



Invest & Trade
WESTERN AUSTRALIA



United Kingdom and Europe Market Outlook 2021-22

Trade and investment opportunities
for Western Australian businesses

United Kingdom and Europe market overview

Combined gross domestic product

US\$21.0 trillion

(EIU 2020)

Europe's combined population

3rd largest

in the world (behind only China and India)

Germany, the United Kingdom, France and Italy are all in the world's top 10 largest economies.

Western Australia has strong relationships with the United Kingdom (UK) and Europe, underpinned by common values, strong people-to-people connections and substantial trade and investment links. Historically, Western Australia's economic links with this region developed through resources and agricultural exports, primarily to the UK. As Western Australia's merchandise

exports have now largely moved to Asian markets, and as trade between the UK and Europe has increased, the relationship between Western Australia and the UK and Europe is now focused more on investment. In addition to resources and agriculture, there are opportunities to increase ties with the UK and Europe in industry sectors such as defence, renewable energy and space.

Western Australia's trade relationship with the United Kingdom and Europe

1891

Western Australia established the position of Agent General and opened the Western Australian Investment and Trade Office in London.

\$21.5 billion

3rd largest trading partner in 2020-21

\$14.2 billion

3rd largest export market with 51% of Australia's merchandise exports to Europe in 2020-21

Western Australian merchandise exports to Europe in 2020-21



71%
Gold



8%
Gold coin



5%
Canola seed

3,400+ international students in 2020



292,000 arrivals

from European countries in 2019, with the UK being Western Australia's largest source of overseas visitors

The Western Australian Government supports local businesses pursuing opportunities with the UK and Europe through the Department of Jobs, Tourism, Science and Innovation's Invest and Trade WA Perth Hub and the Western Australian Government's Investment and Trade Office in London. This includes advice and assistance to Western Australian companies looking to export to the UK or Europe or attract investment to grow their business.

Australia-United Kingdom Free Trade Agreement (A-UKFTA)

Negotiations for a free trade agreement between Australia and the UK commenced in June 2020 and are scheduled to conclude in 2021. The A-UKFTA has the potential to deepen Australia's trade and investment relationship with the UK, and to foster the growth of new industries such as space and renewable energy. Some leading opportunities that the A-UKFTA could deliver include:

- » greater access for Western Australian primary produce into the UK, including dairy and horticulture
- » greater links between the UK and Western Australia in education, tourism, renewable energy, technology and innovation.

Australia-European Union Free Trade Agreement (A-EUFTA)

A-EUFTA negotiations commenced in June 2018 and are scheduled to conclude

in 2022. The agreement has the potential to open Australia to a diverse market of half a billion people, presenting a number of valuable opportunities for Western Australian businesses, including:

- » addressing the European Union's tariffs on goods which are of significance to Western Australian businesses, including critical minerals, rare earths and agricultural goods
- » addressing the complexity of the European Union's regulations and approval processes, and improving regulatory coherence
- » increasing access to European Union markets for Western Australia's future batteries and renewable energy industries.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The UK has put in a formal bid to accede to the CPTPP, a free trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam. The agreement entered into force in March 2018 and delivers many benefits for Australian businesses, including the elimination of all tariffs on key agricultural products.

For further information on FTAs with the EU and UK visit:

ftaportal.dfat.gov.au/



Trade and investment opportunities with the United Kingdom and Europe

An outline of trade and investment opportunities with the UK and Europe is provided below, categorised under Western Australia's key industry sectors.

Each section also describes the Western Australian Government's actions to support businesses pursuing these opportunities in 2021-22. The actions are a combination of initiatives to assist Western Australian businesses to develop their export capability (sector-based) and activities that specifically support trade and investment opportunities with the UK and Europe (market-based).

The COVID-19 pandemic has affected both the opportunities that can be pursued and the way the Western Australian Government can practically support Western Australian businesses. The Western Australian Government has adapted its approach to best support ongoing engagement with the UK and European markets and will continue to adapt as the COVID-19 situation evolves in the UK, Europe and Western Australia.

Energy

The European Union has a strong focus on transitioning to a low carbon future. The European Commission released its proposal for a carbon border adjustment mechanism in July 2021, as part of the 'Fit for 55' legislative package.

The long-term commitments from European countries to reduce greenhouse gas emissions and move to using cleaner energy present a range of opportunities for Western Australia's energy sector.

The electric vehicle market in Europe is growing strongly and the European Union's new emissions standards are likely to result in further growth. With a number of global vehicle manufacturers,

cell makers and chemical component manufacturers headquartered in Europe, there are export and investment opportunities for Western Australian businesses to supply raw and processed materials for lithium-ion battery manufacturing.

