Department for Business & Trade

UK FTA Monitoring Report

Final report

29 January 2026

Contents

Introduction

Background

This monitoring report provides a structured overview of the implementation and utilisation of the UK's free trade agreements (FTAs) with Australia, New Zealand and Japan. It looks at the first two years since entry-into-force (EIF) for the agreements with Australia and New Zealand and the first four years since EIF of the Japan Comprehensive Economic Partnership Agreement (CEPA). It meets the commitment, as set out in the respective Impact Assessments for these agreements, to publish monitoring results that show how they are operating in practice. In publishing this report, the government reaffirms its commitment to transparency and accountability and to evidence-led trade policy, as set out in the Trade Strategy.

Report scope, purpose and data sources

Monitoring is distinct from evaluation in both scope and purpose. Monitoring of FTAs in their early years focuses on their implementation and general functioning (for example, how their provisions and institutional mechanisms are operating in practice) and on gathering early insights on uptake among businesses. It does not attempt robust assessment of the medium- to long-term impact and effectiveness of FTAs. That is the purpose of evaluation conducted in an FTA's later years and is therefore beyond the scope of this report.

This report draws on a combination of UK national statistics, international trade data, and customs administrative data. All figures are non-seasonally adjusted and presented in current prices. Data should be interpreted in light of seasonal variations and global economic conditions. All statistics are up to date as of the 22nd January 2026. Further information on data sources used and analytical caveats are in the Technical Annex.

Trade flows are inherently volatile in the short term and influenced by commercial, seasonal, and macroeconomic factors and the impacts of FTAs can take time to materialise. As such, this report focuses on implementation indicators rather than attempting to robustly determine the FTAs' effects on trade flows. The findings of this report will inform the design of future evaluations.

Executive summary

Since the UK-Australia FTA entered into force on 31st May 2023:

- UK-Australia trade has outpaced total trade with the world, up **14.3%** in the 12 months to June 2025 when compared to the 12 months to June 2023 while UK total trade with the world increased just **0.02%**

- UK exports of services to Australia have been particularly strong **(+25.3%)** in the 12 months to June 2025 when compared to the 12 months to June 2023, led by substantial increases in exports of other business services **(+41.7%)** and financial services **(+55.2%)**

- goods exports to Australia, excluding unspecified goods, have fallen **(-16.3%)** in the 12 months to June 2025 when compared to the 12 months to June 2023 while goods imports from Australia have also decreased **(-4.8%)**, but by less than imports from the world **(-7.0%)**

- imports of beef from Australia are still a small proportion of total UK beef imports in the 12 months to May 2025 when compared to the 12 months to May 2023 – comparable to 2012 to 2016 levels – but have increased in the 12 months to May compared to the 12 months pre-EIF (rising from **700 to 7,200 metric tonnes**), with this increase partially offset by decreased imports from the EU

- between June 2023 and December 2024 **65.9%** of eligible UK exports to Australia and **77.3%** of eligible imports from Australia utilised the FTA's preferential tariffs, equivalent to estimated tariff savings of **£89 million** on UK exports and **£139 million** on UK imports

Since the UK-New Zealand FTA entered into force on 31st May 2023:

- UK-New Zealand trade has grown **(+19.7%)** in the 12 months to June 2025 when compared to the 12 months to June 2023, while total trade with the world grew **0.02%**, however the increase since 2018 (pre-COVID-19) is less than the growth in the UK's trade with the world

- UK export growth has been driven by large increases in UK services exports to New Zealand **(+42.7%)** in the 12 months to June 2025 when compared to the 12 months to June 2023, mostly driven by growth in other business services **(+200.0%)** and travel services **(+34.0%)**

- goods exports excluding unspecified goods have fallen **(-29.2%)** in the 12 months to June 2025 when compared to the 12 months to June 2023, and are still lower than 2018 levels **(-13.6%)**, while goods imports from New Zealand have increased **(+23.4%)**, driven by imports of food & live animals[1]

- imports of sheepmeat in the 12 months to May 2025 when compared to the 12 months to May 2023 have increased from **26,800 to 40,900** tonnes, however imports are still below 2018 levels and have been below the 90% quota fill rate necessary to use preferential quotas for 2023, 2024 and 2025

[1] This refers to the SITC 1-digit sector, imports of live animals at the 2-digit level were less than 0.01% of these imports in the 12 months to June 2025.

- between EIF and December 2024, **80.7%** of eligible UK exports to New Zealand and **82.6%** of eligible imports from New Zealand utilised the FTA's reduced tariffs, equivalent to estimated tariff savings of **£9.3 million** on UK exports and **£67** million on UK imports

Since the UK-Japan CEPA entered into force on 1st January 2021:

- in the 12 months to June 2025 when compared to 2018 UK total trade with Japan has increased **(+13.0%)**, but lags UK trade with the world over the same period **(+31.7%)**
- UK services exports to Japan have grown since 2018 **(+30.2%)** but are behind UK-world growth **(+63.5%)** over the same period
- goods exports to Japan, excluding unspecified goods, have increased since 2018 **(+5.8%)** mirroring an increase in goods exports to the world **(+6.9%)**. The largest increases in goods exports to Japan were in chemicals **(+37.8%)**, material manufactures **(+43.2%)** and crude materials **(+211.5%)**
- between 2022 and 2023, **63.0%** of eligible UK exports to Japan utilised preferential tariff rates, resulting in estimated duty savings of **£58 million**. Between 2023 and 2024, **73.9%** of eligible UK imports from Japan utilised preferential tariff rates, resulting in significant estimated duty savings of **£311 million**

For more detailed findings on each FTA see the key messages in sections A, B and C.

A. The UK-Australia FTA after two years

Key messages

- **Total trade growth with Australia outpaces UK-world trade in current prices:** UK-Australia trade increased by **14.3% (up £2.8 billion)** in the 12 months to June 2025 compared to the 12 months pre-EIF of the FTA, while UK trade with the world increased by just **0.02%**. Since 2018, trade with Australia has grown **38.4%**, exceeding the **31.7%** growth in UK-world trade.

- **UK services exports to Australia have been particularly strong:** Exports of services were **25.3%** higher in the 12 months to June 2025 than in the 12 months pre-EIF, driven by exports of financial services and other business services increasing notably since EIF (**+55.2%** and **+41.7%** respectively).

- **UK services imports from Australia have also increased:** Imports were **23.2%** higher in the 12 months to June 2025 than in the 12 months pre-EIF, compared with a more modest increase in service imports from the world **(+15.7%)**. Key sectoral drivers include travel services **(+56.7%)**, other business services **(+12.6%)** and telecommunications, computers and information services **(+110.7%)** when compared to the 12 months pre-EIF.

- **Goods exports to Australia have decreased, mirroring UK goods exports to the world:** UK goods exports to Australia (excl. unspecified goods) declined by **16.3% (down £839 million)** in the 12 months to June 2025 compared to the 12 months pre-EIF, compared with a slightly smaller decline of **8.4%** in UK-world goods exports. Despite that, exports of some sectors like food & live animals and fuels grew.

- **Goods imports from Australia are slightly stronger than goods imports from the world:** Imports from Australia (excl. unspecified goods) declined by **4.8% (down £93 million)** in the 12 months to June 2025 when compared to EIF, over the same period imports from the world fell **7.0%.**

- **Australian-origin beef imports as a share of all UK beef imports have increased slightly:** Australian-origin beef imports still only comprise **2.5%,** up from **0.3%** in the 12 months pre-EIF, with increases partially offset by decreased imports from the EU. Total UK imports of beef are only slightly higher than in the 12 months pre-EIF **(+3.4%)** and lower than their 2018 volume **(-17.4%)**.

- **Business participation in trade with Australia has dropped slightly since 2022:** The number of UK businesses exporting goods to Australia slightly decreased (with regional variations) by **7.3%** in 2024 to **just under 15,000**, a slightly greater fall than for UK businesses exporting goods to the world **(-3.5%)**; the number of importers remained largely stable at just under 250.

