
Royal Institute of British Architects response to Department for International Trade consultation: Trade negotiations with Australia

The Royal Institute of British Architects (RIBA) is a global professional membership body that serves its members and society in order to deliver better buildings and places, stronger communities and a sustainable environment. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

The RIBA welcomes this consultation. British architecture is a global success story – at nearly £500 million last year, UK architects' revenue from international work far exceeds that of architects in any other European country, with the majority of exports going to countries outside the EU.

As the UK negotiates a new relationship with the rest of the world, one in five architects plans to respond to Brexit by exporting more overseas – opening new markets via trade agreements is critical. There are deep cultural and business links between Britain and Australia which make it an attractive prospect for a trade agreement, as well as existing cooperation between British and Australian architects that a free trade agreement should build upon.

In December 2017, the RIBA published [Global Talent, Global Reach](#), a major new economic analysis of how architecture contributes to the UK economy through exports, and estimate the impact on the sector of Brexit.

In June 2018, the RIBA published [Boosting Britain's architectural exports](#), a policy note with 10 recommendations to Government, drawing on feedback from RIBA members across the country, that would create the right circumstances for small to medium sized practices to seek international opportunities.

Not all parts of the consultation are relevant to the work of the RIBA; our response focuses on those questions of relevance to our work.

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What existing UK government or regional / business group-led initiatives, if any, have your members said support them in doing business with Australia?

The RIBA cooperates with its Australian counterpart, the Royal Australian Institute of Architects, both bilaterally and through the Commonwealth Architects Association (CAA) and International Union of Architects (UIA). The CAA and UIA promote international cooperation between member associations for the advancement of architecture and supports the sharing of built environment knowledge in member countries through a network of professionals.

The RIBA has also worked with the DIT (formerly UKTI) to arrange activities such as trade visits, networking receptions and one-to-one business matchmaking appointments, and has collaborated on trade missions to Australia in the past.

Both Australia and the UK are members of the International Organisation for Standardisation, via Standards Australia and the British Standards Institute respectively, which supports international trade in the wider construction sector through promoting high and common standards. Common product standards reduce barriers to overseas competition in the construction sector and facilitate the entry of new participants into the market – a free trade agreement represents an opportunity to strengthen and deepen bilateral cooperation in this area.

What would your organisation want the UK government to achieve through a free trade agreement (or related trade talks) with Australia?

Tariffs

While tariff barriers primarily affect goods trade and are not directly pertinent to architecture as a professional business service, tariffs on construction products have an impact on the wider construction and engineering sector by increasing the cost of development. A free trade agreement offers an opportunity to support the wider sector and reduce costs to business through tariff reduction on construction products.

We also observe that UK architects often specify UK construction products when working in overseas markets – architecture therefore acts as an export multiplier, creating opportunity for British product manufacturers and providers elsewhere in the construction value chain. Removing barriers to British architects specifying these products through tariff reduction will support this multiplier effect.

Products Standards, Regulation and Certification

A bilateral free trade agreement between the UK and Australia offers an opportunity to expand cooperation on standards and regulation. As outlined above, the UK and Australia cooperate on standards through membership of the International Organisation for Standardisation and the respective architectural professions cooperate bilaterally on professional standards and regulation.

While full regulatory harmonisation is difficult to achieve, a free trade agreement can be used to further promote best practice in construction product standards and regulation, and reduce trade barriers from divergent regulation.

Services Trade

The UK is the second-largest provider of services imports into Australia behind the United States. At present Australia is a relatively small market for UK architectural exports although the potential exists for significant growth if a deep services trade agreement can be concluded. The relatively high openness of the UK and Australian services market provide a good starting point for a free trade agreement focused on removing barriers to mutual market access.

For professional business services like architecture, a lack of a services trade agreement between two countries acts as a suppressor on bilateral trade; economic analysis of OECD trade data in the RIBA's report *Global Talent, Global Reach* shows that services trade agreements can potentially boost trade between countries by around 36%. For architecture the most significant non-tariff barrier to trade is a lack of mutual recognition of professional qualifications; 59% of our members believe this is a top priority for boosting trade in architecture.

