

# A RIPPER DEAL

The case for free trade  
and movement between  
Australia and the United  
Kingdom

Senator James Paterson



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# EXECUTIVE SUMMARY

- This is a pivotal time in Britain's history. The decision to leave the EU allows the UK to redefine its role in the world: to re-emerge as a global champion of free trade and a defender of the rules-based international order. At the same time, the COVID-19 pandemic has shown that not all trading partners are as reliable as long-term friends and allies.
- Australia will welcome the return of a global Britain. Australia and the UK share unparalleled historical, cultural, legal and familial ties dating back to 1788. These ties have been strengthened through friendly rivalries on the sporting field and shared adversity on the battlefield.
- There is now an opportunity to strengthen these ties in the short term through a comprehensive free trade agreement that will remove barriers to trade, in the medium term provide the basis for greater economic integration, and in the longer term provide the foundation for an ambitious wider CANZUK agreement involving the commonwealth countries of Canada, Australia, New Zealand, and the UK.
- An Australia-UK free trade agreement will mean cheaper goods for consumers and better market access for producers. It will mean more Australian wine being sold in the UK and an end to

the Tim Tam tax. And it will mean reduced non-tariff barriers to trade, which will boost services and digital trade.

- The Australia-UK free trade agreement should contain mutual recognition of standards and occupations. This would allow goods to be sold in our respective countries regardless of variations in standards and regulations; and individuals to practice an equivalent occupation without undertaking further testing or acquiring new qualifications.
- The deal should also include generous provisions to allow Australian and UK citizens to live and work in both countries. This would help revive the tradition of Australians spending a few years in the UK during their 20s – this was once a rite-of-passage, but numbers have plummeted by 73 per cent since 2001.
- The UK-Australia relationship should be modelled on the Australia-New Zealand agreements: the Closer Economic Relations (CER) agreement that provides a deep economic relationship through mutual recognition and the Trans-Tasman Travel Arrangement (TTTA) that provides the ability to work, live and study across countries.
- A full TTTA-style agreement may not be possible in the short term. If so, then an Australia-UK agreement should at least grant visa access to people with job offers in line with the E3 visas Australians can access in the United States as a result of the Australia-United States FTA (AUSFTA).
- A CER-style agreement between Australia and the UK would be the perfect foundation, in the longer-term, for a wider agreement between Canada, Australia, New Zealand, and the UK. Strengthening the ties between these countries would create a powerful force for free trade and liberal values across the globe.
- CANZUK is incredibly popular: support is highest in New Zealand (82%), followed by Canada (76%) and Australia (72%) followed by the UK (68%).

- Neither an Australia-UK agreement nor a CANZUK agreement would require the UK to sacrifice its newly reclaimed sovereignty. There would be no 'ever closer union', no supranational bureaucracy, and no international courts able to override democratically elected governments.
- Further, like the Common Travel Area for Ireland, the UK, and the Channel Islands or TTTA for Australia and New Zealand, relaxation of travel and work rights would be between independent nation states who would retain sovereign control over immigration and border protection.

# ABOUT THE AUTHOR

**James Paterson** is an Australian Senator representing the state of Victoria.

He is the Chair of both the Joint Parliamentary Committee on Corporations and Financial Services and the Senate Finance and Public Administration Legislation Committee, and Deputy Chair of the Senate Select Committee on COVID-19. He was also the only federal politician in Australia to publicly support Brexit prior to the 2016 referendum.

# PREFACE

It is a great privilege to have this paper published by the Adam Smith Institute.

The ASI has been a steadfast champion of free market policies since its founding in 1977.

At the time, the UK was known as the sick man of Europe. James Callaghan's government had recently requested an emergency loan from the IMF, and the following year would be marked by the winter of discontent.

Today, things could not look more different, and the ASI deserves much of the credit.

Through its pioneering work on privatisation and its advocacy for tax reform, the ASI helped Margaret Thatcher revive the British economy and set it on a course for the prosperity your nation enjoys today. But the ASI's work did not stop there. Policies promoted by the ASI have been implemented by both Conservative and Labour Governments, and in 2019 the ASI was rated the world's 2nd best independent think tank by the University of Pennsylvania's Think Tanks and Civil Societies Program.

It is a credit to Dr Madsen Pirie and Dr Eamonn Butler's leadership that this has been achieved with what can only be described as a skeleton staff and a fraction of the budget of so many competitors.

This proven ability to shift public opinion and successfully advocate for free market policies is needed now more than ever, as only an innovative and agile market economy can repair the damage of the Coronavirus pandemic.

**Senator James Paterson**

Melbourne, Australia

August 2020

# 1. A PIVOTAL TIME IN BRITAIN'S HISTORY

This is a pivotal time in Britain's history. The decision to leave the European Union (EU) allows the United Kingdom (UK) to reforge and expand trade relationships with countries across the globe.

At the same time, the COVID-19 pandemic has forced the realisation that not all trading partners are as reliable as long-term friends and allies.

As a country with unparalleled historical, cultural, legal and familial ties to the UK, Australia stands ready and willing to negotiate a comprehensive agreement that will be of enormous benefit to both nations. But the benefits of Brexit go far beyond the opportunity to sign new trade agreements.

## **THE RETURN TO GLOBAL BRITAIN**

Thanks to the wisdom of the British people, the UK now has the opportunity to redefine its role in the world.

As the only federal politician in Australia to publicly support Brexit prior to the 2016 referendum, I have always thought the benefits of a

fully independent UK were abundantly clear.<sup>1</sup>

As I said in the Senate on 19 April 2016:

“From where I sit, the choice is clear: Britain would be more prosperous, free and secure outside the European Union...It is up to you to decide whether you remain or whether you leave, but rest assured that your friends around the world—including in Australia—would welcome you back into the international community outside the European Union and that you would have a strong, prosperous and stable relationship with us if you chose to do so.”<sup>2</sup>

The United Kingdom now has the opportunity to return to its role as a global leader in the defence of free trade and the rules-based international order.

There are many people in the UK – and in newsrooms across the world – who scoff at the idea of post-Brexit Britain being a global leader of any kind. Countless articles predicting Brexit-caused disaster have been written. Economists have predicted economic catastrophe and former prime ministers have said it will undermine the US alliance. One former prime ministerial chief of staff even claimed that by voting for Brexit, Britain had rendered itself irrelevant.

From an Australian perspective, this view of the UK is bizarre.

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**1** Greg Heffer, ‘WATCH: Aussie politician makes passionate case for Britain to quit ‘disintegrating’ EU’, Daily Express [website], 21 April 2016. Available at: <https://www.express.co.uk/news/politics/662856/video-Australia-Senator-James-Paterson-Brexit-speech-EU-referendum>

**2** Senator James Paterson, speech to the Senate, 19 April 2016. Available at: <https://senatorpaterson.com.au/2016/04/19/senator-paterson-on-brexit/>

The UK is not a mere appendage of a much larger geopolitical entity; the facts simply don't support such a view.

