

OLD BLIGHTY LEAVES THE EU

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OPPORTUNITIES AND RISKS FOR THE TRANSPORT & LOGISTICS SECTOR

The trigger is pulled

At 2:39PM on the 29th of May, the British Prime Minister Theresa May pulled the trigger on Article 50 of the Lisbon Treaty, to officially untie Britain from the EU, the world's largest single market. What other country in history has wilfully introduced trade barriers against its biggest client and biggest supplier? International trade academics have called it madness, and it's hard to disagree.

Aside from the major trade implications, there are major practical implications for their local transport and logistics sector that present far larger and more immediate challenges. These include an incredible labour shortage where 290,940 EU workers are currently employed in the UK logistics sector, with 10% of heavy goods vehicle drivers and 23% of warehouse workers employed under EU work rights. Let's put trade talk aside for a moment. If these workers lose their right to work in the UK, then how will the Brits keep their trade moving, with or without trade agreements?

It gets more interesting. Currently UK registered vehicles can move freely between EU and member states. UK operators with a community licence can move freely across borders. Imagine if those movement rights were suddenly rescinded? The equivalent scenario is the establishment of a hard border between Victoria and New South Wales. Moreover, we will likely see the introduction of administrative formalities and new regulatory barriers to trade for all goods movements. Will we see catastrophic bottlenecks at Calais and other crossings? Only time will tell. The great British mantra 'keep calm and carry on' will come in handy right about now.

Freight Transport Association of the UK - the Manifesto

The Australian Peak Shippers Association (APSA), the peak body for Australia's shippers, recently presented at the Keep Britain Trading conference in London, representing the interests of Australian industry. Other speakers included the Rt. Hon. David Jones MP, the Minister

for State and the Department for Exiting the European Union and James Hookham, the Deputy CEO of the Freight Transport Association. The Freight Transport Association of the UK is leading the conversation with the British Government, producing the FTA Brexit Manifesto and encouraging a positive and constructive approach to the transition. The Manifesto points to a large number of EU privileges that need to be maintained in any future operating environment, including EU Competition Rules in Maritime Transport, EU Rail Policy, and Driver's Hours Rules. Lawmakers will be keen to maintain some of the existing EU rules when drafting the Great Repeal Bill.

Empire 2.0

Empire 2.0 is an unfair and derisive term that has been applied to the UK's post-Brexit trade aspirations. The UK has reached out to the Commonwealth countries, including Australia, and why wouldn't they? With a common language and strong cultural ties, it makes perfect sense. Culture and language are seriously underrated barriers to trade, as anyone trading with China and South East Asia will tell you. Aside from our shared history, in pure trade terms, the UK and Australia have been moving in opposite directions since 1973 and over the years, the Common Agricultural Policy (CAP) provided a major challenge to that

opportunity of a Mutual Recognition Agreement (MRA) between the UK and Australia under the Authorised Economic Operator (AEO) programme, which allows certain customs privileges for accredited importers, exporters and service providers. Whilst Australia's version of the AEO programme, the Australian Trusted Trader (ATT), has received a huge wave of support from industry, the AEO program in the UK probably needs an injection of activity before that proposal could bear fruits. Whilst a trade agreement may take years, an MRA between the two countries could potential happen much quicker.

Always look on the bright side of life

One important takeaway from the Keep Britain Trading Conference was the possibility of the UK securing new deals with the emerging powers in Asia (China, India, Japan), where the EU has spectacularly failed in securing Free Trade Agreements. While the EU may have been the world's largest single market, it could also be seen as one of the world's largest bureaucracies. And whilst Australia has forged ahead with trade agreements with China, Japan and the US, the EU (and its member nation, Britain) has been negotiating with the US unsuccessfully for 27 years (TTIP) and with China for over 10 years. Mobilising and harmonising the interests of the 28 member states of the EU may have been

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relationship. While the UK is still Australia's largest trading partner in the EU, it is not a major destination for Australian goods. Australia represents 0.5% of the UK's imports (36th), while Australia as a destination for UK exports represents only 1.2% (20th). In pure trade terms, we shouldn't be at the top of their friends list. But history counts for something.

While trade agreements are attractive and grab headlines, non-tariff barriers to trade (NTB) are of much bigger concern to Australian exporters. Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) have therefore made formal recommendations to the Australian Government in respect to the

a millstone around their necks, not the great economic liberator it was said to be. As a wise man once said, trade agreements are as hard or as difficult as you make them. Maybe this will be the opportunity the UK needs to break free and capitalise on the Asian Century, as Australia has done.

Travis Brooks-Garrett is partner in Freight & Trade Alliance. Freight & Trade Alliance and the Australian Peak Shippers Association (APSA) will be continuing to work with DFAT and our UK counterparts on closer trade relationships with the UK. If you would like to provide input into those discussions, email at secretarait@auspsa.com. mhd