- **High utilisation of preferential tariffs:** Since EIF, **65.9%** of eligible UK exports to Australia and **77.3%** of eligible UK imports from Australia utilised the FTAs preferential tariffs, equivalent to estimated duty savings of **£89 million** on exports and **£139 million** on imports.

1. Introduction

The UK-Australia Free Trade Agreement (UK-AUS FTA) is a deep and comprehensive FTA. It entered into force on 31st May 2023. It is expected to bring long-term economic benefits for both the UK and Australia, support UK jobs and provide opportunities for growth in all sectors around the UK.

The FTA has a comprehensive set of chapters, which include a broad range of provisions aimed at improving and stabilising the trading environment. The UK-Australia FTA removes tariffs on all UK exports, with some phased reductions. It also includes provisions covering public procurement, services, digital trade, and labour rights, with safeguards and phased liberalisation for sensitive UK sectors. It also includes the UK's first chapter on innovation. For a chapter-by-chapter explanation, see here: https://www.gov.uk/government/publications/uk-australia-fta-summary-of-chapters/uk-australia-free-trade-agreement-chapter-explainers

Benefits for businesses and consumers of the UK-Australia Free Trade Agreement include:

- **unprecedented access for British services and investors:** UK services suppliers will be able to compete in the Australian market on a guaranteed equal footing. This could increase exports of UK services to Australia, worth £5 billion in 2020.

- **better business travel for British professionals:** For the first time UK service suppliers will have access to visas to work in Australia without being subject to Australia's changing skilled occupation list. This is more than Australia has ever offered any other country in an FTA.

- **tariff-free trade for British exports:** The deal removes tariffs on all UK exports to Australia, making it cheaper to sell iconic products like cars, Scotch whisky and UK fashion. Flexible rules of origin mean that UK businesses can use some imported parts and ingredients and still qualify for the new 0% tariffs when exporting to Australia.

- **easier for young UK citizens to travel and work in Australia:** As part of the overall mobility package, Brits aged 18 to 35 will be able to travel and work in Australia with a Working Holiday Maker Visa for up to 3 years. Young people will no longer have to work in a regional area to use this visa to live and work in Australia.

- **lower prices for British shoppers and manufacturers:** The removal of UK tariffs on Australian favourites like Jacob's Creek and Hardys wines and Tim Tams will boost choice for British consumers.

- **slashing red tape for small businesses:** The deal cuts red tape currently faced by more than 13,000 SMEs across the UK who already export goods to Australia. SMEs from all sectors and regions will benefit from the use of modern digitised trading systems and digital documents, saving time and money.

- **access to billions of pounds worth of government contracts:** British companies will now be able to bid for Australian government contracts worth around £10 billion per year on an equal footing with Australian companies. It is the most substantial level of access Australia has ever granted in a free trade agreement.

For more detailed benefits, see here: UK-Australia FTA: benefits for the UK - GOV.UK.

Case Study A1: MHS

MHS is a Belfast-based company focused on transforming and rehabilitation in the justice sector. Its entry into the Australian market is marked by strategic synergy, utilising a shared language and business culture to streamline interactions and adapt swiftly. The free trade agreement has also proven pivotal, breaking down barriers and unlocking digital commerce opportunities across various sectors.

The monitoring results set out below should be interpreted in light of macroeconomic factors that have impacted world trade, notably:

- stockpiling of goods in 2019 prior to the UK's exit from the European Union
- the COVID-19 pandemic and subsequent lockdowns in the UK and Australia, restricting the movement of goods and services
- the war in Ukraine, and inflation caused by higher commodity prices and indirectly through increased unit costs[2]
- the pound's appreciation against the Australian dollar by 11.5% between the 12 months to May 2023 compared to the year to end May 2025 making UK exports comparatively more expensive and Australian imports comparatively cheaper

Due to the continued impact of COVID-19 restrictions in 2022, two baselines are used for comparison:

- The **12 months to May 2023** (or 12 months to June 2023, when using quarterly data)
- The **calendar year 2018**, as the pre-COVID baseline advised by the Office for National Statistics (ONS)

Comparisons are made from the 12 months to May 2025 (or 12 months to June 2025, when using quarterly data) for consistency and to account for seasonal variations. World totals will not match those published in DBT's other statistical publications: for more details see Annex 2 in the Technical Annex.

[2] NIESR, The Economic Consequences of the Ukraine War for UK Household Incomes, May 2022

2. Total trade under the UK-Australia FTA

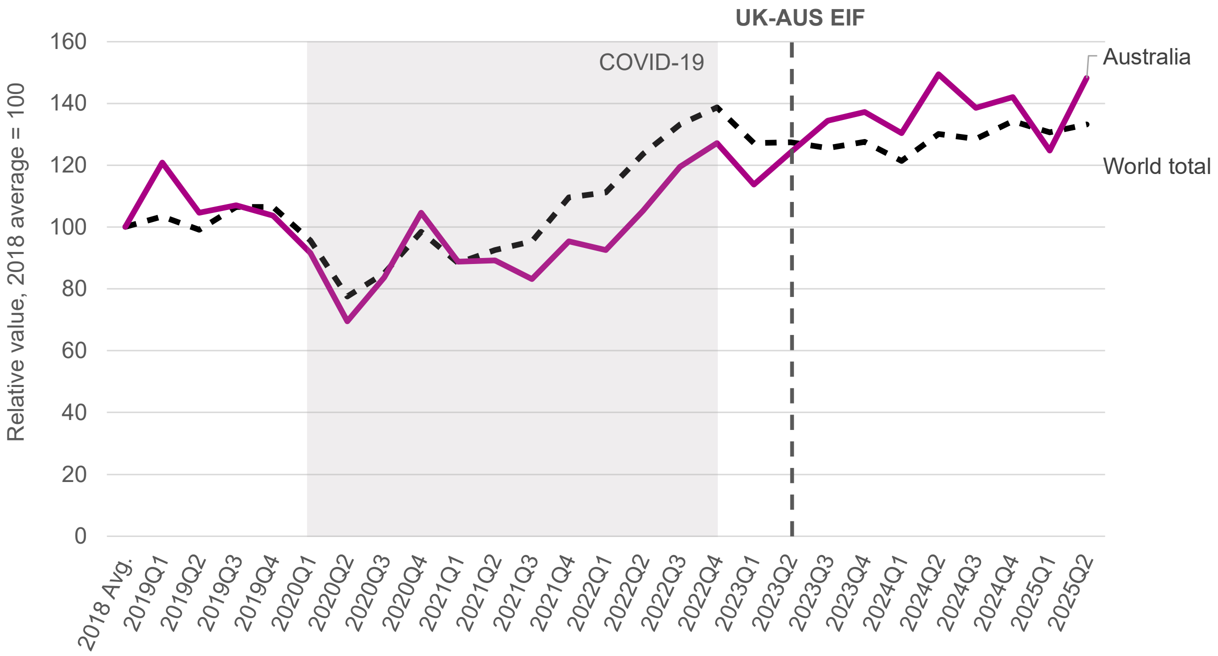
Total trade with Australia has been **consistently higher than the pre-FTA period and pre-COVID levels in current prices**. As shown in Figure 1, in the 12 months to June 2025 (compared with the 12 months pre-EIF), UK-Australia trade rose **14.3% (up £2.8 billion)**, while UK trade with the world increased by only **0.02%**. Compared to 2018 (i.e. pre-COVID levels), UK-Australia trade grew **38.4% (up £6.3bn)**, outpacing the **31.7%** growth in the UK's trade with the world.

Australia was the UK's 21st largest trading partner in the 12 months to June 2025, the same as in the 12 months to June 2023. Total trade with Australia reached **£22.6 billion** accounting for **1.2%** of total UK trade.

UK trade composition with Australia has shifted toward services since EIF. Services now comprise **69.2%** of UK trade with Australia compared with **63.4%** in the 12 months pre-EIF **(+5.8 percentage points)**. This aligns with the wider UK-world trends toward services trade (**+6.2 percentage point** shift to **46.7%** of UK-world trade).