Even a cursory look at the UK's position in the world indicates that Britain's influence will long outlast the debate over leaving the EU.

The UK is the world's sixth largest economy, and the City of London is one of the world's most important financial centres.<sup>3</sup>

The International Institute for Strategic Studies ranks the UK sixth in terms of military spending<sup>4</sup> – the second highest NATO member – and according to the OECD, Britain is the third largest net contributor of official development assistance.<sup>5</sup> Britain is also one of only five permanent members of the UN Security Council.

This is not the picture of a weak nation that's about to lose its influence on the global stage. On the contrary, it describes a country capable of continuing to play an influential role in global affairs.

This was also the finding of the Henry Jackson Society's 2019 Audit of Geopolitical Capability.<sup>6</sup>

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**3** World Bank, 'GDP (current US\$)', World Bank Open Data [website]. Available at: [https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most\\_recent\\_value\\_desc=true&year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true&year_high_desc=true) [accessed August 2020].

**4** International Institute for Strategic Studies, 'Military Balance 2020', International Institute for Strategic Studies, London, Routledge, 2020.

**5** Organisation for Economic Co-operation and Development, 'Net ODA - ODA Grant equivalent, Million US dollars, 2018-2019', OECD Data [website]. Available at: <https://data.oecd.org/chart/63kQ> [accessed August 2020].

**6** James Rogers, 'Audit of Geopolitical Capability: An Assessment of Twenty Major Powers', The Henry Jackson Society, London, 2019. Available at: <https://henryjacksonsociety.org/audit/>

The Audit assesses the national capabilities of 20 major powers, covering issues from population structure and economic clout to cultural prestige and national resolve.

While the UK was well behind the first-placed United States, Britain's cultural prestige, diplomatic leverage and national resolve helped the UK surpass China for second place. In other words, the UK is one of very few genuinely global powers with reach into every region and continent.

Not only did the UK achieve a higher score than the five other European powers included in the study, but it achieved higher scores in the three categories that make up 80 per cent of each country's geopolitical capability.

None of this is to suggest that leaving the EU is without cost. But this is far from the UK's only source of influence. Britain has extensive historical and cultural ties with nations across the world, and this is a much greater source of influence than membership of the EU.

The Commonwealth of Nations – an international body comprising 54 nations with a combined population of 2.4 billion – is evidence of the breadth of these historical and cultural ties.<sup>7</sup> An even stronger symbol is the global dominance of the English language. This is not something that can be easily quantified, but it undoubtedly gives the UK a diplomatic advantage over many other nations.

Now that the UK has regained sovereign control over important areas like trade policy, Britain will be better able to leverage these

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**7** The Commonwealth, 'Fast Facts on the Commonwealth'. The Commonwealth [website]. Available at: <https://thecommonwealth.org/commonwealth-fast-facts> [accessed March 2020].

links of history, language and culture to advance the nation's interests and values.

With the UK's long history of championing free trade, and the continued commitment to liberal values, the UK's re-emergence as a global leader will be of great benefit to the rest of the world. And given the recent rise in protectionism and the damage COVID-19 has wrought on the global economy, it could not come soon enough.

Thankfully, Prime Minister Boris Johnson seems to understand both the importance of the UK's global ties and how to take advantage of them.

As the Prime Minister said in his first major speech after passage of the EU withdrawal agreement:

“We are re-emerging after decades of hibernation as a campaigner for global free trade. And frankly it is not a moment too soon because the argument for this fundamental liberty is now not being made.”<sup>8</sup>

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<sup>8</sup> Boris Johnson, 'PM speech in Greenwich: 3 February 2020,' Greenwich, 3 February 2020. Available at: <https://www.gov.uk/government/speeches/pm-speech-in-greenwich-3-february-2020>.

## 2. WHY AUSTRALIA WILL WELCOME BRITAIN'S RETURN TO THE GLOBAL STAGE

There is no country that will welcome the UK's re-emergence as an advocate for global free trade more than Australia.

This is not just because Australia shares a belief in the importance of free trade for enabling economic growth and ensuring societies remain vibrant. Nor because it is a close ally with common interests – although this is also true.

It is fundamentally because Australia and the UK are bound by deep historical and institutional ties dating back to Sir Arthur Phillip's arrival in Botany Bay with the first fleet in 1788.

This was the birth of what became modern Australia. Since then Australia has inherited Britain's institutions, language and culture, which have developed and evolved as Australia has grown into an independent nation.

These initial ties have been strengthened through friendly rivalries on the sporting field, and through shared adversity on the battlefield.

Australian and British soldiers have fought and died alongside each other in conflicts ranging from the Second Boer War to the current conflict in Afghanistan. When Britain went to war in 1914, Australia's population was less than 5 million. Despite Europe being half a world away and conscription never being enforced, almost 417,000 men volunteered to fight. Of these young men, 60,000 lost their lives and 156,000 were wounded, gassed, or taken prisoner.<sup>9</sup> A generation later, 993,000 Australians enlisted to serve in WWII; this time 30,000 lost their lives and a further 48,000 were wounded or taken as prisoners-of-war.<sup>10</sup>

## A HISTORY OF IMMIGRATION

A more contemporary sign of the strength of the relationship between Australia and the UK is the number of British citizens who have made Australia their home.

Australia has been the top destination for British citizens to migrate

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**9** Australian War Memorial, 'First World War 1914–18', Australian War Memorial [website]. Available at: <https://www.awm.gov.au/articles/atwar/first-world-war> [accessed 17 March 2020].

**10** Australian Bureau of Statistics, 'Australian services during World War II (Feature Article)', in Year Book Australia, 1946–47, cat. no. 1301.0, Canberra: ABS, 1947. Available at: <https://www.abs.gov.au/AUSSTATS/abs@.nsf/featurearticlesbytitle/F19B5A51A60904F3CA2569DE0020331F?OpenDocument>

to for 40 of the past 43 years.<sup>11</sup> At the time of the 2016 Census, there were over 1.2 million Australian residents born in the UK – almost 5 per cent of the Australian population and the largest group of foreign-born residents.<sup>12</sup>

There were 142,000 Australian-born residents in the UK in 2018.<sup>13</sup> And a YouGov poll published in the same year found that immigrants from Australia were viewed as having made the most positive contribution to British life – higher than Ireland, Germany, the United States, and the 8 other countries listed.<sup>14</sup>

## THE IMPACT OF EEC MEMBERSHIP

Given the strength of ties between Australia and the UK, it is understandable that the UK's decision to join the European Economic Community in 1973 was widely viewed in Australia with disappointment.