Mutual recognition agreements enable professionals in participating countries to practice outside their own country without taking additional exams or professional training. Mutual recognition of professional qualifications supports UK practices to compete internationally for the best talent and plays an important part in the contribution of the sector to the UK economy, while also removing a barrier for architects seeking to work overseas in another jurisdiction. However, while the recognition of overseas qualifications was previously at the discretion of the Board of Architectural Education (abolished in 1997), at present the UK has no mutual recognition agreement with any state beyond the EU – UK architects wishing to work in Australia must therefore go through a costly and bureaucratic process of registration, and sometimes requalification, locally in order to practice or use the title 'architect.' This adds additional regulatory burdens for British architects seeking to work in Australia and for Australian architects looking to bring their skills to British practices.

We believe that any trade deal with Australia should include an agreement for the mutual recognition of professional qualifications, which will enable

easier access to those markets for UK qualified architects, while also ensuring that the UK sector has access to global talent. The RIBA has had positive engagement with the RIAA on mutual recognition, however, we need the respective Governments to agree to pursue this further, either via a trade agreement or by allowing regulators to open discussions.

Competition

Besides barriers to the movement of people, barriers to competition are one of the most significant barriers to trade affecting architectural services. These barriers are not currently significant in Australia – according to RIBA's research report Global Talent, Global Reach, Australia is among the least restrictive OECD economies to trade in architectural services, with an STRI weighting of 0.15 (with 0 indicating a totally free economy and 1 indicating a totally closed economy) for the sector. The UK is similarly open, with an STRI weighting of 0.27 for the sector.

A free trade agreement offers an opportunity to build on this relatively high level of openness and further reduce barriers to foreign competition, for instance through securing a mutual recognition agreement for professional qualifications to ensure that UK-trained architects can compete on equal terms in Australia and vice versa.

Public Procurement

Public contracts are a significant potential source of business for RIBA members and for the wider UK construction sector. RIBA members have had success winning public contracts for delivering infrastructure projects in Australia – for example RIBA Chartered Practice Grimshaw Architects designed the redeveloped Melbourne Southern Cross railway station, RIBA Chartered Practice John McAslan + Partners is delivering the Sydney Metro upgrade to Central Station and RIBA Chartered Practices Weston Williamson + Partners is designing new metro stations in Melbourne.

However, the UK does not enjoy the same level of access to procurement markets that signatories to free trade agreements with Australia enjoy. While Australia is negotiating to join the WTO's Government Procurement Agreement (GPA) in 2015 and Britain intends to join this as an independent state after Brexit, membership of the WTO GPA would not give UK practices the same level of access to procurement markets that it could obtain via a free trade agreement with Australia.

We would support and encourage the UK government to ensure that any free trade agreement it negotiates with Australia opens access to public procurement markets and aims for a similar level of access that other countries with which Australia has free trade agreements enjoy.

Investment

The current arrangements investment between Australia and the UK are under World Trade Organisation rules; both countries offer more favourable arrangements for countries with free trade agreements and an FTA offers the opportunity to reach more favourable terms.

Australia is a major source of infrastructure investment into the UK, stimulating growth in the construction and engineering sectors and creating opportunities for British architectural practices. For example, Australia's Future Fund holds a major equity stake in Gatwick Airport and AustralianSuper holds a major stake in the King's Cross development in London.

The UK does not have the same freedom for investment as other countries have been afforded to other countries into Australia via free trade agreements. Currently, the Australian Foreign Investment Review Board (FRIB) must review any investment into Australia from the UK over \$250m, whereas investment from countries such as China or Japan who have FTAs with Australia only triggers review above \$1.1bn.

Concluding a trade agreement with Australia on similar terms will provide further opportunities for the wider British construction sector to invest in Australia and further reduce barriers to Australian investment in the UK. This will reduce the cost and complexity of trade and investment for British firms in Australia and for Australian firms in the UK, generating further export opportunities in the construction sector.

