



GOVERNMENT OF
WESTERN AUSTRALIA

Invest & Trade

WESTERN AUSTRALIA



United Kingdom and Europe Market Outlook

2022-23

Trade and investment opportunities
for Western Australian businesses

United Kingdom and Europe market overview

Combined gross domestic product

US\$24.6 trillion

(EIU 2021)

Europe's combined population

755 million

3rd largest in the world (behind China and India)

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

Western Australia has strong and enduring relationships with the United Kingdom (UK) and Europe, underpinned by common values, strong people-to-people connections and substantial trade and investment links.

Today, these opportunities continue to grow, with critical minerals from Western Australia being essential in sectors such as defence, renewable energy and space. Europe's need for reliable and clean energy, together with its technological expertise and access to capital, present major opportunities for Western Australian businesses.

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

1891

Western Australia established the position of Agent General and opened the Invest and Trade WA London office

\$12.5 billion

5th largest trading partner in 2021-22

\$6.2 billion

6th largest export market with 22% of Australia's merchandise exports to Europe in 2021-22

Western Australian merchandise exports to the UK and Europe in 2021-22



30%

Canola seeds



20%

Gold coin



9%

Gold ore



2,300

International students in 2021





The Western Australian Government supports local businesses pursuing opportunities with the UK and Europe through Invest and Trade WA. This includes advice and assistance to Western Australian companies looking to export to the UK or Europe or attract investment to grow their business.

Australian investors and exporters receive preferential market access through free trade agreements (FTAs). Western Australian businesses looking to expand into the UK and Europe can reap the benefits of these agreements.

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

The A-UKFTA was signed on 17 December 2021 and is scheduled to enter into force by the end of 2022. The Agreement presents a number of benefits for Western Australian businesses, including:

- » preferential access for Western Australian primary produce into the UK, including beef, sheep meat, sugar, dairy, wine, honey, nuts, olive oil and food supplements
- » enhanced opportunities for people to live and work in each country, including managers and specialists in intra-corporate transfers

- » greater access for Western Australian business to UK Government tenders
- » closer collaboration on defence, technology and climate change initiatives.

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

Negotiations for the A-EUFTA commenced in 2018 and are scheduled to be finalised in 2023. Benefits of the A-EUFTA could include:

- » increased market access for minerals and metals, wood, paper and chemicals
- » increased market access for beef, sheep meat, sugar, cheese, rice and horticulture
- » guarantee of access for Australian services exporters to the European Union (EU), as well as new opportunities in sectors such as education, financial and professional services
- » a framework for the mutual recognition of professional licensing and qualifications, as well as greater certainty for skilled professionals entering the EU labour market
- » greater access for Australian businesses into the EU.

For further information on FTAs with the UK and EU 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 2022-23. 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).

Energy

Ongoing geopolitical tensions in Europe, such as the conflict in the Ukraine, as well as an ambitious climate change agenda have accelerated the need for energy independence and the conversion to renewable energy sources across many European countries.

In 2019, the European Commission (EC) introduced the European Green Deal, which is a set of policy initiatives with the overarching aim of making the EU climate neutral by 2050. The EC adopted a set of proposals to make the EU's climate, energy, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.

Due to the new geopolitical and energy market landscape, the EC launched the REPowerEU Plan in March 2022. The Plan aims to rapidly accelerate Europe's clean energy transition and increase Europe's energy independence from unreliable suppliers and volatile fossil fuels. REPowerEU's original target of 10 million tonnes (MT) of renewable hydrogen imports by 2030 has doubled with 10MT to be produced domestically and 10MT to be imported.

The EC will create a new European Hydrogen Bank to invest 3 billion euros to support the establishment of a future market for hydrogen. It will help guarantee the purchase of hydrogen by creating stability in demand. This initiative complements policies introduced by countries such as Germany which is assisting the industry through tender processes.