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**11** Office of National Statistics, International Passenger Survey 3.20abc, top countries of last or next residence by citizenship, UK, November 2019. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/internationalpassenger-survey-top-countries-of-last-or-next-residence-by-citizenship-table-320abc>

**12** Australian Bureau of Statistics, Estimated resident population, Country of birth, State/territory by Reference period - as at 30 June, 1996 to 2016 - Census years, cat. no. 3412.0. April 2019. Available at: <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3412.02017-18?OpenDocument>

**13** Office of National Statistics, Population of the UK by country of birth and nationality – July 2018 to June 2019, November 2018. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/population-of-the-united-kingdom-by-country-of-birth-and-nationality>

**14** YouGov, Where the public stands on immigration, April 2018. Available at: <https://yougov.co.uk/topics/politics/articles-reports/2018/04/27/where-public-stands-immigration>

As a result of the tariffs and quotas imposed by the Common Customs Tariff (CCT), and the subsidies provided by the Common Agricultural Policy (CAP), Australian agricultural exports to the UK plummeted. Since then, exports of beef have fallen 96 per cent, sheep by 70 per cent, rice by 92 per cent, wheat by 99 per cent, and sugar and butter by 100 per cent.<sup>15</sup>

In terms of raw numbers, this decline amounts to 98,000 tonnes of beef, 18,000 tonnes of sheep meat, 24,000 tonnes of rice, 513,000 tonnes of wheat, 415,000 tonnes of sugar, and 32,000 tonnes of butter.<sup>16</sup>

Yet despite the initial hardship the decision to join the EEC caused, Australia and the UK still maintain a strong trading relationship.

The UK is currently Australia's seventh largest two-way trading partner, with trade in goods and services of AU \$30.3 billion.<sup>17</sup> And as Australia's second largest source of foreign investment, the UK contributes 18 per cent of Australia's total foreign investment.<sup>18</sup>

One export industry that has thrived despite the imposition of tariffs is the Australian wine industry. A third of all Australian wine exports

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**15** Simon Birmingham, 'Aiming for bullseye in trade talks with post-Brexit Britain', *The Australian*, 31 January 2020. Available at <https://www.theaustralian.com.au/commentary/aiming-for-bullseye-in-trade-talks-with-postbrexit-britain/news-story/ed364ffea71e3b9c7371042ecd810816>

**16** *Ibid.*

**17** Department of Foreign Affairs and Trade, *Australia's goods and services by top 15 partners 2018-19*, November 2019. Available at: <https://www.dfat.gov.au/sites/default/files/australias-goods-services-by-top-15-partners-2018-19.pdf>

**18** Australian Bureau of Statistics, *International Investment Position, Australia: Supplementary Statistics*, 2019, cat. no. 5352.0, May 2020. Available at: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/5352.0>

are sold to the UK, and as a result, one in every five bottles of wine sold in the UK is Australian.<sup>19</sup>

## **WHY THE AUSTRALIA-UK RELATIONSHIP REMAINS STRONG**

The UK's prominence in Australian trade statistics is not due to a lack of competition. Since the 1970s Australia has greatly improved relations with its Asian neighbours. This has been enormously beneficial.

Australia has built strong bilateral relationships, which have made Australia and the region wealthier and more secure. Today Australia is more confident and more independent as a result.

Seven out of Australia's top 10 two-way trading partners are now Asian nations,<sup>20</sup> and Australia has free trade agreements covering 14 nations in the region.<sup>21</sup>

But the economic relationships Australia has with countries like China – its largest trading partner – will never compare to the deep and enduring bonds it shares with like-minded countries like the UK;

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**19** Joint Standing Committee on Foreign Affairs, Defence and Trade, Parliament of Australia, Inquiry into Australia's trade and investment relationship with the United Kingdom, Interim report, October 2017, pp 15, 20. Available at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Foreign\\_Affairs\\_Defence\\_and\\_Trade/tradewithUK/Interim\\_Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/tradewithUK/Interim_Report)

**20** Department of Foreign Affairs and Trade, Australia's goods and services by top 15 partners 2018-19.

**21** Department of Foreign Affairs and Trade, 'Free trade agreements in force', Department of Foreign Affairs and Trade [website]. Available at: <https://www.dfat.gov.au/trade/agreements/in-force/Pages/free-trade-agreements-in-force> [accessed March 2020]

as well as Canada, New Zealand, and the United States.

These countries comprise the membership of the Five Eyes – an intelligence sharing agreement of unmatched openness. This agreement exists because these countries are united by values committed to common interests. They share a common language, a shared culture, and institutional ties that date back centuries.

All have common law legal systems, and four of the five – the so-called CANZUK countries – are Westminster style-parliamentary democracies that share Queen Elizabeth II as head of state.

### 3. THE FUTURE OF AUSTRALIA'S RELATIONSHIP WITH THE UK

The relationship between Australia and the UK is already unparalleled, but there is now an opportunity to strengthen it still further.

There is an opportunity to negotiate a comprehensive free trade agreement that will remove existing barriers to trade in the short term, provide the basis for greater economic integration in the medium term, and in the longer term provide the foundation for a wider CANZUK agreement involving the commonwealth countries of Canada, Australia, New Zealand, and the UK.

If this opportunity is seized, the decisions made by the Morrison and Johnson governments will not only benefit Australia and the UK, they will help create greater freedom, prosperity, and security across the world.

## **BENEFITS AND PRIORITIES FOR AN AUSTRALIA-UK FREE TRADE AGREEMENT**

There is a strong case for greater ties between all four CANZUK countries, but multilateral negotiations are complex – even between countries with similar legal and political systems.

Because of this, and the clear desire for a deal to be reached as soon as possible, the priority should be a comprehensive bilateral free trade agreement. This agreement should be based largely on mutual recognition of standards, and it should include generous provisions for visa-free travel for citizens of both countries.

Australian Prime Minister Scott Morrison succinctly outlined the benefits of an Australia-UK free trade agreement in a video welcoming the start of negotiations:

“It will mean more jobs, more growth, more prosperity in both our countries, and more opportunities for Australians and UK citizens to live and work in each other’s countries.”<sup>22</sup>

More specifically, a free trade agreement means cheaper goods for consumers. Producers will benefit from both lower input costs and better market access. It means more high quality Australian agriculture produce will be able to enter the UK without being subject to the tariffs and quotes of the EU’s Common External Tariff. It means more Australian wine being sold in the UK and more Scotch Whiskey arriving in Australia – a market that was worth £114 mil-

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<sup>22</sup> Sascha O’Sullivan, ‘Boris Johnson hails start of UK-Australia trade talks and vows to sell Marmite and Penguins to Aussies’, *The Sun*, 17 June 2020. Available at: <https://www.thesun.co.uk/news/11884145/boris-hails-australia-uk-trade-talks-penguins-marmite/>

lion to Scotland's beverage industry in 2018.<sup>23</sup> And it spells the end of the dreaded Tim Tam tax, which Prime Minister Boris Johnson singled out as an intolerable deprivation Brits should no longer have to endure.<sup>24</sup>

