



WTA



Unlocking down under

Australia trade lane guide





Why Australia?

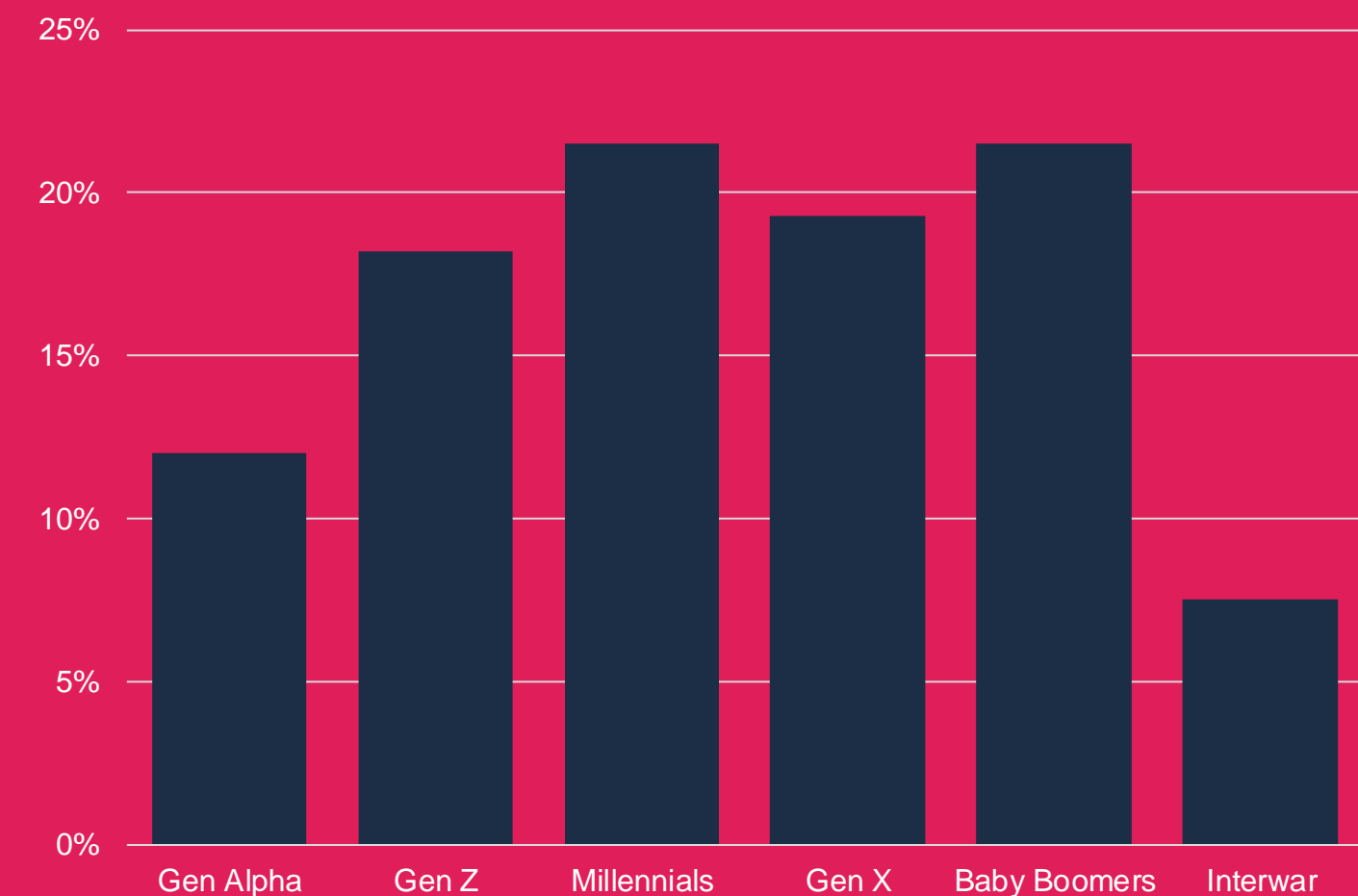
Australia has great potential for anyone looking to expand its export strategy. In 2022 total trade in goods and services between the two countries was £15.1bn.

Total UK exports to Australia totalled £10.6bn and UK imports from Australia £4.4bn.

This makes Australia the UK's 20th largest export partner and 36th largest import partner. However, there is the potential to grow this trade further due to the size of the Australian market and its economy and population diversity.

In 2022 the total UK market share of the Australian market was only 5.1%.

