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United Kingdom's Free Trade Agreements with New Zealand and Australia will come into force at the end of May 2023

Brexit allows UK to negotiate own FTAs

In 2016, the UK voted to leave the EU, therefore leaving its closest and biggest trading partner officially on January 31, 2020. After Brexit, the UK and EU agreed on new rules and standards for workers' rights, social and environmental regulations, and trade. The UK can now negotiate its trade deals with other countries and is currently negotiating with the India, Canada, Mexico and many more.

The UK's FTA with Australia was the first trade deal that was negotiated from the beginning by the UK after its departure from the EU. In October 2020, the UK signed a deal with Japan, and in June 2021, an agreement was announced with Norway, Iceland, and Liechtenstein, which builds on the previous agreement the UK had with these countries. In early 2022, negotiations with India commenced, but an agreement has yet to be reached. Additionally, the UK has announced to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

UK – New Zealand FTA

After negotiations between the UK and New Zealand ended, the FTA between the two countries is coming into effect by the end of May. It is anticipated that the agreement, which will progressively eliminate tariffs on all exports from New Zealand to the UK, will contribute approximately NZD 1 billion per year to the New Zealand economy. Within a timeframe of three to seven years, all of New Zealand's fish and seafood trade with the UK will be duty-free, with 45 percent already eligible for duty-free access. According to British Prime Minister Rishi Sunak, the deal signifies the start of a new era in the relationship between the two nations.

UK – Australia FTA

Similarly, the historic FTA between Australia and the UK, which eases trade and visa arrangements between the two nations, is also scheduled to come into effect end of May. Over 99 percent of Australian exports to the UK will have tariffs eliminated under the agreement, with tariff quotas being phased out within ten years.

Furthermore, the working holiday visa rules will improve and allow Australians to apply for visas up to the age of 35 and extend their stay for three years instead of two. The agreement, which is expected to increase trade by AUD 11.8 billion in the long run, permits greater mobility for service-sector professionals and expands access to sectors such as agriculture. The prime minister of Australia stated that the agreement would benefit both sides by leading to deflation.

FTAs will come into force on short notice

After several rounds of negotiations both FTAs will come into effect on 31 May 2023, strengthening the trade relations between the UK and the two negotiating countries.

EU's perspective

The EU already finished the negotiations about a free trade agreement with New Zealand successfully. However, the agreement is still not ratified yet and therefore not in force.

Furthermore, the negotiations with Australia are still ongoing and it is unsure if and when they can be finished successfully.

Are German businesses able to profit from the new FTAs?

German companies that have a branch or subsidiary in one of the countries or produce in the territory of the contracting parties can benefit from the new FTA's concessions. This is particularly desirable for companies that want to achieve improved market access to markets with which the EU has not yet negotiated free trade agreements.

Benefit from free trade agreements

If you have any questions about the usage of Free Trade Agreements in the Asia-Pacific region, you can contact Mrs. Annika Huck, Divisional Head for Trade Policies (Asia/ASEAN). E-Mail: annika.huck@sgc.org.sg

Resources

[Brexit: What trade deals has the UK done so far? - BBC News](#)

[New Zealand-UK free trade agreement comes into force at end of May | RNZ News](#)

[UK-NZ Free Trade Agreement comes into force | Mirage News](#)

[Australia-UK free trade agreement to take effect within weeks, relaxing visa rules and scrapping tariffs - ABC News](#)

[Australia-United Kingdom free trade agreement: Long-awaited deal comes into effect May 31 \(smh.com.au\)](#)

[Historic trade deal with the United Kingdom | Minister for Trade and Tourism \(trademinister.gov.au\)](#)

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