A free trade agreement will boost the two-way goods trade between Australia and the UK, which was worth AU \$15.1 billion in 2018-19.<sup>25</sup> It will create more customers for industries like Britain's pharmaceutical and automotive industries, as well as countless small and medium enterprises. In 2018, there were 15,300 UK businesses that exported goods to Australia; greater market access means these businesses will be able to create more jobs and reclaim some of the revenue lost due to COVID-19.<sup>26</sup>

An Australia-UK free trade agreement will also reduce non-tariff barriers to trade, boosting the two-way trade in services, which was worth AU \$15.2 billion in 2018-19.<sup>27</sup> Services accounted for 60 per cent of the UK's total exports to Australia in 2019, and a trade agree-

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**23** Department for International Trade, 'UK-Australia free trade agreement: the UK's strategic approach,' Department for International Trade, 17 June 2020, p. 7. Available at: <https://www.gov.uk/government/publications/uks-approach-to-negotiating-a-free-trade-agreement-with-australia>

**24** Bevan Shields, 'Johnson invokes Tim Tams as UK growth outlook appears less than sweet', Sydney Morning Herald, 19 June 2020. Available at: <https://www.smh.com.au/world/europe/johnson-invokes-timtams-as-uk-growth-outlook-appears-less-than-sweet-20200618-p5541v.html>

**25** Department of Foreign Affairs and Trade, 'Australia-UK FTA negotiating aims and approach', Department of Foreign Affairs and Trade [website]. Available at: <https://www.dfat.gov.au/trade/agreements/negotiations/aukfta/negotiating-aims-and-approach> [accessed August 2020]

**26** Department for International Trade, 'UK-Australia free trade agreement: the UK's strategic approach', Department for International Trade, p. 7.

**27** Department of Foreign Affairs and Trade, 'Australia-UK FTA negotiating aims and approach', Department of Foreign Affairs and Trade [website].

ment would provide many more opportunities for the UK's world-leading financial services industry.<sup>28</sup>

Australia has developed strong ties across the Asia-Pacific region; greater access to the Australian market will provide UK businesses with a launching pad into the region. Australia will also be able to support the UK's attempts to reengage with the region, as the Australian government is already doing in supporting the UK's attempt to join the 11-member CPTPP.<sup>29</sup>

Australia and the UK have both shown a clear willingness to reach an agreement that delivers these benefits.

Australia was the first nation to form a trade-working group with the UK following the 2016 referendum,<sup>30</sup> and in January Trade Minister Simon Birmingham said that Australia was "Ready to roll as soon as they are..."<sup>31</sup>

On the UK side, Prime Minister Boris Johnson has described a free trade deal with Australia as "hugely important,"<sup>32</sup> And when visiting

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**28** Department for International Trade, 'UK-Australia free trade agreement: the UK's strategic approach,' Department for International Trade, p. 7.

**29** *Ibid*, p. 6.

**30** Joint Standing Committee on Foreign Affairs, Defence and Trade, Parliament of Australia, Inquiry into Australia's trade and investment relationship with the United Kingdom, p. 72.

**31** Geoff Chambers and Richard Ferguson, 'Brexit: UK open for quick trade talks', *The Australian*, 31 January 2020. Available at: <https://www.theaustralian.com.au/nation/politics/brexit-uk-open-for-quick-trade-talks/news-story/f7f63ab4c80ac32e1671edd89b1aa84c>

**32** Hans van Leeuwen, 'Johnson: UK to be free trade superman', *Australian Financial Review*, 5 February 2020. Available at: <https://www.afr.com/world/europe/boris-vows-britain-will-become-free-trade-superman-20200203-p53xfn>

Australia last year, Trade Minister Liz Truss expressed the breadth of UK ambition for the deal:

“We want a fully comprehensive trade deal that reflects our deep, ongoing relationship; the friendship between our two countries; the fact that Australians want to come and live and work in Britain, and Brits want to come and live and work in Australia.”<sup>33</sup>

## **THE CER AGREEMENT: BLUEPRINT AND MEDIUM-TERM GOAL**

The type of comprehensive agreement Truss and Morrison describe already exists in the form of the Closer Economic Relations (CER) agreement between Australia and New Zealand. This is an agreement that the World Trade Organization has described as “the world’s most comprehensive, effective and mutually compatible free trade agreement.”<sup>34</sup>

The CER agreement is the product of 30 years of gradual, deliberate and sustained fine tuning, evolution and development.<sup>35</sup> So it would be unrealistic for Australia and the UK to attempt to replicate the CER agreement during the current negotiations.

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**33** Ben Packham, ‘Skilled workers to win in UK trade pact’, *The Australian*, 19 September 2019.

Available at: <https://www.theaustralian.com.au/nation/politics/skilled-workers-to-win-in-uk-trade-pact/news-story/bc990b94a0e517bf709e18fe29637142>

**34** Jim Sutton and Mark Vaile, ‘Joint Communique’, Australia New Zealand Trade Ministers’ Meeting, Sydney, 28 August 2003. Available at: <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/Pages/joint-communique>

**35** *Ibid.*

But it is a perfect blueprint for what's possible, and an appropriate medium-term goal for the Australia-UK relationship.

Key principles of the CER agreement should form the basis of the Australia-UK free trade agreement currently being negotiated; notably the use of mutual recognition of standards instead of regulatory harmonisation.

### **FROM TARIFF ELIMINATION TO MUTUAL RECOGNITION**

Signed in 1983, the CER agreement created a free trade zone between Australia and New Zealand and set a timeframe for the elimination of all tariffs and quantitative restrictions on goods traded between the two countries. This goal was achieved in 1990, five years ahead of schedule.<sup>36</sup>

Since it was signed, the CER agreement has undergone multiple improvements. It is now complemented by over 80 bilateral treaties, protocols and other arrangements, covering areas that range from health care to aviation. In 1989 the CER agreement was broadened to include services. This provided citizens of Australia and New Zealand market access on conditions “no less favourable” than those offered to each country’s own citizens.<sup>37</sup>

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**36** Department of Foreign Affairs and Trade, ‘ANZCERTA – its genesis and the present’, Department of Foreign Affairs and Trade [website]. Available at: <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/Pages/anzcerta-its-genesis-and-the-present> [accessed March 2020]

**37** Department of Foreign Affairs and Trade, Protocol on Trade in Services to the Australia New Zealand Closer Economic Relations – Trade Agreement, Australian Treaty Series: 1988 no. 20, Australian Government Publishing Service, Canberra, 18 August 1988, p. 4. Available at: <https://www.dfat.gov.au/sites/default/files/215.pdf>

Less than a decade later, Australia and New Zealand signed arguably the most important and unique feature of the CER agreement: the Trans-Tasman Mutual Recognition Arrangement (TTMRA).<sup>38</sup>

This agreement was an attempt to reduce impediments to trade caused by different standards for goods, the need for additional certification and testing, and the different qualification requirements for individuals wanting to practice in registered occupations. However, while other free trade agreements have attempted to eliminate these impediments through regulatory harmonisation, the TTMRA eliminated them through the mutual recognition of each nation's regulations.