Europe is also a leader in hydrogen production and consumption. The European Union released its Hydrogen Strategy in 2020, which sets long-term goals for the installation of renewable hydrogen electrolyzers and the production of renewable hydrogen. As Western Australia develops its own hydrogen industry, Europe will be an important investor and provider of technology and engineering services.

Europe has also been a substantial source of investment in Western Australia's oil and gas industry. European companies hold significant expertise in oil and gas supply chains, research, sub sea operations and decommissioning. Developing partnerships in these areas will assist Western Australia in its efforts to become a regional hub for LNG support industries and actively participate in the energy transition.

Western Australian Government actions

- » Implement the Energy Transformation Strategy to attract investment into Western Australia.
- » Facilitate projects to stimulate the renewables industry in Western Australia, including implementation of the state's Renewable Hydrogen Strategy.
- » Work with partners in the UK and Europe to attract investment into downstream battery materials processing such as precursor-cathode active materials (CAM) and CAM manufacturing.
- » Facilitate engagement between Western Australian businesses and the UK and Europe remote and renewable power sectors.

- » Connect Western Australian industry to investment opportunities within the LNG sector in the UK and Europe and facilitate business meetings and seminars to promote joint ventures and partnerships.
- » Continue to implement Western Australia's Lead Agency Framework to facilitate major projects and proposals in Western Australia.
- » Support the transfer of decommissioning skills and expertise from the North Sea to Western Australia.

Tourism, events and creative industries

While COVID-19 has disrupted international tourism, Europe remains a priority tourism market for Western Australia.

In 2019, Europe was Western Australia's largest market for international visitors, with over 292,000 arrivals. The UK was Western Australia's largest market for international visitors, with Germany, France, Ireland, Switzerland, the Netherlands and Italy also leading markets.

In addition to promoting its tourist attractions, Western Australia can capitalise on its safe handling of the COVID-19 pandemic to market itself as a destination for European visitors.

Western Australian Government actions

- » Implement the tourism Reset Plan 2021 and 2022 to ensure industry sustainability and drive international tourism post the COVID-19 pandemic.
- » Reactivate aviation services between the UK/Europe and Western Australia.
- » Support key distribution partners in-market to promote Western Australia as a premier tourism destination.
- » Engage with the UK-Australia Season of Culture program.
- » Engage with the Australia Now France 2021-22 program.

Mining and mining equipment, technology and services (METS)

Western Australia's mining industry has benefited from investment from many European countries, particularly the UK. Europe is also a market for Western Australia's mining exports, including nickel, diamonds and mineral sands. In recent years, there has been a large and increasing gold trade between Western Australia and the UK.

There are also opportunities for METS companies to link with markets (such as Germany) that have highly developed technology sectors.

Western Australian Government actions

- » Continue to streamline approvals processes and regulatory reforms to create a more attractive investment environment for the mining industry.
- » Promote Western Australia as an option to fulfil mining industry skills shortages and provide expertise, including in offshore exploration and extraction, decommissioning and autonomous technologies.
- » Attract investment into critical minerals projects in Western Australia by:
 - » facilitating understanding of Western Australia's potential as a secure and reliable supplier and processor of critical minerals (including rare earth elements)
 - » developing investment attraction and trade promotion strategies for the UK and Europe.

Defence industries

The supply of naval vessels to Australia is predominantly from Europe. This includes contracts with BAE Systems (UK) for 9 frigates, Navantia (Spain) for 2 fleet supply vessels and Lürssen (Germany) for 12 offshore patrol vessels. There is an opportunity for the maintenance of these vessels to be undertaken in Western Australia.

Ongoing defence industry engagement will support Western Australian businesses to enter the supply chain for major

Australian defence projects with European involvement. This will in turn support capability development in associated industries, including shipbuilding, ship maintenance and cybersecurity.

Western Australian Government actions

- » Promote Western Australian capability and opportunities at relevant international events.
- » Develop and implement industry engagement plans under the Defence and Defence Industries Strategic Plan.
- » Provide engagement opportunities to prime contractors, local businesses and industry bodies for upcoming domestic and international defence programs.
- » Build research and innovation partnerships to increase Western Australia's capacity to support emerging technologies in the defence industry.

Space industries

There are strong links between Western Australia and the UK and Europe in the space sector. The European Space Agency, as well as the national space agencies of the UK and Sweden, operate deep space communications and tracking facilities in Western Australia. European aerospace corporation, Airbus, has selected Wyndham to establish its testing site for its high altitude and solar powered Zephyr project.

Western Australian Government action

- » Promote Western Australia's space sector, specifically through opportunities presented by the Australia-UK Space Bridge.

Primary industries

Europe remains an important market for select Western Australian agricultural exports. For example, Germany, the Netherlands and Belgium are large markets for Western Australia's canola exports, which are used for the production of low-emissions biofuels.



