

RIBA Response:

International Trade Committee - UK Trade Negotiations

The Royal Institute of British Architects champions better buildings, stronger communities and higher environmental standards through the practice of architecture and our 40,000 members. 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 inquiry. British architecture is a global success story – at £625 million in 2019, 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 – opening new markets via trade agreements is critical. This response will focus on the potential opportunities and risks for a trade deal with Australia and New Zealand.

There are deep cultural and business links between Britain, Australia and New Zealand which make them attractive prospects for trade agreements, as well as existing cooperation between British, Australian and New Zealand architects that a free trade agreements (FTA) should build upon.

This submission builds upon previous evidence given to the Committee.

Australia and New Zealand provide opportunities for UK architects to grow exports to these markets

At present, Australia and New Zealand are among the smaller markets for UK architectural services, although the potential exists for significant growth and the region is one of the RIBA's priorities for the growth of architectural exports.

In 2019, RIBA Chartered Practices earned £13 million (2% of international revenue) from Australasia, compared to:

- Asia (28% of international revenue)
- The EU (23%)
- Middle East (21%)
- North America (17%)

But, there are significant market opportunities for UK architecture in Australia and New Zealand if a services trade agreement can be struck – the relatively high openness of the UK and Australasian services markets provide a good starting point for a free trade agreement focused on removing barriers to mutual market access.

There are deep cultural and business links, and existing cooperation, between Britain, Australia and New Zealand which also make them attractive prospects for trade deals.

RIBA members have had success winning contracts for delivering significant, high-profile, 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
- RIBA Chartered Practices Weston Williamson + Partners is designing new metro stations in Melbourne

Trade deals with Australia and New Zealand could strengthen this work further and grow these markets. This would be beneficial for the architecture sector.

There are significant potential benefits for UK architectural services if an FTA can be concluded that includes a deep services agreement, focused on removing behind-the-border barriers to trade – a goods-only agreement will have little benefit to the sector.

For professional business services like architecture, a lack of a services trade agreement between the UK and Australasia acts as a suppressor on bilateral trade; our economic analysis of OECD trade data in our report Global Talent, Global Reach shows that services trade agreements can potentially boost trade between countries by around 36%.

FTAs with Australia and New Zealand must address key issues currently facing the architecture sector

Mutual Recognition of Professional Qualifications (MRPQ)

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.

UK architects wishing to work in Australia or New Zealand must 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 or New Zealand and for these architects looking to bring their skills to British practices, with a significant investment of time and money often required to overcome this barrier.

These barriers are particularly pronounced for smaller practices, who are less able to bear the additional cost and administration burdens associated with overcoming these barriers. 85% of architectural practices employ fewer than 10 people; at present, propensity to export in the architecture sector varies greatly by size.

The RIBA has recommended that the Government make the necessary legislative changes to allow the Architects Registration Board to negotiate and implement new mutual recognition agreements and instruct them to begin talks with priority markets including Australia and New Zealand.

The RIBA has had positive engagement with its counterparts in the Australian Institute of Architects and New Zealand Institute of Architects 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.

The RIBA was pleased to see that in the strategic approaches to negotiations with Australia and New Zealand that the Government is hoping to achieve MRPQ and is looking to enhancing business travel. For the RIBA, any trade deal with Australia and New Zealand must include MRPQs and enhanced business travel.

Visas and movement of people

MRPQ is a key issue for the architecture sector, but this needs to be supported by enhanced business travel. It is important for architects to have their qualification recognised, but it is also imperative that architects coming from the UK to Australia are not subject to extensive and costly delays when gaining a work visa.

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.

Under several of its existing free trade agreements – for example its FTA with China – New Zealand provides expedited visa processing for business travellers, making temporary entry far easier and more reliable and helping to reduce costs for services trade. Under the Trans-Tasman Agreement, New Zealand and Australian citizens can live and work freely in each other's country with no visa requirements.

RIBA has recommended that the UK should look for opportunities to include similar provisions such as work visa quotas in a trade agreement with Australia and New Zealand, 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.

Accessing talent is key for the architecture sector

The UK architecture sector succeeds because of its ability to trade in goods and services and recruit international talent. One in four architects currently working in the UK are non-UK nationals; 80% of international architects are from the EU. However, since the referendum there has been a drop-off in registrations from EU architects, the RIBA is concerned about the impact of this on recruitment. 86% of architects think that access to international talent is critical to the sector. It is also unclear how coronavirus will impact on the ability to recruit international talent within the sector.

An employer may seek to recruit an international architect for several reasons, including a scarcity of applicants with specialities, and the requirement for soft skills, such as language and international market knowledge.

Regional architecture practices find it more difficult to recruit. This is for several reasons, including: talent is drawn to cities where salaries are higher, applicants do not want to relocate for work and an insufficient pipeline of talent due to a lack of local universities with architecture courses.

It takes at least seven years to qualify as an architect in the UK. The lack of different routes to registration, and length of time it takes to train new domestic talent, means the skills pipeline doesn't necessarily reflect current demand.

We currently do not know the full extent of the impact of the UK leaving the EU, and the impact of coronavirus, on architectural talent. This is why it is crucial that a trade deal with Australia and New Zealand include MRPQs and provisions to enhance the movement of businesspeople to help ensure the UK has the international talent it requires. New trade deals provide the opportunity for open new markets for talented architects to come to the UK.

Mutual recognition agreements can be brokered before a trade deal is concluded

There is an existing network of mutual recognition agreements – both Australia and New Zealand concluded a mutual recognition agreement with the USA for architects' professional qualifications in 2016, and Canada has had a similar agreement with the USA since 2014 – which can serve as a model for the UK in negotiating and concluding similar commitments. These agreements can be concluded quickly ahead of a larger free trade agreement, and we would therefore recommend the Government prioritises concluding new mutual recognition agreements as separate bilateral, regulator-to-regulator agreements.

Public procurement

The UK does not enjoy the same level of access to procurement markets that signatories to free trade agreements with Australasia enjoy. Under New Zealand's trade agreements with Korea and Hong Kong, for example, most government contracts are offered on a non-discriminatory basis. While Britain will 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 and New Zealand.

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

Investment

The UK does not have the same freedom for investment in Australia, as other countries have been afforded via free trade agreements. Currently, the Australian Foreign Investment Review Board 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 and New Zealand provides further opportunities for the wider British construction sector to invest in these countries and further reduce barriers to investment in the UK. This will reduce the cost and complexity of trade and investment for British firms in Australia and New Zealand, and vice versa, generating further export opportunities in the construction sector.

Construction products

While tariff barriers and other barriers to the export of construction products 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 UK construction 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.