Western Australia has demonstrated over many years that it is a reliable, ethical and cost effective supplier of energy products to the world. It has world-class reserves of battery and critical minerals and clean energy products as well as unique advantages that suit the production of green hydrogen. Accordingly, it has an opportunity to become a global renewable energy industry leader and help international partners, including the UK and the EU, meet their energy ambitions and targets.

Western Australian Government actions

- » Facilitate projects to stimulate the renewables industry in Western Australia, including implementation of the State's Renewable Hydrogen Strategy.
- » Facilitate engagement between Western Australian businesses and the UK and Europe's remote and renewable power sectors. This will include introducing companies at the Australian Hydrogen Conference in Perth in December 2022.
- » Continue to implement Western Australia's Lead Agency Framework to facilitate major projects and proposals in Western Australia.
- » Plan and deliver strategies with the Port of Rotterdam as part of the memorandum of understanding (MOU) signed with the port in 2021, including matchmaking between Western Australian offtakers and European hydrogen buyers.
- » Support the transfer of decommissioning skills and expertise from the North Sea to Western Australia.

Tourism, events and creative industries

Tourism from the UK and Europe continues as a large opportunity for Western Australia. In 2019¹, the UK and Europe combined was Western Australia's largest market for international visitors, with 292,000 arrivals. The largest source of overseas visitors to Western Australia was from the UK, followed by Germany, France, Ireland, Switzerland, the Netherlands and Italy.

The resumption of Qantas' Perth to London direct flight, in May 2022, has re-established Perth as Australia's western gateway to Europe. In addition, in June 2022, the first ever direct flight was launched by Qantas between Perth and continental Europe to Rome, Italy.

Western Australian Government actions

- » Enhance Western Australia's attractiveness as a tourism destination through the delivery of a new world-class tourism brand.
- » Support key distribution partners in-market to promote Western Australia as a premier tourism destination.
- » Promote Western Australia as a destination for conference attendance, development and delivery.
- » Support Western Australian artists who are exploring opportunities in the UK and Europe.

¹Due to COVID-19 travel restrictions from 2020-2022 the composition of international visitors in these years was significantly different from previous years. International visitor statistics for 2019 provide a better representation of the relative size of each market

Mining and mining equipment, technology and services (METS)

Western Australia's mining industry has benefited from technical expertise and access to capital from the UK and European countries. Europe has long been a significant market for Western Australia's mining exports, especially gold as well as nickel, diamonds and mineral sands. There are also opportunities for METS companies to link with markets (such as Germany) that have highly developed technology sectors.

The emergence of the battery industry has seen Europe become a significant market for the State's critical minerals supplied through offtake agreements with automotive Original Equipment Manufacturers.

Western Australian Government actions

- » Promote and deliver Western Australia's Future Battery and Critical Mineral Industry Strategy to increase the visibility and capability of Western Australian companies in the region.
- » Promote Western Australian mining and METS capabilities to attract investment into Western Australian mining projects and downstream processing of battery minerals such as precursor cathode active materials (CAM) and CAM manufacturing.
- » Seek out offtake partners for Western Australian mining and battery projects.
- » Continue to streamline approvals processes and regulatory reforms to create a more attractive investment environment in the Western Australian mining industry.



Defence industries

Western Australia participates in the supply chain of advanced ships, high end communication systems, artificial intelligence, cyber and space related technologies for defence use. It is expected that the recently signed trilateral security pact between Australia, the UK and the United States (AUKUS), will provide further opportunities that Western Australia's defence industry can capitalise on.

Western Australian Government actions

- » Monitor opportunities arising from AUKUS.
- » Promote participation of Western Australian companies in Defence and Security Equipment International and other prominent European defence events, including Eurosatory and Farnborough International Airshow.
- » Provide engagement opportunities to prime contractors, local businesses and industry bodies at 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 agency of Sweden, operate deep space communications and tracking facilities in Western Australia. Airbus, the European aerospace corporation, has selected Wyndham in Western Australia to establish its testing site for its high altitude and solar-powered Zephyr project.

Western Australia's critical involvement in the Square Kilometre Array (SKA) project, supported by the Pawsey Supercomputing Centre, gives the State key assets to leverage greater involvement offshore in space and space-related activity.

