Dear Mr Dawson,
Thank you for your contact regarding a submission for the inquiry being conducted by the JSCFADT's Trade Sub-Committee, in regards to Australia's trade and investment relationship with the United Kingdom (UK).
Thank you also for having read my 2016 article on Australia's trade with the European Union post-Brexit in The Conversation. I am author of numerous academic and practitioner articles in this field, and several books including the well-known 'Doing Business in Europe', Sage Publications, that is now coming into its third edition. I am also currently editing the 'Routledge Handbook on European Business' with my own contributions as well as those from other leading researchers in the field from around the world. The EU had distinguished me for my regionalization work via, inter alia, the Jean Monnet Chair (211-2014) that focused on third country trade and investment into the Single Market, and by my expert role at UNCTAD for its 2013 World Investment Report on Investment Trends and Flows. For more information, please see www.gabrielesuder.com .

My opinion as follows:

- *the nature of Australia's current trade and investment relationship with the UK*: The most interesting feature in this relationship, given context, is that Australian firms favour the UK due to institutional, historic and cultural proximity yet mainly use UK operations as a gateway into the Single Market. The scale and nature of the UK market is insufficient for Australian firms (versus trade and investment options in Asia) to remain attractive without this gateway function. The relocation also of some of the services industry that predominates the Australia- Europe/ UK flows, to other EU members, is preoccupying.
- *possible implications for Australia's trade and investment relationships with the UK and the European Union consequent to the UK's exit from the European Union*: BREXIT results in a complication for Australia's FTA objectives, that will result in two adverse effects, (1) the delay of an FTA with the UK and (2) an increase of potential complication for firms engaged into trade and investments with the UK or hoping to start operations in the UK in the near future. BREXIT will result in a multi-layeredness of potentially different tariffs, quotas, and non-tariff barrier reductions that can be expected to either divert trade and investment into other European countries – those that will remain in the EU or EU candidate countries-, or firms will choose to do work either with the UK or the EU instead of using the UK as a gateway into continental Europe, as they have traditionally, and thus will have to deal with reduced market access and scale.

  This will most likely result in return on investment issues, and a reduction of outward trade and investment with the UK, rather than the EU. In the next three – five years, SMEs in particular will divert or delay their commitment to the UK market and use modes for market entry that require less resourced (direct or indirect import, licensing, franchising) and grant more flexibility than they would do otherwise. Greenfield investments, FDI, can be expected to reduce or be diverted to other locations. This will have negative implications to economic growth implications stemming from bilateral trade.

- *barriers and impediments to trade and investment with the UK*: The disruptive event of BREXIT has set in motion the reconfiguration of the institutions serving to integrate the UK and EU economic relationships and can be expected to prompt organizational responses. International strategies are featuring multiple embeddedness, that can confront them with diverse and contradictory fields – in clear, there are other location and supply chain choices, and business does not like unpredictability, and will hence react accordingly. It is important to emphasize the country specific advantages that international business wishes to exploit. Barriers are tariff and non-tariff in nature, including a lack in the standardization of the recognition of professional qualifications of lawyers, accountants, engineers and others. Labour mobility, dispute settlement mechanisms, technical rules alignments, are just some examples that need attention. When solved, they allow for greater bilateral trade and investment with the UK, as reducing cost of doing abroad and increasing the attractiveness of this location choice.
- *opportunities to expand trade and investment links*: In higher education for example, increasingly include provisions to reduce administrative, transaction and compliance costs in addition to barrier-free trade, the recognition of diplomas and education standards (important for service provision as much as mobility), intellectual property rights and competition policies, including procurement rules, dispute settlement mechanisms, access to funding (think: ERASMUS +), the simplification of investment into physical and online ventures, the abolition of restrictions on repatriation of earnings, capital, fees or royalties, and more.
  The simplicity or abolition of visa constraints would be very important for students, academics and professional staff, enhances recruitment and mobility opportunity, reduces cost and allows talent to travel and get established. For researchers, ease of mobility consequently helps accelerate research output and increases productivity and employability potential, as well as university's research ranking and income, often jointly with partner institutions.
  Also, the removal of regulatory barriers for the delivery of education and training services by education providers abroad deserves attention. This includes, inter alia, regulatory conditions for staff to work on offshore campus for long- or short-term assignments, encompassing favourable provisions for salary provisions, revenue repatriation, and staff's social security and retirement conditions, as partly in the European Union.
- *the merits and risks of a possible bilateral free trade agreement with the UK, and potential features of such an agreement*: As there is a variety of forms of market integration and FTA provisions, in scale and scope, the merits and risks need to be identified as per scenario. Given the shift of the Australian economy towards the services sector, and the importance of services in Australia' s trade, corporate internationalization as well as global value chain participation for Australian multinationals needs to be taken into account.
- *the role of Australian governments (State, Territory and Federal) in identifying trade and investment opportunities in the UK, and assisting*

Australian exporters to access these opportunities; This role is crucial, as firms systematically look for governmental and other support to work through the complexity of FTA arrangements. A digital solutions, developed together with relevant practitioners, as existent in the EU, would be one useful tool here, also –along the previous 'EuroInfoCentre' – model- information and communication policies that help translate FTA provisions into reality for SMEs will be most helpful. Also, broad public communication about access to firms to the FTAs that Australia has signed, and about the benefits to the broader society (a tool for economic and geopolitical stability; benefits in consumer choice, counterbalancing growing populism; benefits through 'insidership' as opposed to outsider ship of trade arrangement sand thus, preferential conditions).

I would be delighted to elaborate these matters further if suitable, and can be reached best via the following email address in the next weeks:

Yours sincerely
Prof Gabriele Suder