrets and test data. These provisions will not require regulatory changes and will not affect the price of medicines in either country.
- A commitment to discuss measures to ensure adequate remuneration for music performers and producers.



- A commitment for Australia to make all reasonable efforts to join the UK as a member of the multilateral Hague Agreement on Industrial Designs, to provide new benefits for designers in both countries.
- A commitment to begin a process which will result in reciprocal arrangements for artist resale royalties, to provide new income streams for our visual artists.
- No other commitments to implement regulatory changes to IP settings for either the UK or Australia.
- Commitments to protect our much-loved brands and trade marks. The deal will also include a commitment that if Australia introduces bespoke Geographic Indication (GI) schemes for spirits and agri-foods, the UK will be able to put forward GIs for potential protection subject to Australia's legal procedures. If such schemes are not introduced no later than two years after entry into force of the FTA, the GI provisions in the FTA will be reviewed by Australia and the UK. UK GIs that the UK intends to propose for protection may be named in a non-binding sideletter.
- Provisions on cooperation and working towards a multilateral outcome at the World Intellectual Property Organisation (WIPO) Intergovernmental Committee on genetic resources, traditional knowledge and traditional cultural expressions.

### **Government Procurement**

*Australia and the UK will make commitments that maximise opportunities for our suppliers to participate in each other's government procurement markets, and drive value-for-money outcomes. Commitments will go significantly beyond current WTO GPA baselines. The UK and Australia will also include a precedent setting article requiring covered procurement notices to be published electronically, ensuring Australian and UK suppliers will always have access to the same information about procurement opportunities.*

Commitments in the Government Procurement Chapter will include:

- New provisions on integrity in procurement practices.
- A requirement for all notices related to procurement covered by the chapter to be accessible by electronic means, free of charge.
- Cooperation to promote the international liberalisation of government procurement markets, including sharing best practices, facilitating greater participation (including by SMEs), exchanging statistics and data, and sharing information about upcoming procurement opportunities of interest to suppliers from both countries.
- A side letter committing to negotiate local government/smaller administrative unit procurement coverage, should Australia agree to cover local government procurement in another trade agreement.
- Precedent-setting offers, with final offers to be negotiated.

### **Competition**

*Australia and the UK commit to including provisions aimed at competition policy and consumer protection. This chapter will provide for effective competition law and enforcement that will promote open and fair competition, and promote cooperation between national competition authorities.*

Commitments in the Competition Chapter will include:

- Provisions that maintain national competition laws that proscribe anti-competitive agreements, anti-competitive practices by entities that have substantial market power, address mergers with substantial anti-competitive effects, and maintain a national competition authority.
- Provisions on procedural fairness in the enforcement of Australia and the United Kingdom's national competition law, including a reasonable opportunity to be legally represented.
- Provisions that recognise the importance of consumer protection.

- Provisions that recognise the importance of cooperation and coordination between Australia and the United Kingdom’s respective competition and consumer protection authorities to foster effective enforcement.

### **State-owned Enterprises and Designated Monopolies (SOEs)**

*Australia and the UK commit to including a chapter on SOEs that will provide rules aimed at ensuring fair treatment and will provide for cooperation in improving rules concerning SOEs in multilateral fora.*

Commitments in the SOEs Chapter will include:

- Provisions that provide for open and fair competition between commercially-oriented SOEs and private businesses; for example rules around non-commercial assistance to SOEs and non-discrimination.
- Provisions that ensure SOEs, particularly those providing public services, can continue to operate as they do now.
- Commitment that the UK and Australia share information about their SOEs and cooperate, including at the multilateral level.

### **Labour**

*Australia and the United Kingdom commit to a chapter on labour that will lock in high domestic protections for our workers, encourage good business practice and corporate responsibility, and advance our mutual ambition to tackle forced labour and modern slavery.*

Commitments in the Labour Chapter will include:

- Provisions that commit the UK and Australia to maintain and effectively enforce their domestic laws and labour standards.
- Provision recognising the right to regulate of each country, which confirms each country to establish its own levels of domestic labour protection and its own priorities relating to labour, and to establish, adopt or modify its labour laws and policies accordingly.
- Provision affirming obligations as members of the International Labour Organization (ILO), including those stated in the *ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998)*.
- All substantive commitments in the chapter to replicate the CPTPP formulation to the greatest extent possible, unless otherwise agreed by the UK and Australia.
- New areas proposed by the UK that are not in the CPTPP Labour Chapter text to contain no new substantive commitments.
- Replication of the CPTPP consultation and enforcement provisions with minor amendments to ensure alignment with the dispute settlement provisions of the whole FTA.
- Provision on tackling modern slavery in supply chains.