The UK remains an important partner in Western Australia's agricultural industry, both as an investor and customer. The UK is a leading market for Western Australia's wine exports and there is potential to grow exports by increasing awareness of Western Australian brands.

The negotiation of free trade agreements with both the UK and the European Union may open up further opportunities for Western Australia's agrifood exporters.

Western Australian Government actions

- » Increase visibility of Western Australia's agrifood commodities and premium products in the UK and Europe.
- » Strengthen links with retailers, hotel and restaurant operators in the UK and Europe to assist Western Australian agrifood industries to access new market opportunities.
- » Further leverage Western Australia's success in exporting products such as wine to the UK and Europe.
- » Facilitate virtual business-matching sessions and trade missions to promote market diversification for the Western Australian agrifood industry.
- » Promote Western Australian wines in the UK and Europe through virtual and in-person wine tastings.

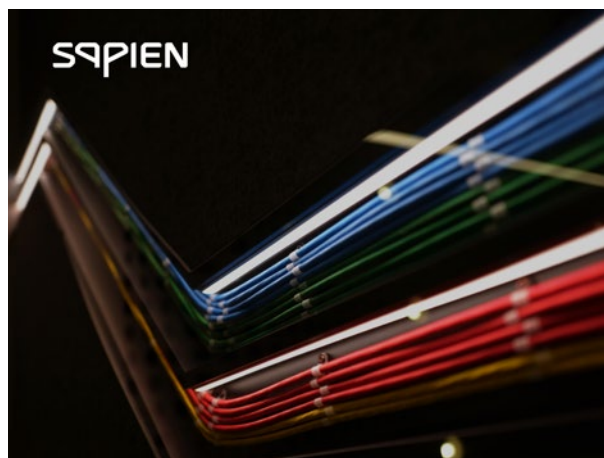
Western Australian business success with the United Kingdom and Europe

Sapien Cyber

Sapien Cyber is a leading Western Australian cybersecurity and threat intelligence solutions provider for the global protection of critical infrastructure.

The Western Australian Investment and Trade Office in London successfully advocated for Sapien Cyber to secure a place in Austrade's newly formed Fintech Academy Program (FAP). A total of 12 Fintech start-ups were selected to participate in the FAP, 3 of which were from Western Australia.

Sapien Cyber was subsequently accepted and participated in the 2021 London Tech Week (LTW) virtual mission. Sapien Cyber's participation in LTW was made possible by Invest and Trade WA, in collaboration with the UK's Department for International Trade.



The London office participated in LTW by partnering with the Australia-UK Chamber of Commerce in London to host a 'Tech Australia UK Market Access' briefing and networking session. This event gave Western Australian tech growth companies a chance to network with prime providers in the UK's tech ecosystem.

Simply

Simply™ is an awarding winning Western Australian technology start-up company. Simply's technology adapts methods of recruitment proven to increase productivity, retention and diversity into an easy to use values-based application tracking software. For this, Simply was selected as one of Westpac Banking Corporation's 200 Businesses of Tomorrow.

The Invest and Trade WA Perth Hub and the London office introduced Simply to the UK Department for International Trade and London & Partners, a social enterprise associated with the office of the Lord Mayor of London to assist international trade and investment.

Simply was invited by the UK Department for International Trade to join its virtual mission to LTW, which was supported by the Invest and Trade WA Perth Hub and the London office.

Simply has also established partnerships with the University of Manchester, the University of Birmingham and has now established an office in London.

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Launching a business overseas at any time can be challenging but perhaps particularly during a pandemic when conventional methods of travel and doing business are limited. Invest and Trade WA has been an invaluable resource in assisting Simply bridge this gap and opening doors in Europe.

James Cooper-Jones
CEO

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Western Australian Government support

In various forms, Western Australia's Investment and Trade Office in London has supported Western Australian businesses seeking to access trade and investment opportunities in Europe since 1891.

The office has established a strong network of contacts to support Western Australian businesses in the UK, the European Union and Israel. This includes close working relationships with the Australian High Commission in London and a number of Australian embassies across Europe.

In 2020-21, Western Australia's International Investment and Trade Office Network moved to a regional hub model. The office in London will continue to operate as part of the UK/Europe regional hub, providing the following services:

- » advice on the UK and European markets and specific trade and investment opportunities
- » advice on market entry strategies
- » supporting in-market promotion and visits
- » facilitating introductions to potential customers and partners.

Invest and Trade WA

The Department of Jobs, Tourism, Science and Innovation's Invest and Trade WA Perth Hub promotes Western Australia as a destination for investment, provides a 'one-stop-shop' for incoming trade and investment enquiries, and assists WA businesses to develop and expand their export potential.

Contact:

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View Western Australia's Asian Engagement Strategy 2019-2030

www.wa.gov.au/asian-engagement-strategy



Department of
**Jobs, Tourism, Science
and Innovation**