Figure 1: The growth rate of UK total trade with Australia has exceeded growth rate of total trade with the world since EIF and since 2018

Quarterly total trade (exports plus imports) with Australia, 2018 to 2025 Q2



Description of Figure 1: Indexed line chart comparing relative value of total UK trade with Australia and total UK trade with the world, where 2018 average = 100 for both series. Both series increase gradually prior to entry into force, following a low point in Q2 2020, with trade with the world outpacing trade with Australia during COVID-19. Following entry into force in May 2023, UK-Australia trade outpaces trade with the world. UK-Australia trade continues to grow to a relative value of 148 in Q2 2025, compared to 133 for UK trade with the world which remains stable post-entry into force.

Source: *ONS UK total trade: all countries, non-seasonally adjusted, April to June 2025*

3. Trade in services and investment under the UK-Australia FTA

3.1 Trade in services – exports to Australia

UK **services exports to Australia have been particularly strong since EIF.** In the 12 months to June 2025 (compared with the 12 months pre-EIF) they rose by **25.3% (up £2.3 billion)**, outpacing the **15.0%** increase in UK services exports to the world in the same period.

In the 12 months to June 2025 compared to 12 months pre-EIF, growth in UK services exports to Australia was primarily driven by:

- Other business services: **+41.7% (up £1.0 billion)**
- Financial services: **+55.2% (up £622 million)**
- Travel services: +**18.8% (up £318 million)**

Compared to 2018 (i.e. pre-Covid levels), UK services exports to Australia grew by **71.8% (up £4.8 billion)**, outpacing the **63.5%** growth in UK services exports to the world in the same period.

Financial services exports to Australia

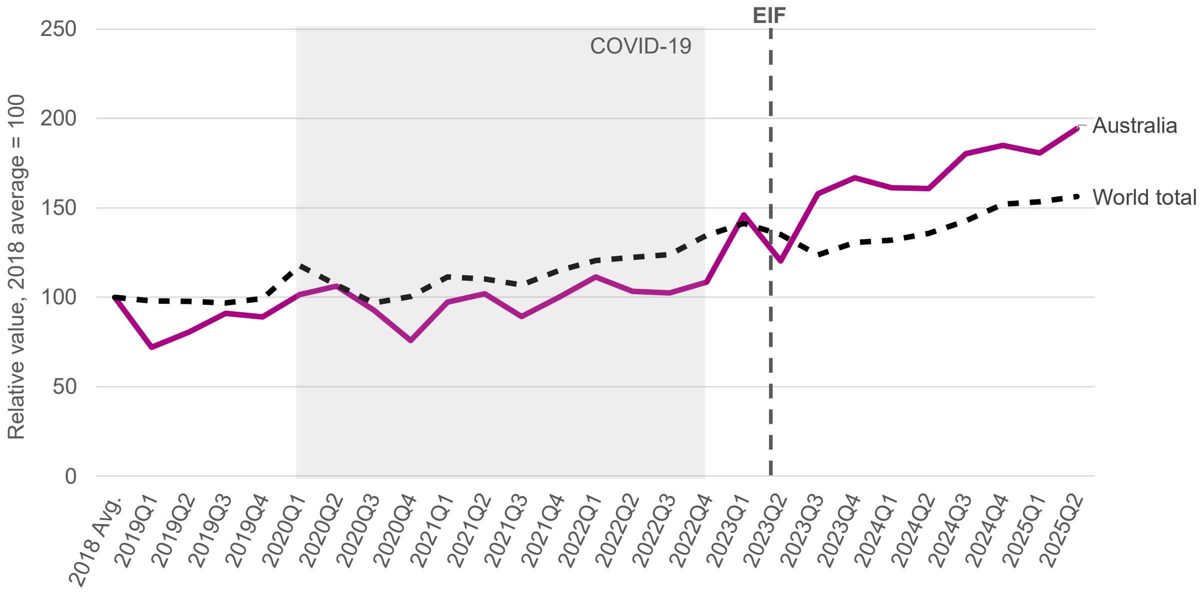
Figure 2 shows a **clear and sustained increase in UK financial services exports to Australia** following the FTA's entry into force**.** This was driven by an increase in explicitly charged and other financial services[3] which grew by **69.5% (up £642 million)** between the 12 months pre-EIF and the 12 months to June 2025. Over the same period there has not been a comparable increase in financial services exports to the world

Prior to 2023, export values had remained relatively stable since 2018, suggesting a possible link with the FTA Provisions within the FTA may be encouraging this post-EIF growth, for example improved market access, protection of data flows and equal treatment of UK financial services businesses.

[3] These include services such as fund management, financial advisory, and insurance, where fees are directly charged.

Figure 2: Financial services exports from the UK to Australia have notably increased since EIF and are above UK-world trends

Quarterly UK service exports of financial services to Australia and the world, 2019 Q1 to 2025 Q2



Description of Figure 2: Indexed line chart comparing UK exports of financial services to Australia and to the world, where 2018 average = 100 for both series. Exports to Australia remain stable prior to entry into force (May 2023) lagging exports to the world which grow steadily from 2018. Following entry into force, exports to Australia increase at a faster rate than exports to the world, reaching a relative value of 194 in Q2 2025, compared to 156 for the world.

Source: [*ONS UK trade in services: service type by partner country, non-seasonally adjusted, April to June 2025*]

Case Study A2: Revolut

Revolut is an app for all things money, offering financial services products to over 65 million customers in 39 countries, including Australia. The UK-Australia FTA enables easier business travel, guarantees free flow of data, and supports digital trade – allowing Revolut to deliver cross-border financial services without restrictive localisation rules. These provisions give UK tech firms a competitive edge when expanding to markets with significant opportunities, like Australia.

Other business services exports to Australia

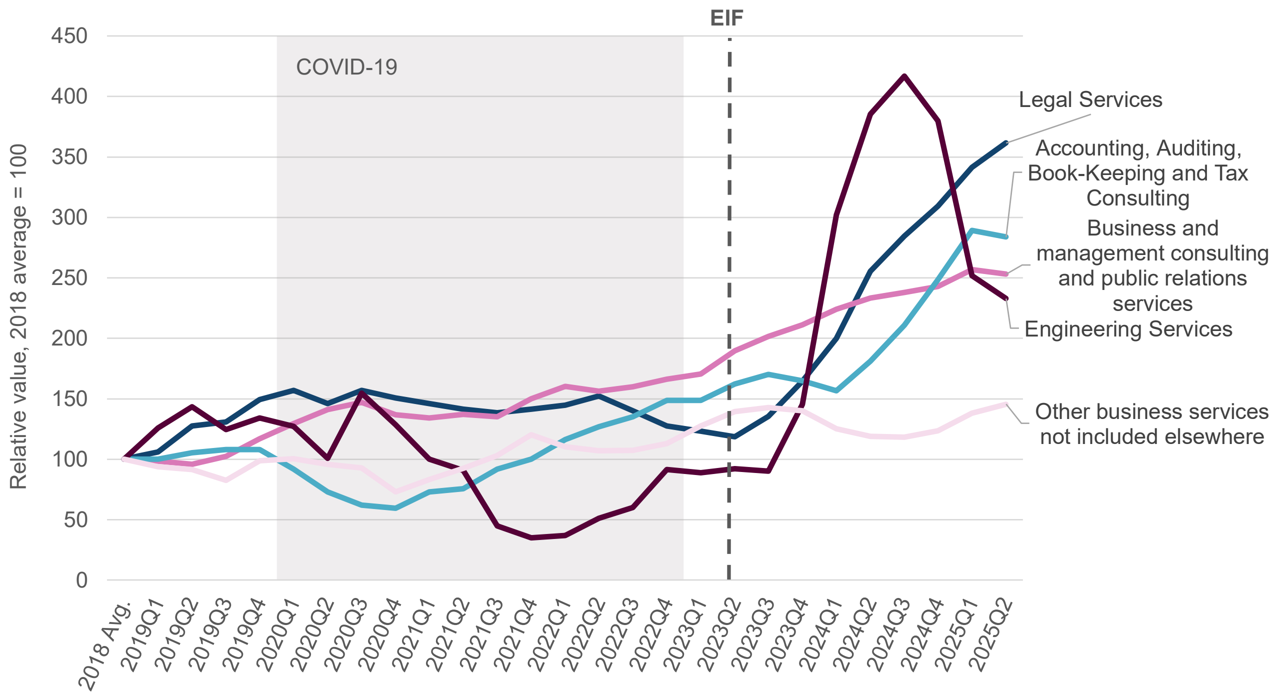
In the 12 months to June 2025, **UK exports of other business services to Australia increased by 41.7% (up £1.0 billion)**, compared to the 12 months pre-EIF. This growth significantly outpaces the **14.3%** increase in UK exports of other business services to the world over the same period.