It allows goods that can be legally sold in New Zealand to be sold in Australia, regardless of differences in standards and regulations. Similarly, a person registered to practice an occupation in Australia is entitled to practice an equivalent occupation in New Zealand, without the need to undergo further testing or acquire further qualifications.<sup>39</sup>

The TTMRA covers all occupations that require individuals to obtain a license, registration, certification, or any other form of legal authorisation. For a qualified individual to practice in a different jurisdiction they simply need to apply for recognition of their existing license or registration.<sup>40</sup>

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**38** Trans-Tasman Mutual Recognition Act 1997 (Commonwealth of Australia). Available at: <https://www.legislation.gov.au/Details/C2015C00470>

**39** Department of Industry and Science, *Users' Guide to the Mutual Recognition Agreement and the Trans-Tasman Mutual Recognition Arrangement*, 21 April 2015, pp. 9-10. Available at: <https://docs.employment.gov.au/documents/users-guide-mutual-recognition-agreement-and-trans-tasman-mutual-recognition-arrangement>

**40** *Ibid.*, p. 12-17.

In a major review conducted in 2009, Australia's Productivity Commission concluded that mutual recognition "provides a low-cost, decentralised way of removing impediments to the mobility of goods and labour, while allowing jurisdictions to retain a degree of regulatory independence."<sup>41</sup>

These qualities make the CER agreement the perfect model for an Australia-UK free trade agreement. Through the use of mutual recognition, the agreement can minimise – if not eliminate – the need for regulatory harmonisation, thereby preserving the national sovereignty the UK has only recently regained. And since Australia and the UK have similarly high standards in areas ranging from environmental protection and labour market regulation to animal welfare, there is no risk of mutual recognition lowering standards.

This does not preclude regulatory harmonisation in areas where it is deemed to be beneficial. In more recent additions to the CER agreement, Australia and New Zealand have agreed to harmonise company accounting standards, and standards for the settlement of investment disputes. A joint body to regulate food standards has now also been created.<sup>42</sup> But harmonisation remains the exception, not the rule. And this should also be the case for an agreement between Australia and the UK.

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**41** Productivity Commission, *Review of Mutual Recognition Schemes*, Research Report, Canberra, January 2009, p. xix. Available at: <https://www.pc.gov.au/inquiries/completed/mutual-recognition-schemes-2009/report/mutual-recognition-schemes.pdf>

**42** Department of Foreign Affairs and Trade, 'ANZCERTA – its genesis and the present'. Department of Foreign Affairs and Trade [website].

## THE NEED FOR RELAXED VISA RESTRICTIONS

Just as the CER agreement is complimented by the Trans-Tasman Travel Arrangement (TTTA), a comprehensive free trade agreement between Australia and the UK should eventually include immigration provisions of similar scope.

This already has the support of Prime Minister Boris Johnson, who called for the creation of “a bilateral Free Labour Mobility Zone” back in 2013.<sup>43</sup> Such an agreement would greatly benefit both nations.

Australia and the UK share an unparalleled relationship built on common values, a shared history, and institutional ties dating back centuries. These common bonds are why Australians are among the most popular immigrant groups in the UK,<sup>44</sup> and they’re why the UK citizens integrate so well into Australian society – as the 1.2 million UK-born Australian residents have shown.<sup>45</sup>

## DECENTRALISING THE POPULATION

A New Zealand-style visa arrangement with the UK would also compliment the Australian government’s attempts to decentralise population growth.

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**43** Boris Johnson, ‘The Aussies are just like us, so let’s stop kicking them out’, *The Telegraph*, 26 August 2013. Available at: <https://www.telegraph.co.uk/news/politics/10265619/The-Aussies-are-just-like-us-so-lets-stop-kicking-them-out.html>

**44** YouGov, If voters designed a points-based immigration system, August 2016. Available at: <https://yougov.co.uk/topics/politics/articles-reports/2016/08/26/one-five-say-uk-should-not-admit-single-migrant-tu>

**45** Australian Bureau of Statistics, Estimated resident population, Country of birth, State/territory by Reference period - as at 30 June, 1996 to 2016 - Census years, cat. no. 3412.0. April 2019 Available at: <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3412.02017-18?OpenDocument>

As Australia's 2016 census data shows, UK-born residents are twice as likely to live in Western Australia, South Australia, and Tasmania compared to other overseas-born residents. Over one-in-five (21.4 per cent) of Australia's UK-born residents live in Western Australia, one-in-ten (10.2 per cent) live in South Australia, and 2 per cent live in Tasmania. This is close to double the number of other overseas-born residents who live in these three states; with one-in-ten (11.2 per cent) living in Western Australia, one-in-twenty (5.2 per cent) living in South Australia, and just 0.8 per cent living in Tasmania.<sup>46</sup>

UK-born residents are also more likely to live in Western Australia and South Australia than Australian-born residents, one-in-ten (9.6 per cent) of whom live in Western Australia and 7.5 per cent of whom live in South Australia.<sup>47</sup>

These states are desperately calling for population growth, and they would greatly benefit from an easing of visa restrictions for UK citizens. Particularly since the most common industries for UK-born residents to work in are health care and social assistance, followed by education and training – both vital public services that desperately need more qualified professionals.<sup>48</sup>

## **AUSTRALIANS IN THE UK: REVIVING A RITE-OF-PASSAGE**

A free labour mobility agreement would also revive the trend of Australians spending a few years living in the UK. This was once

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**46** Australian Bureau of Statistics, Estimated resident population, Country of birth, State/territory by Reference period - as at 30 June, 1996 to 2016 - Census years, cat. no. 3412.0.

**47** Ibid.

**48** Parliamentary Library, 'Australian residents in 2016 born in the UK, by industry', ABS 2016 TableBuilder (research prepared for Senator Paterson), 30 January 2020.

considered a rite of passage, but it has declined significantly in recent years. According to figures from the International Passenger Survey, the number of Australians moving to the UK for at least one year fell from 31,200 in 2001 to just 8,400 in 2018 (a 73 per cent reduction).<sup>49</sup> The number of Australians moving for work related reasons fell from 17,900 to just 4,200 over the same period (a reduction of 76 per cent).<sup>50</sup>

This is partly due to a series of changes to UK immigration policy that began under Home Secretary Theresa May during the Cameron government.

Reforms passed in 2011 abolished the general visa category favoured by Australians and introduced a cap on employer sponsored visas.<sup>51</sup> In 2015, the government introduced a healthcare surcharge of £300 per year for students and Tier 5 (Youth Mobility Scheme) visa holders, and £400 per year for all other visa and immigration applicants.<sup>52</sup> Then in 2016, the government of Prime Minister Theresa May introduced further changes, increasing the salary threshold for Tier 2

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**49** Office of National Statistics, International Passenger Survey 4.02, main reason for migration by citizenship, (figures based on compilation of datasets '2000' to '2018'). Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/ipsmainreasonformigrationbycitizenship>

**50** Ibid.

**51** BBC, 'The decline of the Australian in the UK', BBC Magazine [website], 22 January 2014. Available at: <https://www.bbc.com/news/magazine-25401024>.