### **Environment**

*Australia and the United Kingdom commit to a chapter on trade and environment that will contain provisions affirming commitments under multilateral environmental agreements including the Paris Agreement, and to maintain and effectively enforce domestic environmental laws and policies across a broad range of issues. Both countries commit to undertaking cooperative activities, including those targeted at key technologies in the transition to a low carbon and climate resilient economy. The chapter will also contain provisions to encourage trade and investment in environmental goods and services that support shared environmental objectives.*

Commitments in the Environment Chapter will include:

- Provisions that commit the UK and Australia to maintain and effectively enforce their domestic environmental laws and policies.

- Provisions that affirm commitments under multilateral environmental agreements.
- Provisions to encourage trade and investment in environmental goods and services which support shared environmental objectives.
- Provision which affirms commitments by each country to tackle climate change, including under the Paris Agreement and acknowledges the role of global trade and investment in these efforts.
- Provision recognising the right to regulate of each country, based on the language used in the CPTPP environment text with the addition of a reference to climate change, that confirms the right of each country to establish its own levels of domestic environmental protection and its own priorities relating to the environment, and the right to establish, adopt or modify its environmental laws and policies accordingly.
- Provisions that affirm commitments to combating illegal wildlife trade, conservation, marine pollution and protection of the Ozone Layer.
- Provisions with commitments on several areas of environmental protection including fisheries, biodiversity, combatting illegal logging and wildlife trade and conservation.
- Provisions that recognise the importance of, and to cooperate on, sustainable forestry management, circular economy, marine litter and air quality
- All substantive commitments in the chapter to replicate the CPTPP formulation to the greatest extent possible unless otherwise decided by the UK and Australia.
- New areas proposed by the UK that are not in the CPTPP environment text to contain no new substantive commitments.
- Replication of the CPTPP consultation and enforcement provisions with minor amendments, including to ensure alignment with the dispute settlement provisions of the whole agreement.

## **SMEs**

*Australia and the UK commit to including a chapter on SMEs which will affirm their critical role in the economies of the countries. The chapter will commit both the UK and Australia to publish information about the Agreement which is considered useful for SMEs, and include provisions that facilitate cooperation between the UK and Australia, including to identify ways to help SMEs take advantage of the FTA.*

Commitments in the SME Chapter will include:

- Establishing and maintaining a website of information for SMEs interested in trading, investing, or doing business with the other country.
- Facilitating cooperation between the UK and Australia, such as through the exchange of information on programs to assist SMEs participation in global markets.

## **Good Regulatory Practices**

*Australia and the UK commit to including a chapter on GRP which will contain provisions that support a transparent and predictable regulatory environment for business. Commitments to make regulatory measures public in plain language and online will ensure they are accessible.*

Commitments in the GRP Chapter will include:

- Provisions on consulting publicly and rigorously assessing information when designing new regulations.
- Commitment to consider whether public policy objectives can be achieved more effectively when reviewing existing regulations
- Provisions on publishing information online about regulations and how they are developed.
- Commitment to encourage regulatory authorities to communicate and cooperate on current and future regulation.

## **Trade and Gender Equality**

*Australia and the United Kingdom commit to including a chapter on Trade and Gender Equality that will contain provisions aimed at addressing barriers for women to access the benefits of trade and investment. This will include provisions on co-operative activities on access to markets, business/leadership networks and finance, data collection, and a dialogue mechanism to work together to address barriers.*

Commitments in the Trade and Gender Equality Chapter will include:

- Provisions on Co-operative activities that aim to address barriers for women in trade such as lack of access to markets, business/ leadership networks and finance.
- Provisions on exchange of information on approaches to data collection, analysis and monitoring of trade and gender equality.
- A dialogue mechanism to support implementation.