Other business services include a broad range of sub-categories not classified under other service types, a selection of subsectors of this category and shown in Figure 3. The growth in other business service exports to Australia was largely driven by substantial increases in trade related services **(to £536 million),**[4] business and management consulting and public relations services **(+33.3%, up £222 million)** and engineering services **(+152.3%, up £201 million)**.

Notably, as of the 12 months to June 2025, UK exports of engineering services rose by **152.3% (up £201 million)** and legal services by **205.2% (up £158 million)**. These trends may be early indications that the FTA's provisions aimed at making employee mobility easier and facilitating mutual recognition of professional qualifications may have helped encourage UK businesses to expand into or increase their trade with the Australian market.

Figure 3: Engineering, legal and accounting services exports from the UK to Australia have notably increased since EIF which may suggest related FTA provisions have helped

UK other business services exports to Australia, rolling four quarters, 2019 Q1 to 2025 Q2



Description of Figure 3: Indexed line chart showing relative value of UK exports of other business services to Australia, including five categories: legal services; accounting, auditing, bookkeeping and tax consulting; business and management consulting and public relations services; engineering services, and other business services not included elsewhere. 2018 average = 100 for all series. All categories increase following entry into force in May 2023, with legal services and engineering services rising most sharply. Engineering services fall sharply in the first two quarters of 2025 but remain well above their pre-FTA value. Other business services not included elsewhere increase least, and the remaining categories show moderate growth.

Source: [ONS UK trade in services: service type by partner country, non-seasonally adjusted, April to June 2025]

[4] The exact magnitude of the increase is unclear due to data suppressions in the 12 months pre-EIF.

3.2 Trade in services - imports from Australia[5]

In the 12 months to June 2025 compared to 12 months pre-EIF, UK imports of services from Australia increased by **23.2% (up £789 million)**, or **13.5% (up £356 million)** when excluding travel services. This increase was more than the increase in service imports from the world over the same period **(+15.7%)**.

The increase in service imports from Australia was largely driven by imports of travel services **(+56.7%, up £433 million)**,[6] other business services **(+12.6%, up £189 million)** and telecommunications, computer and information services **(+110.7%, up £114 million)**.

3.3 Foreign direct investment

The latest Foreign Direct Investment (FDI) statistics are only available up to the end of 2023, the first seven months of the FTA. We are therefore unable yet to explore FDI changes since EIF.

[5] ONS, UK trade in services: service type by partner country, non-seasonally adjusted, April to June 2025, October 2025

[6] Travel services were particularly impacted by the COVID-19 pandemic and subsequent recovery between 2023 and 2025, and increases are unlikely to be related to the FTA. Compared to 2018, their value has not increased.

4. Trade in goods under the UK-Australia FTA

4.1 Trade in goods – exports to Australia

The trend in UK goods exports to Australia **broadly mirrors the trend in UK goods exports to the world**. As shown in Figure 4, in the 12 months to June 2025 (compared with the 12 months pre-EIF), UK goods exports to Australia, excluding unspecified goods,[7] fell by **16.3% (down £839 million)**, a larger decline than UK goods exports to the world **(-8.4%)**. Despite this decrease, food & live animal exports and fuel exports to Australia rose **9.8% (up £34.4 million)** and **60.9% (up £4.6 million)** respectively. This is compared with an **8.1%** increase and **40.7%** decrease in exports to the world in these sectors over the same period.

The overall decrease in exports of goods when compared to 12 months pre-EIF was driven by a fall in exports of machinery & transport equipment **(20.7%, down £508 million)**, miscellaneous manufactures **(-17.5%, down £150 million)** and chemicals **(-10.5%, down £90 million)**. UK chemicals **(-13.2%)** and miscellaneous manufactures **(-7.4%)** exports to the world both fell whilst machinery and transport equipment increased **(+4.0%)** over the period.

Compared to 2018 (i.e. pre-Covid levels), UK goods exports to Australia, excluding unspecified goods, declined by **8.9% (down £420 million)**, whereas UK exports to the world grew by **6.9%**.

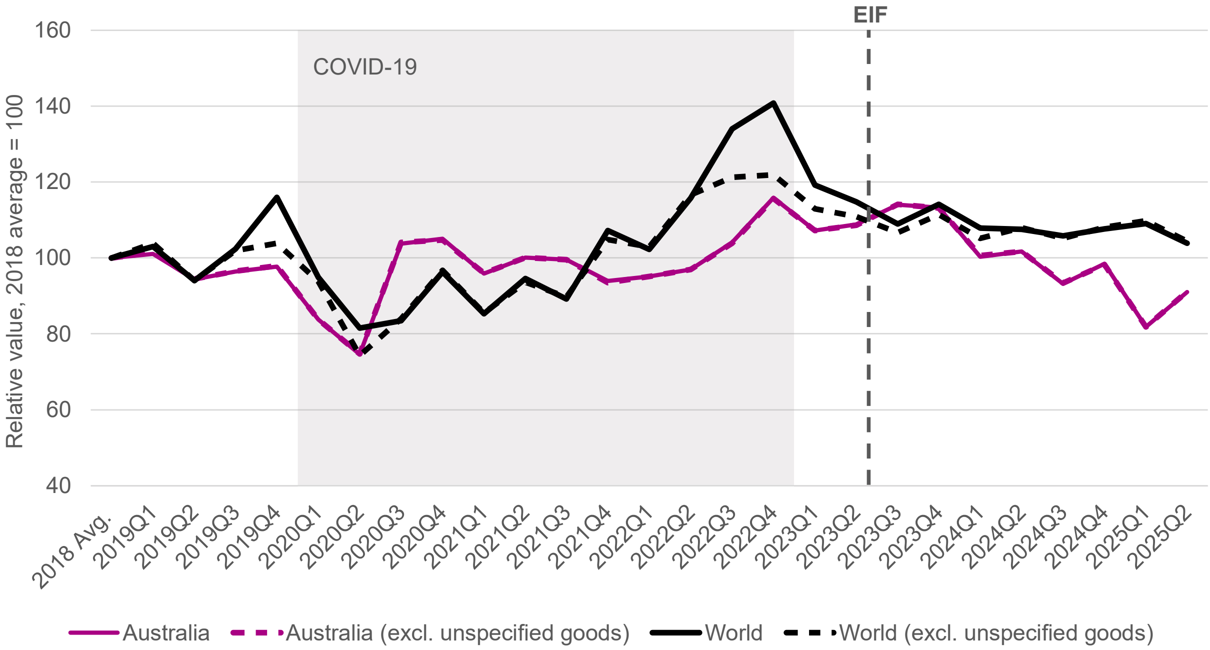
Furthermore, the UK's market share in Australian goods has fallen since EIF (compared with immediately before EIF) to **1.8%** of Australian goods imports in the 12 months to June 2025 and remains below the UK's pre-Covid market share (**2.4%** in 2018).[8]

[7] Unspecified goods comprises of Non-Monetary Gold (NMG), parcel post, military goods, low value trade, and coins. Other precious metals (silver, platinum, and palladium) are not within unspecified goods and are therefore not excluded from these figures

[8] Australian Bureau for Statistics, International Trade in Goods - Merchandise Imports by country, customs value, November 2025

Figure 4: UK exports of goods to Australia have decreased since EIF and are lower in current prices than their 2018 value

Quarterly goods exports to Australia and the world, 2019 Q1 to 2025 Q2



Description of Figure 4: Indexed line chart comparing UK exports of goods to Australia and to the world, both including and excluding unspecified goods (with minimal impact on trends). Both series remain relatively stable until Q1 2022, peak in Q4 2022 (at 116 and 122 respectively, excluding unspecified goods), then decline. Following entry into force, UK exports of goods to Australia decrease at a higher rate than to the world, falling to a relative value of 91 in Q2 2025, compared to 104 for the world.