**52** UK Home Office, 'Pay for UK Healthcare as part of your immigration application', Gov.uk [Website]. Available at: <https://www.gov.uk/healthcare-immigration-application/how-much-pay> [accessed August 2020].

skilled work visas from £20,800 to £30,000.<sup>53</sup>

These changes substantially increased the financial and regulatory compliance costs for Australians wanting to work in the UK and the employers who sponsor them. Some of these changes – such as the increased salary thresholds – are set to be wound back under the Johnson government’s post-Brexit immigration system. The minimum salary threshold, for example, is set to be lowered from £30,000 to £25,600, with people in “specific shortage occupations” only requiring to meet a threshold of £20,480.<sup>54</sup> However, fees such as the healthcare surcharge are likely to remain.

Ironically, many of these reforms were part of an attempt to respond to community concern about the growth of EU migration. As a member of the EU, there was little the UK Government could do to reduce immigration numbers except by reducing the number of non-EU migrants, even though this was not the primary focus of public concern.

The result of this can be seen in the decline in the number Australians allowed to stay in the UK indefinitely, with the number of grants of settlement awarded to Australians falling by 71 per cent between 2013 and 2016.<sup>55</sup>

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**53** Daniel Waldron and Sanwar Ali, ‘UK immigration rule changes to Tier 2 Visa and Tier 4 Visas in November 2016’, Workpermit [website], 12 March 2016. Available at: <https://workpermit.com/news/uk-immigration-rule-changes-tier-2-visa-and-tier-4-visas-november-2016-20161203>

**54** BBC, ‘Immigration: No visas for low-skilled workers, government says’, BBC [Website], 19 February 2020. Available at: <https://www.bbc.com/news/uk-politics-51550421>

**55** UK Home Office, Settlement data tables – Immigration Statistics, year ending December 2019, Table se\_03, 27 February 2020. Available at: <https://www.gov.uk/government/statistical-data-sets/immigration-statistics-data-tables-year-ending-december-2019#settlement>

## OPTIONS SHORT OF FREE MOVEMENT

There are a range of options for reducing visa restrictions that fall short of a TTTA-style agreement, which should be considered for immediate inclusion in an Australia-UK agreement.

Australia has at least a dozen free trade agreements with specific visa related provisions. At their most basic, these commitments provide that each party shall grant entry to intra corporate transferees, independent executives, contractual service suppliers, installers and maintenance workers, and business visitors.<sup>56</sup>

But these are only basic measures common to most free trade agreements. Given the depth of the relationship between Australia and the UK, a free trade agreement should at least contain relaxed visa provisions that allow Australian and UK citizens to easily obtain visas when they have job offers. This should require minimal regulatory compliance and be simpler to get than the standard work visas in each country.

The US's E3 is an example of what could easily be achieved. The E3 visa, which is part of the Australia-US free trade agreement, allows Australians with tertiary qualifications to work in the US in jobs that require similar qualifications. Unlike the standard H-1B visa, the E3 visa has its own quota, requires minimal paperwork, and is approximately one tenth of the cost to obtain.<sup>57</sup>

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**56** Parliamentary Library, UK migration agreements and Australia's free trade agreements, (research prepared for Senator Paterson), 20 February 2020.

**57** Department of Foreign Affairs and Trade, 'E-3 Visas for the United States', Department of Foreign Affairs and Trade [website]. Available at: <https://www.dfat.gov.au/geo/united-states-of-america/Pages/e-3-visas-for-the-united-states> [accessed March 2020]

Of course – and this should go without saying – any relaxation of visa restrictions that forms part of an Australia-UK free trade agreement should preserve each country’s ability to deny entry to anyone deemed to be a risk to public safety, national security, or public health. And this should be determined solely by the destination country, as is the case in the arrangements between Australia and New Zealand. Anything less would be unacceptable to either nation.

## 4. THE FOUNDATIONS FOR A CANZUK AGREEMENT

Australia, New Zealand and Canada are all preparing to sign free trade agreements with the UK once the EU-transition period ends. One of the benefits of using the existing CER agreement as a blueprint for the Australia-UK agreement is that it is the perfect foundation for a CANZUK-wide agreement, which could be created over the long term.

Given the shared commitment to liberal values and the rules-based international order, complementing the existing ties between the four CANZUK countries with a CANZUK wide-agreement would further advance free trade and liberal values across the globe.

The benefits of greater economic ties between these countries has recently been recognised with the creation of an economic grouping within the existing Five Eyes intelligence alliance (an alliance that includes the CANZUK countries and the United States).<sup>58</sup> This initiative was spearheaded by Australia's Treasurer, Josh Frydenberg.

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**58** Simon Benson, 'Five eyes expanded to focus on economic pact', *The Australian*, 8 June 2020. Available at: <https://www.theaustralian.com.au/nation/politics/five-eyes-expanded-to-focus-on-economic-pact/news-story/31e5e37f1942a8188535d4f7585daa1>

While the stated purpose was to discuss economic issues associated with COVID-19, the expansion of the Five Eyes into the economic sphere is a sign that the relationships between long-standing friends and allies are becoming even more important.

## THE CASE FOR CANZUK

The four CANZUK countries have a combined GDP of US \$6.5 trillion and account for global trade of US \$3.5 trillion.<sup>59</sup> Their shared values and common institutions have made them some of the most free and prosperous nations in world history.

The Heritage Foundation's Index of Economic Freedom ranks all four CANZUK countries among the top 10 freest economies in the world.<sup>60</sup> Three of the four CANZUK countries feature in the top 5 positions in the Cato Institute's Human Freedom Index,<sup>61</sup> and the same three countries feature in the top 10 positions in the Democracy Index published by *The Economist*.<sup>62</sup> The outlier in both cases is the UK, which came 14 out of 162 and 167, respectively.

There is already a global movement for CANZUK that has gained significant support.