Figure one: Australia population by generation





Understanding the population

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Figure two: the count of persons by state and territory by sex, 2021 Census

	Male	Female	Total
New South Wales	3,984,166	4,087,995	8,072,163
Victoria	3,200,963	3,302,528	6,503,491
Queensland	2,540,404	2,615,736	5,156,138
S Australia	878,592	902,924	1,781,516
W Australia	1,322,855	1,337,171	2,660,026
Tasmania	273,765	283,804	557,571
N Territory	117,526	115,075	232,605
Capital Territory	224,361	230,140	454,499
Total	12,545,154	12,877,635	25,422,788

Source: Australian Bureau of Statistics

Figure three: The Austrian labour force, August 2021, top ten employments

Rank	Industry	No. of employees	% of total
1	Healthcare and social assistance	1,875.3	14.3%
2	Retail trade	1,258.1	9.6%
3	Professional, scientific and technical services	1,200.2	9.2%
4	Construction	1,125.2	8.6%
5	Education and training	1,097.5	8.4%
6	Manufacturing	1,001.7	7.7%
7	Public administration and safety	907.8	6.9%
8	Accommodation and food services	817.5	6.2%
9	Transport, postal and warehouse	632.7	4.8%
10	Financial and support services	522.5	4.0%

Although the public health impact of the pandemic was limited in Australia it did suffer from economic losses in 2020. However, in 2021 Australia more than made up for these losses and Australia saw unemployment increase from 5.2% in 2019 to 6.5% in 2020, and then fall back to 5.1% in 2021.

Wealth per adult at the end of 2021 was USD 550,110 in Australia. Over the whole period since 2000, the average growth rate of wealth per adult in current US dollars was 8.0% in Australia but using smoothed exchange rates, however, wealth growth over these years was more modest, at 5.7% per year.





UK-Australia trade deal

The UK-Australia trade deal is good news for businesses in the two countries. In the simplest sense, the deal will lower the exporting costs for both sides. Tariffs on almost all trade between the nations will be removed. Consumers will also enjoy lower prices and increased choice.

Australia does not have a free trade deal with the European Union. Therefore, businesses will be welcoming brand-new, pro-trade terms not experienced before.

The EU and Australia began negotiations over a free trade agreement in 2018 but have seen them stall twice. Most recently in October 2021, after Australia cancelled their French nuclear submarine contract in favour of Aukus. Now though, Australia and the EU are pushing to get a deal signed in 2023, although it will be a couple of years until it comes into force.

"With a large population, including more than one million Brits, Australia is an ideal place to test and develop new products. Around three-fifths of the total population live in the four largest cities, making it easy to prioritize where you launch. And combined with the new trade agreement, eliminating tariffs for UK companies and strengthen frameworks for bilateral cooperation on technical standards and regulations".



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One of the most exciting aspects of the deal is the homogeneity of the markets. There are huge cultural similarities between the nations. Customers like the same sorts of things. This makes moving into Australia for UK businesses, or vice versa, far less risky than moving into other markets.

The deal is of particular significance to UK exporters, who enjoy a trade surplus with Australia. Sending roughly £10bn in goods and services every year.

Predictions are that the wholesale, retail, machinery and vehicle, sectors are to be the largest beneficiaries of the agreement. But it's worth exploring for companies in all sectors.

The long-run effect of the deal is said to be roughly a £2.3bn GDP boost per year by 2035, so there are significant opportunities presented by the deal.



The top five goods exported from the UK to Australia

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Medical and pharmaceutical

While trends within the Australian market include government policies to increase investment in domestic capabilities in manufacturing and R&D; cross-border imports are still high, fuelled by renegotiated trade deals.

Australia's reputation as a research hub is strong, manufacturing is still heavily supported by imports. Over the past 25 years, facilities have continued to close and plans for new ventures have been shelved as multinational and Australian companies in medical and pharma choose to manufacture in other countries. Some of this appears attributable to the high levels of Corporation Tax.

Automotive

In 2022 the UK exported £391.7m in cars to Australia.

Australia is the tenth largest importer of cars in the world. However, currently, imports were driven by Japan, South Korea, Germany, Thailand and the US. Highlighting the gain for the UK, which makes up only 3.11% of car imports into Australia.

Due to Australia's 100% reliance on new cars from imports, they have a strong infrastructure set up, bespoke to automobiles. Ninety-eight per cent of vehicles arrive in Australia through major ports on ro-ro vessels. Australia's main automotive ports, Port of Melbourne, and Port Kembla have berths with on-site ro-ro and automotive terminals. Webb Dock West in Melbourne can hold 14,500 vehicles and has a 920m berth that can accommodate three vessels at a time.



The top five goods exported from the UK to Australia

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Other manufacturers (other)

The manufacturing industry in Australia declined from 30% GDP in the 1960s to 12% in 2007 and following trade liberalisation in the mid-1980s it has continued further, and despite massive demand, Australia looks generally to exports.

Specialised machinery

Recent increases in imports have been driven by mechanical appliances and machines and combine harvester-threshers.

Beverages

The unique geography of Australia creates a situation where many of the key markets for European food and beverage products are located along the major urban centres that straddle the country's coasts.