Source: [ONS Trade in goods: country-by-commodity exports, November 2025]

4.2 Exports of goods to Australia by nation and region

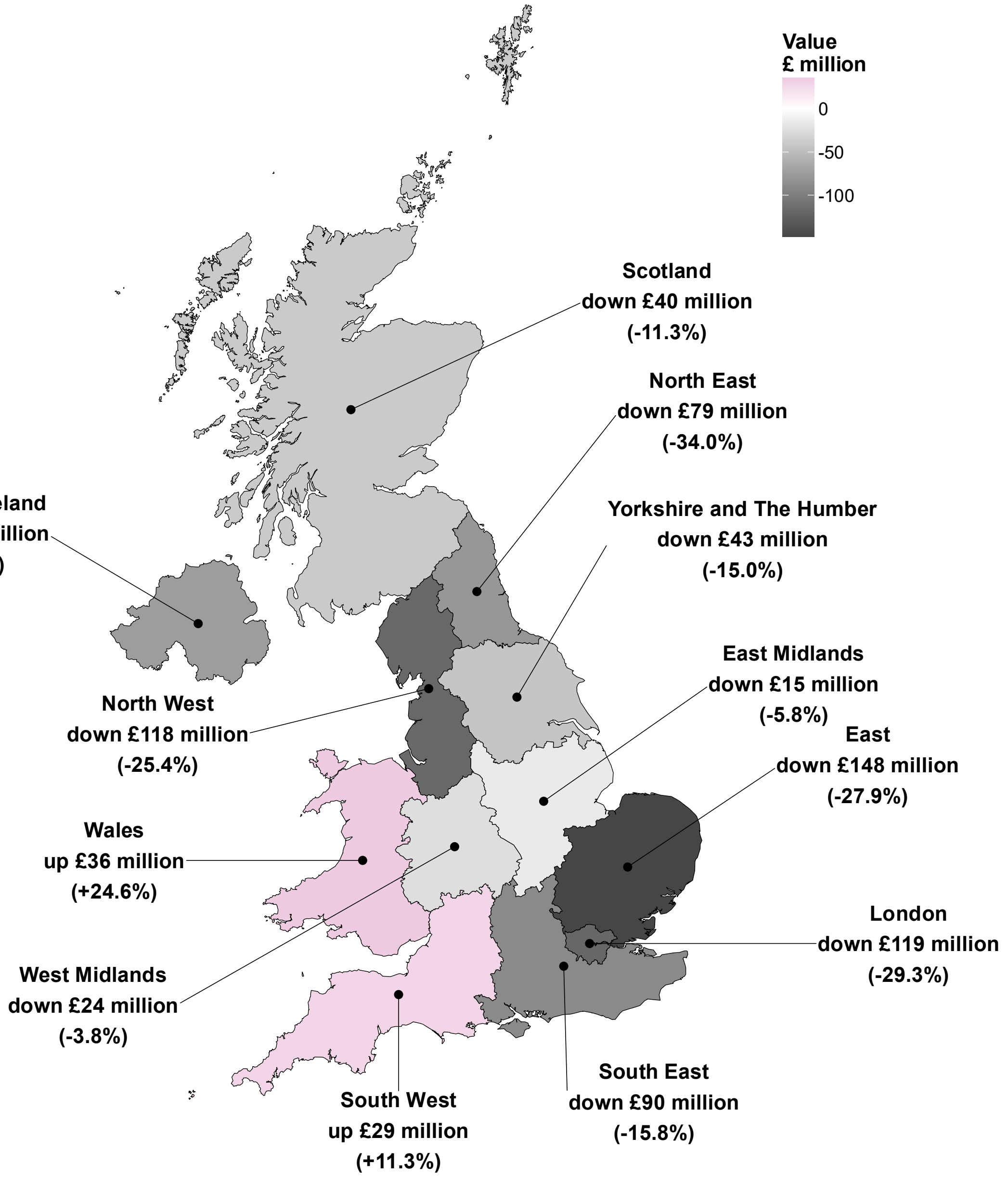
While overall goods exports to Australia decreased, **exports from the South West and Wales increased since EIF.** In the 12 months to June 2025, goods exports from the South West were **11.3%** higher **(up £29 million)** and from Wales were **24.6%** higher **(up £36 million)** than the 12 months pre-EIF.

Case Study A3: The Village Bakery Wrexham Ltd

Welsh businesses, such as The Village Bakery Wrexham Ltd, a producer of premium baked goods, are reaping the benefits of the UK–Australia FTA. The deal removed tariffs on their products, making exports to Australia more cost-effective and competitive. The Village Bakery has shipped 22 containers of goods to Australia, with customs clearance described as "extremely simple" thanks to the FTA. This streamlined process has given the company confidence to accelerate its global export strategy. With tariff-free access and strong in-market support from DBT, The Village Bakery is well-positioned to grow its presence in Australia and beyond.

Figure 5: Exports of goods from the South West and Wales to Australia have increased since EIF

Change in regional exports to Australia in 12 months to June 2025 compared to 12 months to June 2023



Region	Change in exports (£ million)	Change in exports (%)
East	down £148 million	-27.9%
East Midlands	down £15 million	-5.8%
London	down £119 million	-29.3%
North East	down £79 million	-34.0%
North West	down £118 million	-25.4%

Northern Ireland	down £74 million	-34.0%
Scotland	down £40 million	-11.3%
South East	down £90 million	-15.8%
South West	up £29 million	+11.3%
Wales	up £36 million	+24.6%
West Midlands	down £24 million	-3.8%
Yorkshire and The Humber	down £43 million	-15.0%

Source: HMRC Regional Trade in Goods Statistics, third quarter 2025

4.3 Trade in goods – imports from Australia[9]

UK imports of goods from Australia have performed **slightly stronger than UK goods imports from the world**. In the 12 months to June 2025 (compared with the 12 months pre-EIF), UK goods imports excluding unspecified goods from Australia declined by **4.8% (down £93 million)** whereas UK goods imports from the world fell by **7.0%.**

In the 12 months to June 2025, Australia accounted for just **0.3%** of UK goods imports, excluding unspecified goods. This was equal to the **0.3%** share in the 12 months pre-EIF and lower than the **0.4%** share in 2018.

Compared to the 12 months pre-EIF, in the 12 months to June 2025, food & live animals imports increased by **139.4% (up £146 million)** and miscellaneous manufactures imports increased by **12.0% (up £41.0 million).** Compared to 2018 levels, food and live animal imports increased by **119.1% (up £135.9 million**) whilst miscellaneous manufactures imports rose by **29.2% (up £86.4 million)**.

Compared to 2018 (i.e. pre-Covid levels), UK goods imports from Australia excluding unspecified goods have fallen by **8.8% (down £178 million)**, conversely there had been a **20.1%** increase in these imports from the world.

Imports of Agri-foods[10]

[9] Source: ONS Trade in goods: country-by-commodity imports, November 2025

[10] HMRC, Overseas Trade Statistics by Country of Origin, November 2025

Imports of both beef[11] and sheepmeat[12] originating from Australia have **increased** since EIF. For beef, imports originating from Australia are still a small proportion of total UK imports of beef and comparable to the proportion of beef imports from Australia in previous years (e.g. 2012-16). The increase in imports has been **partially offset by a simultaneous reduction in beef imports from other countries, most notably from the EU.**

Beef imports originating[13] from Australia have increased from **700** to **7,200 tonnes** in the 12 months to May 2025 when compared to the 12 months pre-EIF, an increase of **6,500 tonnes**. When comparing to 2018, imports were up by **4,500 tonnes**, a considerably smaller but still substantive shift.