Western Australian Government actions

- » Promote Western Australia's space industries sector, specifically through opportunities presented by initiatives such as the SKA and Pawsey Supercomputer Centre.
- » Explore commercial partnerships, investment and trade opportunities and engage in UK-Australia Space Bridge initiatives and the broader European space sector, especially those that aim to link universities, institutions and clusters.
- » Promote Western Australian capability and opportunities at relevant international events, including the International Astronautical Congress.

Primary industries

The UK and Europe remain important markets for certain Western Australian agricultural exports. For example, Germany, Belgium, France and the Netherlands 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 A-UKFTA will benefit Western Australian primary industries businesses to access new markets in the UK. The negotiation of an FTA with the EU may also open further opportunities for Western Australian businesses.

Western Australian Government actions

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





Western Australian business success with the United Kingdom and Europe

Showcasing Western Australia on the world stage at Offshore Northern Seas 2022 in Norway

ONS 2022 is a global conference and exhibition that assembles high-profile decision-makers as well as global influencers who are engaged in the world's energy sector.

This global energy meeting place provides insight and inspiration on major trends affecting the energy sector and enabled Western Australia to attract critical skills and investment into the sector, and provided a platform to promote our energy capabilities and capacity.

Over 61,000 people from 82 countries took part in ONS 2022 in Stavanger, Norway and Western Australia was the only Australian state to attend. The Western Australian team of government, industry, academia, and technology companies and the innovative

winners of 'LETs Pitch WA' in the low emission technology space attended the conference. The delegation also met with a variety of stakeholders including Shell, Norwegian CCS Research Centre, Equinor, Yara and TotalEnergies, and visited AF Gruppen's 'AF Environmental Base' decommission yard at Vats, Norway. The Western Australian Government also hosted a popular networking function at the Western Australian stand.

The companies that were part of 'Team Western Australia' comprised National Energy Resources Australia, DevelopmentWA, RemSense Technologies, Future Energy Exports Cooperative Research Centre, Diversified Communications Australia (there to promote AOG2023), Woodside Energy, INPEX, Curtin University, Shell Australia, Chevron, Centre of Decommissioning Australia, KC8 Capture, 9 Tech Solutions and Oceania Marine Energy.

Exodus Space Systems

Exodus Space Systems (ESS) was one of ten participants selected to take part in the Invest and Trade WA mission to the UK's flagship technology event, London Tech Week, in June 2022. The Invest and Trade WA London office, provided in-market support to the delegation, including the Chief Executive Officer (CEO) of ESS, Mike Le Page.

ESS intends to launch an innovative space centrifuge known as Carousel Spacelab, to address the In Space Production Applications market. The London office assisted ESS to connect with key stakeholders in-market to increase visibility of the company and source suitable funding and technology partners. A site visit to the Harwell Campus Space cluster was arranged for Mr Le Page and the London office facilitated introductory meetings with the Science and Technology Facilities Council, Satellite Applications Catapult, Oxford Space Systems and Kayser Space. Oxford Space Systems and Kayser Space have already expressed interest in the technology offered by ESS.



The Invest and Trade WA London office provided Exodus Space Systems with some fantastic assistance on the ground at London Tech Week, including organising events where key introductions were made. Having experienced the same support when we attended London Tech Week in 2019, they were the first people we contacted when we knew we were coming in 2022.

Mike Le Page,
CEO of Exodus Space Systems





Western Australian Government support

The Invest and Trade WA London office has supported Western Australian businesses seeking to access trade and investment opportunities in Europe since 1891.

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

A new Invest and Trade WA office will open in Frankfurt, Germany in early 2023.

In 2020-21, Invest and Trade WA moved to a regional hub model. The London office operates as part of United Kingdom and European 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

Invest and Trade WA promotes Western Australia as a destination for investment, provides a 'one-stop-shop' for incoming trade and investment enquiries and assists Western Australian businesses to develop and expand their export potential.

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