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**59** James Skinner, John Bender, Dr. Nigel Greenwood, 'The Future of Post-Brexit Britain', CANZUK International, January 2020, p. 27. Available at: <https://www.canzukinternational.com/publications>

**60** Terry Miller, Anthony B. Kim, and James M. Roberts, '2020 Index of Economic Freedom', The Heritage Foundation, Washington DC, 2020, p. 5. Available at: <https://www.heritage.org/index/download>

**61** Ian Vásquez and Tanja Porcnik, 'The Human Freedom Index 2019', Cato Institute, Washington DC, 2019, pp. 8-9. Available at: <https://www.cato.org/human-freedom-index-new>

**62** The Economist Intelligence Unit, 'Democracy Index 2019', The Economist Intelligence Unit, London, 2020, p. 10. Available at: <https://www.eiu.com/topic/democracy-index>

The proposal, which includes freedom of movement for citizens of CANZUK countries, was endorsed by former New Zealand opposition leader Simon Bridges,<sup>63</sup> and it is the official policy of the Canadian Conservative Party.<sup>64</sup> Prime Minister Boris Johnson is also a supporter; speaking at the launch of a Henry Jackson Society report advocating CANZUK, for which he wrote the forward, Johnson said “If we can do something better with Australia, Canada and New Zealand we certainly should.”<sup>65</sup>

## **BREXIT AND SUPPORT FOR CANZUK**

Prime Minister Boris Johnson is not the only Brexiteer who supports CANZUK. There are many in both the UK and Australia who share this view, including former MEP Daniel Hannan.<sup>66</sup>

It may seem counterintuitive that people who played prominent roles in the 2016 Brexit referendum support a proposal for freedom of movement. This is due to a common misunderstanding of Brexit, which despite the claims of so-many Remainers, was never entirely or

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**63** Alan Kenyon, ‘Simon Bridges says Govt isn’t taking free movement deal with UK seriously, NZ risks falling behind Australia’, 1 News, 27 September 2019. Available at: <https://www.tvnz.co.nz/one-news/new-zealand/simon-bridges-says-govt-isnt-taking-free-movement-deal-uk-seriously-nz-risks-falling-behind-australia>

**64** Conservative Party of Canada, Conservative Party of Canada: Policy Declaration, Ottawa, 2018, p. 57. Available at: <https://cpcassets.conservative.ca/wp-content/uploads/2020/02/03153653/8a1184b72cf8450.pdf>

**65** Hans van Leeuwen, ‘Britain, Australia should forge post-Brexit free-movement pact: Boris Johnson’, Australian Financial Review, 12 February 2019. <https://www.afr.com/policy/economy/britain-australia-should-forge-postbrexit-freemovement-pact-boris-johnson-20190212-h1b4zo>

**66** Daniel Hannan, ‘Britain is an island of contentment in an EU driven by Brussels to populist revolt’, The Telegraph, 9 September 2018. <https://www.telegraph.co.uk/news/2018/09/09/britain-island-contentment-eu-driven-brussels-populist-revolt/>

even mostly about immigration.

As the Lord Ashcroft poll taken at the time of the referendum shows, the primary motivation of leave voters was national sovereignty, with 49 per cent of leave voters polled citing “the principle that decisions about the UK should be taken in the UK” as the main reason for their vote.<sup>67</sup> The UK regaining control over immigration and its own borders was the second most popular motivation, with 33 per cent of leave voters citing this as their main motivation. But this should not be mistaken for opposition to immigration generally, nor does it indicate opposition to a CANZUK freedom of movement proposal.

On the contrary, a poll commissioned by CANZUK International shows there are significant majorities in favour of CANZUK freedom of movement in all four countries. Support is highest in New Zealand, with 82 per cent in favour of the proposal, Canada and Australia follow with 76 per cent and 73 per cent support, and in the UK 68 per cent support the proposal.<sup>68</sup>

Not only does this support for CANZUK far exceed the 52 per cent of British voters who voted to leave the EU, the poll also found that support was strongest in leave-voting nations of the UK. England and Wales had 72 per cent and 70 per cent support, while support in Scotland and Northern Ireland was 66 per cent and 64 per cent, respectively.<sup>69</sup>

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**67** Lord Ashcroft, ‘How the United Kingdom voted on Thursday... and why’, Lord Ashcroft Polls, 24 June 2016. Available at: <https://lordashcroftpolls.com/2016/06/how-the-united-kingdom-voted-and-why/>

**68** CANZUK International, ‘National and regional polling results – April 2018’, CANZUK International, April 2018, p. 5. Available at: <https://www.canzukinternational.com/publications>

**69** *Ibid.*, p. 9.

This mismatch between the support for CANZUK and opposition to EU membership is due to the influence of culture, language, and the differences in levels of economic development, on people's attitudes to immigration – all understandable factors for people to consider. The strong support for CANZUK simply reflects the similarities between the four CANZUK countries.

This is why a 2016 YouGov poll on British attitudes to immigration from 23 different countries found that the three most popular immigrant groups were people from Canada, Ireland, and Australia. Of those polled, 60-61 per cent wanted more or the same level of immigration from these three countries, and only 16 per cent wanted less (New Zealand was not included in the poll).<sup>70</sup>

## **THERE WILL BE NO 'EVER CLOSER UNION'**

None of the proposals discussed in this paper should be mistaken for an attempt to entice the UK into sacrificing its newly reclaimed sovereignty.

There is no suggestion that an Australia-UK agreement should include a clause for 'ever closer union' – and no such clause exists in the CER agreement between Australia and New Zealand. Despite 30 years of closer economic relations, there is no support in either country for political convergence. Free trade and free movement does not need to lead to diminished national sovereignty.

Any agreements between Australia and the UK, or indeed a wider

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<sup>70</sup> YouGov, If voters designed a points-based immigration system, August 2016. Available at: <https://yougov.co.uk/topics/politics/articles-reports/2016/08/26/one-five-say-uk-should-not-admit-single-migrant-tu>

CANZUK agreement, would respect the unique national identities and democratic authority of national governments.

These agreements would be made between sovereign countries; not imposed by supranational organisations, nor enforced by international courts capable of overriding national governments.

### **THIS IS NOT EU-STYLE FREE MOVEMENT**

Unlike EU-style free movement, the relaxation of travel and work rights under an Australia-UK agreement, or a CANZUK agreement, would be designed to respect national sovereignty. These agreements would be between independent nation states who would retain sovereign control over immigration and border protection.

Examples of similar agreements already exist between Australia and New Zealand,<sup>71</sup> and between Ireland and the UK.<sup>72</sup> Free movement has existed in some form for both sets of countries since the 1920s, and neither is remotely controversial.

At the time of the 2016 census, there were 568,000 New Zealanders living in Australia – a significant number from a country with less

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**71** Susan Love and Michael Klappdor, 'New Zealanders in Australia: a quick guide', Parliamentary Library, Research paper series 2019-20, 13 February 2020. Available at: [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1920/Quick\\_Guides/NewZealandersInAustralia](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1920/Quick_Guides/NewZealandersInAustralia)

**72** Citizens Information Board, 'Common Travel Area between Ireland and the United Kingdom', Citizens Information [website]. Available at: [https://www.citizensinformation.ie/en/moving\\_country/moving\\_abroad/freedom\\_of\\_movement\\_within\\_the\\_eu/common\\_travel\\_area\\_between\\_ireland\\_and\\_the\\_uk.html](https://www.citizensinformation.ie/en/moving_country/moving_abroad/freedom_of_movement_within_the_eu/common_travel_area_between_ireland_and_the_uk.html) [accessed March 2020]

than 5 million people.<sup>73</sup> Yet just as Irish immigrants are among the most popular immigrant groups in the UK,<sup>74</sup> the number of New Zealanders in Australia has not dented the strength of the Australia-New Zealand relationship. In fact the latest Lowy Institute poll found that 59 per cent of Australians considered New Zealand to be Australia's best friend – higher than for any other country.<sup>75</sup>

The Common Travel Area that creates visa free travel between the UK and Ireland (as well as the Channel Islands) is set to remain in place post-Brexit, as are the complementary laws that allow citizens of each country to live and work across the area.<sup>76</sup> This was agreed with relative ease long before the EU withdrawal agreement.