Australian-origin beef imports as a share of all UK beef imports still only comprise **2.5%** up from **0.3%** in the 12 months pre-EIF. Over the same period there were decreased imports originating from both the Netherlands (**3.6%** down to **1.9%**) and Germany (**4.8%** down to **0.8%**). This suggests there may have been potential substitution away from EU countries in favour of Australia and New Zealand, as shown in Figure 6, although the causality of these trends cannot be determined by the data alone. Nevertheless, imports from Ireland remain the dominant source for the UK, as Ireland's import share increased marginally from **47.2%** to **50.1%** Although not directly comparable, imports of beef dispatched[14] from Australia have previously contributed up to **2.2%** of UK imports (12 months to January 2015)[15].

As shown in Figure 6, total UK imports of beef are only slightly higher than in the 12 months pre-EIF **(+3.4%)** and lower than their 2018 volume **(-17.4%)**.

The UK has transitional tariff rate quotas (TRQs) in place that limit the volume of beef that can enter the UK tariff free, rising in equal instalments from 35,000 tonnes in year 1 to 110,000 tonnes in year 10. Out of quota tariffs will remain at MFN until year 10 and then be eliminated. The current quota limit reached 43,300 tonnes of beef from Australia in 2024 and increased to 51,700 tonnes in 2025.

Australia utilised only **13.1%** of their quota in 2024 and **29.3%** in 2025.[16]

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[11] Beef includes HS codes: 0201; 0202; 02061095; 02062991; 021020; 02109951; 02109959; 160250; 16029061; 16029069, as in FTA quota 054970.

[12] Sheepmeat includes HS codes: 020410; 020421; 020422; 020423; 020430; 020441 020442; 020443; 02109921; 02109929; 16029091, as in FTA quota 059700.

[13] These figures were produced on a country of origin basis. An explainer on the differences between this and country of dispatch figures is available here: [Different ways of measuring trade: Where do our imports come from? | National Statistical]

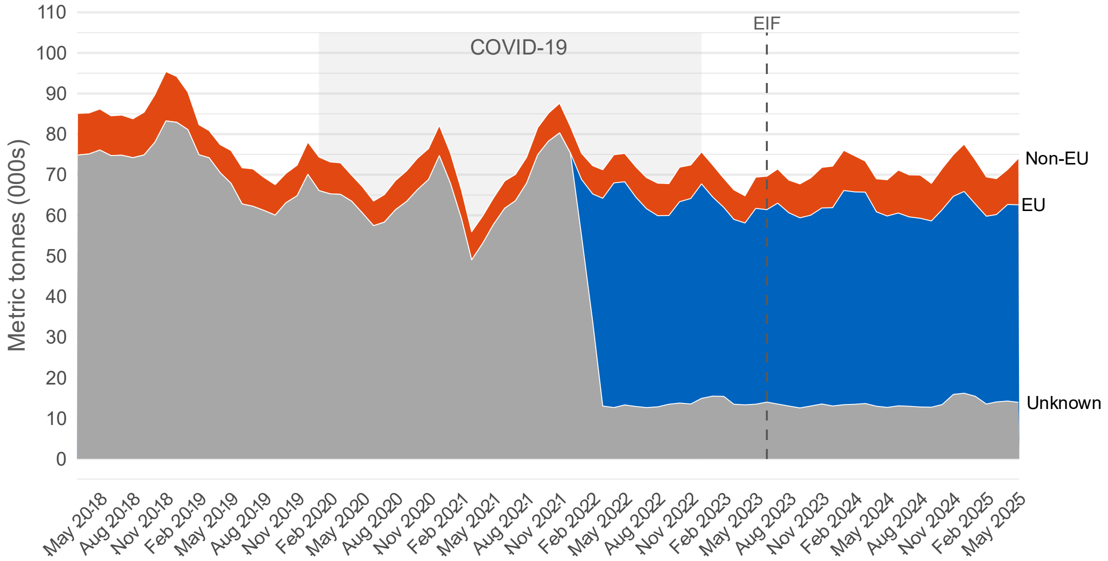
[14] These figures were produced on a country of dispatch basis as country of origin data is not available prior to 2016.

[15] HMRC, [Overseas trade in goods statistics, country of dispatch basis], November 2025

[16] Rural Payments Agency, [UK tariff rate quotas - allocation of co-efficients], January 2026

Figure 6: Beef imports from Australia and New Zealand have increased while imports from some EU countries have decreased, but total UK beef imports have not substantially increased

UK beef imports from the EU and non-EU, March 2018 to May 2025[17]



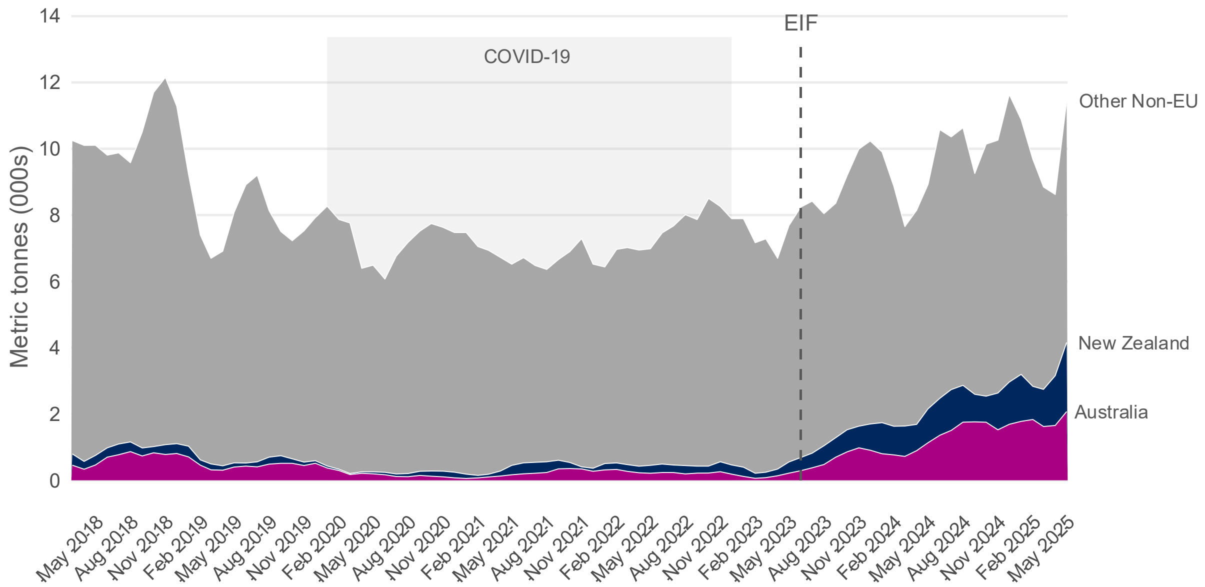
Description of Figure 6: Stacked area chart comparing volume of UK imports of beef from the EU and non-EU, in thousands of tonnes. Imports are primarily from the EU across the period shown, fluctuating around 60,000 tonnes. Following entry into force, EU-origin imports decrease, while non-EU imports increase. Total UK beef imports remain relatively stable, with no substantial increase post-entry into force.

Source: HMRC overseas trade in goods statistics, country of origin basis, November 2025

[17] Country of origin data is not available for EU countries prior to 2022 due to data collection changes.

Figure 7: Imports from Australia and New Zealand have driven an increase in non-EU imports of beef

UK beef imports from non-EU countries, rolling 3-months, March 2018 to May 2025



Description of Figure 7: Stacked area chart comparing UK imports of beef from Australia, New Zealand and Other Non-EU countries, in thousands of tonnes. Following entry into force, total non-EU imports fluctuate between 8,000 and 12,000 tonnes per 3-month period, returning to pre-COVID levels after the volume sat consistently between 6,000 and 8,000 between January 2020 and December 2022. The volume of beef imports from Australia and New Zealand is very low prior to entry into force, but from May 2023 increases gradually, with imports from both countries reaching 2,000 tonnes in May 2025.