### **Development**

*Australia and the UK commit to including a chapter dedicated to development issues, a first for a bilateral FTA between two developed countries, that will include provisions relating to joint activities.*

Commitments in the Development Chapter will include:

- Provisions addressing: bilateral cooperation that may encompass an exchange of information in relation to experiences, best practices, technical assistance and capacity building; and monitoring the FTA that each country will undertake in a way that does not create regulatory burdens.

### **Cross-cutting (General Provisions and Exceptions, Initial Provisions and General Definitions, Final Provisions)**

*The United Kingdom and Australia commit to general provisions and exceptions that will support issues such as national security, public health and policy-making discretion in matters of taxation and macroeconomic management, consistent with international best practice in these areas.*

Commitments in the Cross-cutting Chapters will include:

- National Security Exception, that sets out the parameters in which the UK and Australia can take national security related measures that would otherwise violate the terms of the FTA.
- A standalone provision recalling provisions across the FTA allowing parties to protect their respective public health systems, including the NHS and Medicare.
- Temporary Safeguard Measures Exception and Taxation Exception to permit policy-making discretion in matters of taxation and macroeconomic management, consistent with international best practice in these areas.
- Ensuring that the UK-Australia FTA will take into account the effects of the Protocol on Ireland/Northern Ireland.
- Provisions to explain how the FTA will apply to the four constituent nations of the United Kingdom, the Crown Dependencies and Overseas Territories (including Gibraltar) including a mechanism for future extension.
- Ensuring that the general exceptions apply to the whole of the investment chapter.

### **Transparency and anti-corruption provisions**

*Australia and the UK commit to best-practice transparency and anti-corruption provisions. The UK and Australia want to commit to the promotion of transparency in government decision-making and encourage the participation of the private sector and civil society in these pursuits. Both countries will outline their shared ambition to combat the distorting impact of bribery and corruption in trade and affirm their international obligations on bribery and corruption at the OECD and United Nations.*

Commitments will include:

- The criminalisation of bribery including bookkeeping relating to bribery and corruption, enforcement and a reasonable statute of limitations regarding bribery and corruption offences.
- Promoting integrity among Public Officials for example through training and promoting transparency in the behaviour of public officials in the exercise of public functions.
- Encouraging the participation of the private sector and civil society for example through activities and public education programmes.
- Addressing the harmful effects of facilitation payments; prohibiting the tax deductibility of bribes; whistleblowing.
- Cooperative provisions on embezzlement and money laundering, and asset recovery.
- Provisions on the publication of information with respect to matters covered by the FTA, building upon both of our strong domestic processes that are already in place.

### **Dispute settlement**

*The UK and Australia commit to an effective and timely dispute settlement mechanism, that will provide a clear avenue and prompt progress to arbitration if required, boosting certainty and flexibility for Australian and UK traders.*

Commitments will include:

- Effective and timely dispute settlement mechanism, that effectively prevents forum shopping and allows prompt progress to arbitration if required, complemented by Rules of Procedure and Code of Conduct that provide certainty and flexibility.

### **Innovation**

*Australia and the UK commit to including a world-first innovation chapter in the agreement. The chapter will provide a mechanism for the UK and Australia to discuss the impact of innovation on trade, including regulatory approaches, commercialisation of new technologies, and supply chain resilience, and ensure that our FTA remains fit for purpose as our economies grow.*

Commitments will include:

- Establishment of a Strategic Innovation Dialogue as a standing institution to support trade and economic growth through collaboration between the UK and Australia on innovation and associated trade matters, including regulatory approaches, commercialisation of new technologies, and supply chain resilience.
- Specific co-operation to encourage the development and adoption of emerging technologies and associated trade.
- Recognition of the importance of future-proofing the UK-Australia FTA, and commitment to taking developments in innovation into account when updating the FTA.

***DISCLAIMER: this document reflects what the UK and Australian FTA negotiating teams have jointly decided as of 15 June 2021 should be included in the FTA once it is finalised. It does not prejudge the outcome of the FTA negotiations or any further proposals for FTA commitments either the UK or Australia may make after this date. It is also not intended to create any treaty obligations.***