Social, Labour and Environment

Despite its open economy, Australia is a relatively difficult country to enter for work purposes. RIBA members working on projects in Australia have reported that the process for obtaining visas for staff is arduous and bureaucratic, with it frequently taking 2-3 months to get visas approved. This adds delays to projects and increases costs; addressing issues like this would remove a significant barrier to services trade and support professional business services like architecture to do business more efficiently and effectively in Australia.

The UK should look for opportunities to include work visa quotas in a trade agreement with Australia to ensure that restrictions on the movement of people are addressed and to support UK architects and other service sector professionals to work there. A number of bilateral trade agreements already include work visa quotas (e.g. between the USA and Australia) and these have helped to boost services trade by removing barriers. RIBA's research report Global Talent, Global Reach demonstrates how nearly three-quarters of the barriers to trade in architectural services relate to restrictions on foreign entry and particularly the movement of people – addressing these barriers will support trade and also increase the pool of talented architectural staff British practices can benefit from.

In addition to restrictions on entry, there are also challenges in recognition of architectural qualifications between the UK and Australia, despite the

level of similarity in architectural education systems. RIBA members and UK-registered architects working in Australia are not allowed to trade under the title 'architect' unless they go through complex process of validation – and in many cases requalification. This has added further complications for RIBA Chartered Practices looking to work in Australia. For that reason, we believe that any trade agreement with Australia must include an agreement on mutual recognition of professional qualifications for architects and other professionals; either as part of a trade deal or as a separate regulator-to-regulator agreement.

Trade Remedies and Dispute Settlement

Architects working internationally often face additional barriers from contract requirements such as performance bonds or onerous insurance requirements, and late or non-payment of invoices. These challenges can act as a significant disincentive for architects to practice in overseas markets and lead to added costs when they do.

We do not believe these issues are particularly acute in Australia relative to many other markets where our members do significant work, however in general we believe the DIT must do more to support architectural exporters with dispute resolution, support over non-payment and practical support in navigating local regulatory systems. The Department for International Trade has a strong global presence in 108 countries around the world through British embassies and consulates and is well-placed to provide this further in-country support. The DIT should ensure it has the right understanding and skills in-country to support creative services professionals like architects.

Small and Medium Size Enterprises (SME) Policy

At present, propensity to export in the architecture sector varies greatly by size. For the largest practices with the greatest revenue, over 70% of their revenue comes from international projects; for smaller and medium-sized practices it is less than 10%. There is a clear appetite among the sector to expand internationally – 1 in 5 architects we surveyed told us that they plan to respond to Brexit in part by exporting more of their services overseas. Supporting more small and medium-sized practices to take the first steps to international expansion is therefore a vital objective for the sector from any trade negotiation.

Feedback from our members indicates that the costs associated with working internationally can be a significant barrier for small practices – while larger and better-resourced practices can absorb the costs associated with visa applications, obtaining local recognition of their qualifications and other fixed costs, for smaller practices these are often insurmountable. We therefore recommend that any free trade agreement between the UK and Australia looks to address these costs through, in particular, achieving mutual recognition of professional qualifications and reducing the cost of obtaining work visas, the costs of which can be

significant for small practices.

Is there anything else that your organisation would want to say about the UK's future trade relationship with Australia?

At present, Australia is among the smaller markets for UK architectural services, although the potential exists for significant growth. In 2017, revenue earned by RIBA Chartered Practices from work in Australasia came to £11 million, which is 2% of the sector's total international revenue; the absence of a free trade in services agreement acts as a suppressor on bilateral trade, in addition to other non-tariff barriers such as the lack of reciprocal recognition of architects' professional qualifications.

There are significant market opportunities for UK architecture in Australia if a mutual recognition agreement can be struck, enabling easier access to the market for UK architects and allowing Australian architects to work in the UK. These agreements can be concluded quickly ahead of a more comprehensive trade agreement – both Australia and New Zealand concluded a mutual recognition agreement with the USA for architects' professional qualifications in 2016, underlining the opportunity for the UK to negotiate bilateral agreements with each of these countries.