The current free movement agreement between Australia and New Zealand is the Trans-Tasman Travel Arrangement. Signed in 1973, the TTTA grants Australian and New Zealand citizens the right to visit, live and work in either country indefinitely, without the need to seek prior authorisation.<sup>77</sup> As an informal agreement, the TTTA depends on the ongoing recognition and support of both national governments. This provides a level of flexibility and allows each nation

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**73** Australian Bureau of Statistics, Estimated resident population, Country of birth, State/territory by Reference period - as at 30 June, 1996 to 2016 - Census years, cat. no. 3412.0.

**74** YouGov, If voters designed a points-based immigration system, August 2016. Available at: <https://yougov.co.uk/topics/politics/articles-reports/2016/08/26/one-five-say-uk-should-not-admit-single-migrant-tu>

**75** Natasha Kassam, 'Lowy Institute Poll 2019', Lowy Institute, Sydney, June 2020, p. 11. Available at: <https://lowyinstitutepoll.lowyinstitute.org/>

**76** Colin Murray & Ben Warwick, 'What Brexit means for future of the Common Travel Area between Ireland and the UK,' *The Conversation*, 26 February 2019. Available at: <https://theconversation.com/what-brexit-means-for-future-of-the-common-travel-area-between-ireland-and-the-uk-112312>

**77** Susan Love and Michael Klappdor, 'New Zealanders in Australia: a quick guide', Parliamentary Library, p. 1.

to adjust the limits of the agreement as the need arises.

Both countries restrict entry for reasons of public safety and public health. There is nothing stopping countries from barring entry or deporting people with criminal convictions, for example. Due to changes over time, there are now significant differences in areas such as the level of access to welfare benefits.

Since 1994, New Zealanders arriving in Australia have been granted admission under the Special Category Visa (subclass 444). The SCV is classed as a temporary visa, and since 2001 all New Zealanders granted admission on SCVs have had limited access to Australia's welfare system. In contrast, Australians entering New Zealand are granted an Australian Resident Visa, which grants the same access to welfare services that all permanent residents in New Zealand receive.<sup>78</sup>

By allowing this flexibility, the TTTA helps preserve sovereignty. This is especially important for Australia, a country that has long understood the importance of strong border protection policies for maintaining public confidence in the immigration system. Former Prime Minister John Howard summarised the Australian government's position in 2001, saying "we will decide who comes to this country and the circumstances in which they come."<sup>79</sup> This statement would have been meaningless had the TTTA come at the cost of national sovereignty. It is a statement that can't credibly be made by any EU leader. Yet it is a statement that has retained its resonance in Australia for almost 20 years.

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**78** *Ibid.*, p. 1-2, 4-8.

**79** John Howard, 'Address at the Federal Liberal Party Campaign Launch', Sydney, 28 October 2001. Available at: <https://electionspeeches.moadoph.gov.au/speeches/2001-john-howard>

The inherent flexibility and the preservation of national sovereignty are two major differences between the TTTA and EU's freedom of movement policy. As was seen during former British Prime Minister David Cameron's attempt to renegotiate the terms of Britain's membership, and the negotiations following the referendum, the EU has demonstrated an unwillingness to allow national governments flexibility. During Cameron's renegotiation, Angela Merkel described EU freedom of movement as "non-negotiable"<sup>80</sup>, while the EU's response to the referendum was to state that "Access to the single market requires acceptance of all four freedoms."<sup>81</sup>

When combined with the strength of ties between the CANZUK countries, and the similar levels of economic development, this flexibility makes the TTTA an amply suitable model for both CANZUK and an Australia-UK agreement, which it's why it doesn't pose a threat to the sovereignty of the UK or any other country.

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**80** Peter Foster, 'EU freedom of movement non-negotiable, says Angela Merkel', *The Telegraph*, 15 October 2015. Available at: <https://www.telegraph.co.uk/news/worldnews/europe/germany/angela-merkel/11932797/EU-freedom-of-movement-non-negotiable-says-Angela-Merkel.html>

**81** BBC, 'Brexit: EU says no compromise on freedom of movement', BBC [Website], 29 June 2016. Available at: <https://www.bbc.com/news/world-europe-36659900>

# CONCLUSION

The British public's decision to leave the EU and reclaim their sovereignty has provided the UK with the opportunity to reimagine its role in the world.

It could become a global champion of free trade and the liberal values that underlie the rules-based international order. When the current pandemic ends, these values will need a champion more than ever.

As UK Trade Minister Liz Truss said upon the launch of the Australia-UK negotiations:

“One of the really important things we can do as we recover from coronavirus is fight the protectionist rhetoric and instincts of some nations, and this is another area where Australia and the UK are very, very aligned.”<sup>82</sup>

Australia stands ready to work with the UK to advance these values and to build on the already unique relationship both countries share. This should be centred around the following approach:

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**82** Bevan Shields, ‘This is a big moment’: UK trade secretary keen to revamp Australian work visas’, Sydney Morning Herald, 17 June 2020. Available at: <https://www.smh.com.au/world/europe/this-is-a-big-moment-uk-trade-secretary-keen-to-revamp-australian-work-visas-20200615-p552vx.html>

- The immediate priority should be a comprehensive free trade agreement that is based on principles of mutual recognition and which contains generous visa provisions that make it easier for Australian and UK citizens to live and work in each country.
- In the years to come Australia and the UK should build on this agreement so that it is comparable to the world-leading CER agreement between Australia and New Zealand.
- Just as the CER agreement is complemented by the Trans-Tasman Travel Arrangement (TTTA), an Australia-UK free trade agreement should eventually include immigration provisions of similar scope.
- As a first step towards easing immigration restrictions, the initial Australia-UK agreement should contain relaxed visa provisions that allow Australian and UK citizens to easily obtain visas when they have job offers. This should require minimal regulatory compliance and be simpler to get than the standard work visas in each country.
- The ultimate goal should be to use the CER-style agreement between Australia and the UK as the basis for an agreement between the four CANZUK countries of Canada, Australia, New Zealand and the UK.
- This CANZUK agreement should include a freedom of movement provision based on the TTTA; this has proven to be flexible and adaptable to the varying needs of both Australia and New Zealand. This flexibility will help preserve national sovereignty, and it makes the TTTA the ideal model for a CANZUK agreement.

The four CANZUK countries are united by a shared history, common values, and institutional ties of unparalleled strength. The creation of a CANZUK agreement would help create greater freedom, prosperity, and security across the world.