Australia is one of the world's most urbanised countries with roughly 86% of the population living in urban centres. Key cities for export targeting are Sydney, Melbourne, Brisbane, Perth, and Adelaide. Other cities also worth considering but that have not been identified as top markets include Darwin, Newcastle, and Hobart.



Where further opportunity lies

Food industry

Australia uses imports to maintain a consistent supply and satisfy all year demand, as well as introducing a wide variety of food products for consumption.

Australia is a net importer of six food categories:

- Seafood
- Processed fruit and vegetables
- Soft drinks
- Confectionary
- Bakery products
- Oils and fats.

Fashion and Clothing Sectors

The UK already has strong trading links with Australia for apparel and textiles. The UK exported £350m of clothing to Australia in 2020. The OECD Better Life Index shows that last year the average Australian household had a disposable income of roughly £24,000 (compared with £21,000 in the UK) – and they choose to spend a big chunk of that on fashion. Australian government figures in 2016 showed that 3.1% of general living expenses in the country are spent on clothes – more than on personal care (2%), alcohol (2.2%) and beauty products (1.1%).

Source: The OECD Better Life Index

Construction and infrastructure

By 2029, the Australian government is expected to have invested AUD 100bn in transport infrastructure, through its rolling infrastructure plan. This includes the building of new airports, major rail projects and affordable housing.

This is causing a high demand for international expertise across the construction, technology, and urban development sectors, opening a variety of new opportunities to UK organisations.

“Whilst Australia has a top-five import that they purchase from the UK, there is also much growth in other sectors. WTA help companies from a wide range of sectors with their export strategies. Food companies, for example, may focus on the US, to begin with but are soon keen to replicate the success elsewhere, and Australia is often a close follower”.



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Preparing to export

VAT

You can zero-rate the sale of goods to Australia, provided you have evidence that the goods were exported. However, there is a 10% tax on the sale of most goods and services.

Find out more here: <https://www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad#vat-on-exports-to-non-eu-countries>

Import regulations

The Australian Border Force regulates all goods imported into Australia. You will need accurate paperwork to ensure you pay the relevant duties and taxes. This includes excise duty and the equivalents. Your starting point is always your HS code and ensuring that is accurate. Closely followed by your incoterms.

Quarantine regulations

There are strict biosecurity measures for goods entering Australia, to prevent disease and pests entering the country. Always check whether your goods will be subject to these measures:

<https://www.agriculture.gov.au/biosecurity-trade/import/online-services/bicon>

Product standards

Generally, Australia follow common international standards, so this is often a straightforward process. However, the Australian Government has a useful resource for checking: <https://business.gov.au/legal/fair-trading/codes-of-conduct>

Packaging and labelling

All packaging must meet Australian consumer health and environmental legislation. There are specific labelling requirements for:

- Chemical products
- Cosmetics
- Electronic goods
- Foodstuffs
- Most therapeutic products.

You can read the full guidance here:

<https://www.foodstandards.gov.au/code/Pages/default.aspx>

Challenges

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Australia is complex with high levels of bureaucratic workflows. The Australian Border Force (ABF) is the operationally independent agency under the Department of Home Affairs. The ABF has the power of investigation and operational enforcement of customs laws. Australia has a highly sophisticated system of monitoring and governing its imports and exports, with some relatively strict laws and regulations regarding international trade. Goods that are valued at more than AUD \$1,000 must be cleared through customs and may be subject to quarantine.

- Distance can cause challenges in finding the optimal route.
- Balancing cost, risk and timeliness with increasing ESG pressures.
- Vast distance between states and cities.
- +7 - 9-time difference with the UK.





Help

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Supporting organisations

When exporting to Australia from the UK, some organisations will be helpful for you to visit.

Austrade - Also known as the Australian Trade Commission, is the Australian Government's trade and investment development agency. They can provide you with information, advice, and relevant services. You can email london@austrade.gov.au to contact them.

The Australian High Commission - As the diplomatic mission of Australia in the UK, they can provide notarial services to Australian businesspeople in the UK. This includes witnessing signatures, certifying and notarising documents.

UK Trade and Investment - British companies looking to sell products and services in Australia can contact them at www.ukti.gov.uk for assistance and information.

WTA

We have been supporting UK companies import and export in Australia for over 30 years. Our ocean and air freight services are backed by customs brokerage.

For ocean, we offer FCL (full container loads) and LCL (less-than-container loads) shipments. The latter is a great way to test the Australian market without committing to a full container of stock.

We also have a range of options for companies wanting their logistics strategy to align with their ESG strategy. From green lanes to different transport options, through to carbon offsetting and reporting. We are happy to run through all the options.

At WTA we are committed to high levels of customer service, which is reflected in our Trustpilot score. However, this is supported by our innovative visibility platform, that not only provides real-time tracking of shipments but full supply chain data helping make strategic decisions for your business.



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Contact Us

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Keeping businesses moving.

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