Source: HMRC overseas trade in goods statistics, country of origin basis, November 2025

In the 12 months to May 2025 when compared to the 12 months pre-EIF, sheepmeat imports from Australia increased from **7,200** to **20,500 tonnes**. This comprises **28.7%** of UK imports of sheepmeat (an increase of **13.4 percentage points**).

Over the same period sheepmeat imports from all countries increased from **16.1%** of the UK market **(55,300 tonnes)** to **24.4%** (**86,500 tonnes**), an increase of **8.3 percentage points**.[18]

[18] DEFRA, Latest cattle, sheep and pig slaughter statistics, January 2026. Carcase weight equivalent (CWE) figures used for imports, import figures using FTA quota 059700. Methodology available in the Technical Annex.

There is a TRQ in place that limits the volume of sheepmeat that can enter the UK tariff free, the quota limits increase for each year the FTA has been in effect reaching 30,600 tonnes of sheepmeat from Australia in 2024 and increasing to 36,100 tonnes in 2025.

Australia utilised **32.1%** of their FTA quota on sheepmeat in 2024 and **15.0**% in 2025.[19]

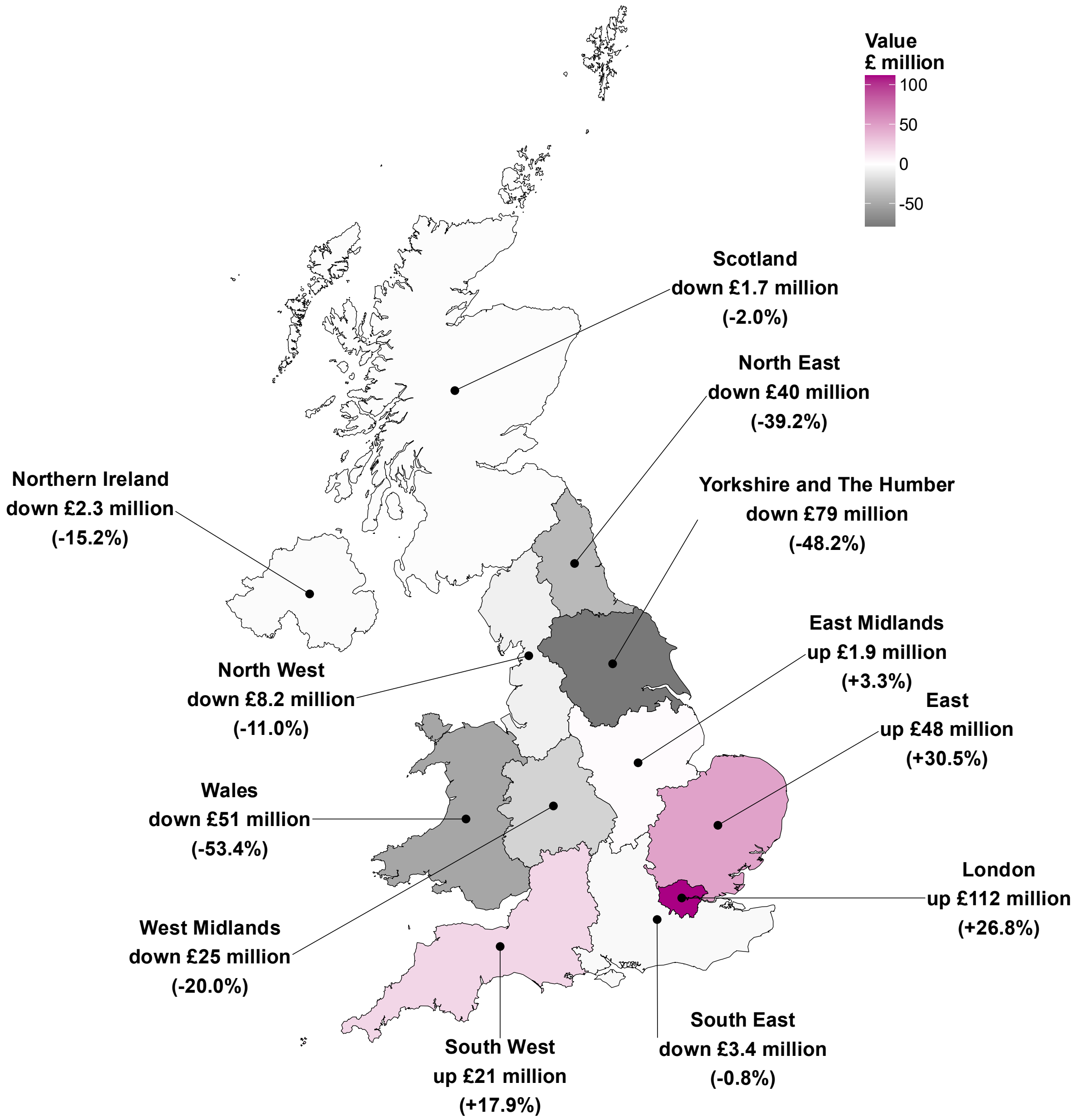
4.4 Imports of goods from Australia by nation and region

The increase in goods imports from Australia is not distributed evenly across all nations and regions. The largest increases were for London, the East of England, and the South West with imports increasing by **26.8% (up £112 million)**, **30.5% (up £48 million)** and **17.9% (up £21 million)** respectively in the 12 months to June 2025 when compared to the 12 months to June 2023. Goods imports to the East Midlands also rose **3.3% (up £1.9 million)**, while imports to other regions fell.

Figure 8: Imports of goods from Australia only increased for London, East of England and the South West

Change in regional imports from Australia in 12 months to June 2025 compared to 12 months pre-EIF

[19] DBT, UK trade quotas, January 2026



Region	Change in imports (£ million)	Change in imports (%)
East	up £48 million	+30.5%
East Midlands	up £1.9 million	+3.3%
London	up £112 million	+26.8%
North East	down £40 million	-39.2%
North West	down £8.2 million	-11.0%
Northern Ireland	down £2.3 million	-15.2%
Scotland	down £1.7 million	-2.0%
South East	down £3.4 million	-0.8%

South West	up £21 million	+17.9%
Wales	down £51 million	-53.4%
West Midlands	down £25 million	-20.0%
Yorkshire and The Humber	down £79 million	-48.2%

Source: HMRC Regional Trade in Goods Statistics, third quarter 2025

4.5 Goods imports from developing countries[20]

Raw cane sugar imports[21] from Australia have increased since EIF, however **the impact on developing African, Caribbean, and Pacific (ACP) countries[22] is unclear.**

The UK and Australia are committed to encouraging economic development around the world, demonstrated by the UK-Australia FTA including the first ever dedicated development chapter within a bilateral FTA between two advanced economies. This also included a commitment to monitor the impact this agreement may have on developing countries through preference erosion, particularly for UK imports of raw cane sugar from Australia.

A tariff-free quota for sugar was implemented for Australia under the FTA which is continuously increasing from 100,000 tonnes in the first full quota period after implementation to full tariff liberalisation from 2031 onwards. Raw cane sugar imports from Australia had increased from negligible amounts in the 12 months pre-EIF to 73,000 tonnes in the 12 months to May 2024, then subsequently fell to 16,300 tonnes in the 12 months to May 2025.

The UK sugar market has evolved since 2020 due to long term trends, the introduction of the Autonomous Tariff Quota (ATQ) in 2021 and global factors. This includes changes in supply sources for UK raw cane sugar. Imports from Brazil have increased while those from some other countries have decreased (for example Belize, Guyana and Fiji). The UK domestic beet sector has been affected by supply shocks in recent years including from virus yellows in 2020 and unfavourable weather in 2022.

Imports from Australia do not appear to have displaced imports from key ACP countries. The Brazil import share increased from **a negligible proportion** in the 12 months to May 2019 to **80.3%** in the 12 months to May 2023 and has since dominated the UK import market.

While Australia has increased its share of UK raw sugar imports from **14.5%** in the 12 months to May 2024, it subsequently fell to **3.7%** in the 12 months to May 2025. In the first full year of the FTA quota (1st October 2023 to 30th September 2024) the quota utilisation was **62%**, while there was **no quota usage** in the second year (1st October 2024 to 30th September 2025). This

[20] Source: HMRC Overseas trade in goods statistics, country of origin basis, November 2025

[21] HS codes 17011310 and 17011410.

[22] Key exporters of raw cane sugar to the UK on signing were Belize, Fiji, Guyana, Jamaica and Mozambique.

suggests that the elevated level of sugar imports from Australia in 2023/24 may have been atypical; however, additional time and data are required to verify this.

For developing country exports identified as being at potential risk from trade diversion from the UK-Australia FTA in the impact assessment, Table 1 in Annex 3 has been provided to show areas of increased market share in these goods. There has been increased beef[23] imports and leather clothing[24] accessories into the UK from Australia. Concurrently, there has been a slight increase in beef imports from Eswatini and a decline from Jamaica and Botswana. There has also been a concurrent increase in leather clothing imports from India, Pakistan and the Philippines and a decrease in imports from Bangladesh, Indonesia, Kenya, Mauritius, Myanmar (Burma) and South Africa.

At this stage, our analysis has monitored the preliminary findings of trade in products identified at risk of preference erosion. We will continue to monitor these goods as the agreement progresses.

4.6 Businesses trading goods with Australia

The number of businesses trading in goods, as well as their distribution by size and region, is provided from two primary data sources:

1. **HMRC's regional trade statistics:** These cover VAT registered businesses and are published quarterly. To avoid double counting and mitigate seasonal variation in the number of businesses trading, comparisons can only be made one calendar year to another. For this reason, we compare to 2022.
2. **HMRC microdata linked to the Inter-Departmental Business Register:** This includes both VAT and non-VAT registered businesses. Differences in business size are calculated by comparing figures from the year to end January 2025 (12 months to January 2025) to those from the 12 months pre-EIF (12 months to May 2023). At the time this report was published, a longer comparison series was not available, which prevented analysts from determining whether observed changes fall within typical fluctuations. In the upcoming five-year evaluation, there are plans to extend the use of internal data to enhance analysis on the impact of this FTA and how these impacts are distributed across businesses by size.

The total number of businesses varies between the two sources due to differences in the periods covered and the inclusion or exclusion of non-VAT registered businesses. For clarity, totals from both sources are provided.

VAT registered businesses trading with Australia[25]

[23] HS codes 020130 and 020230.

[24] HS code 420340.

[25] HMRC, UK regional trade in goods statistics, third quarter, July to September 2025: business counts data, calculated using the proportion method.

The number of **VAT-registered UK businesses exporting goods to Australia in 2024 was marginally lower than in 2022**, falling from **16,008** to **14,832** (**-7.3%** or **1,176 businesses**). This is slightly greater than the decrease in the number of UK goods exporters to the world over the same period (**-3.5%**). The number of businesses importing goods from Australia remains largely unchanged (+**4.4%** or **242 businesses**), similar to the increase in the number importing from the world over the same period (**+1.3%**).

All regions saw a decrease in the number of exporters to Australia except Northern Ireland where the number of businesses remained unchanged. Most of the decrease was concentrated in the South East **(-8.5% or 235 businesses)**, London **(-9.6% or 229 businesses)**, the North West **(-10.7% or 164 businesses)** and East of England **(-8.9% or 154 businesses)**.[26]

Small and medium-sized enterprises trading with Australia[27]

There has been a decline in the number of businesses exporting to Australia (**-7.2%**) in the 12 months to January 2025 when compared to the 12 months to May 2023. This fall is consistent with declines in the total number of UK businesses trading with the world (**-4.1%**) across this period.

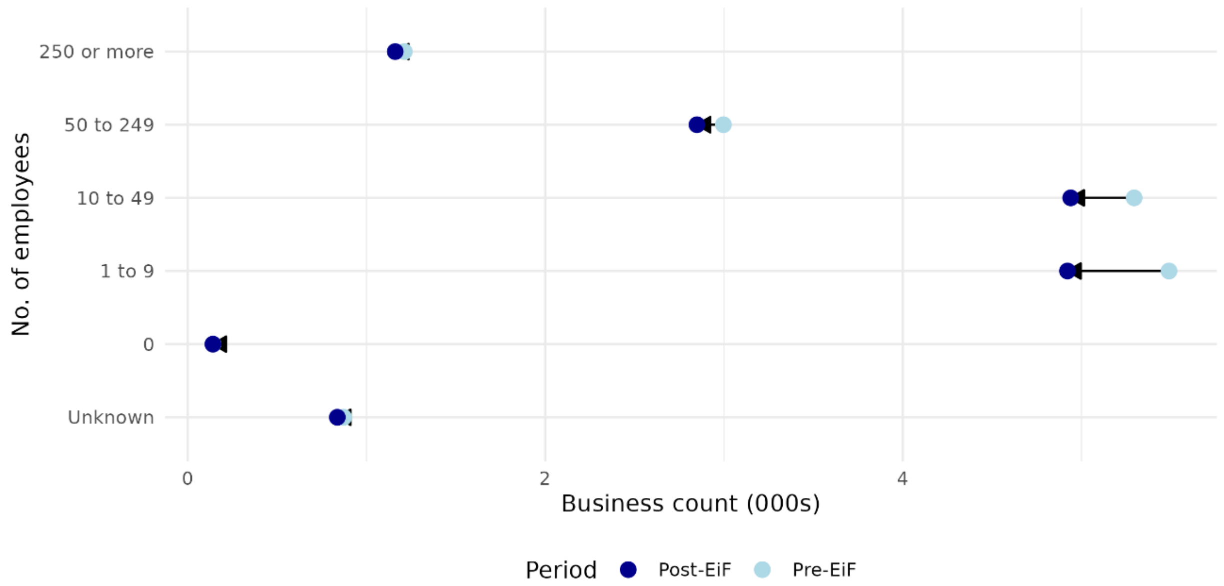
As shown in Figure 9, most of **the decrease in the number of businesses trading is concentrated in small businesses** (<50 employees) which fell by 924 businesses (**-8.5%**). The proportion of small and medium-sized enterprises (SMEs) trading with Australia decreased marginally from **87.0%** to **86.5%**. However, this is relatively high compared with the proportion of SMEs trading with the World (**82.5%**).

Figure 9: The number of businesses trading with Australia has decreased and this change is mostly concentrated in businesses with fewer than 50 employees

Number of businesses trading with Australia by business size

[26] A business will be counted as a fraction in each region they trade based on the proportion of their employees in each region. An individual business counts as one business in the UK.

[27] Source: Data provided by HMRC



Number of employees	Business count pre-EIF (000s)	Business count post-EIF (000s)
250 or more	1.21	1.16
50 to 249	3.00	2.85
10 to 49	5.30	4.94
1 to 9	5.49	4.92
0	0.14	0.14
Unknown	0.87	0.84

Source: HMRC customs microdata on businesses trading with Australia and New Zealand by size

5. Utilisation of the FTA's reduced ('preferential') tariffs and duty savings

5.1 Background

Preference Utilisation Rates (PURs)

'Preferential' tariffs refer to reduced tariff rates available under an FTA. Preference Utilisation Rates (PURs) measure the extent to which tariff preferences provided by trade agreements are being used where preferential tariff rates are available and lower than the Most Favoured Nation (MFN) rate.[28]

PURs are an indicator of business uptake and ease-of-use of preferential tariffs under an FTA. Businesses may not utilise preferential tariffs for a number of reasons including lack of awareness, the preference margin and ability to meet rules of origin.

Estimated duty savings

Duty savings are the estimated value of reduced tariff costs when trading goods between countries under preferential tariffs compared to MFN tariff rates.

See Annex 2 for more information on how and why PURs and duties savings vary; the data sources used for import and export PURs, relevant caveats and limitations; and methodology for calculating duty savings.

5.2 Preference utilisation and estimated duty savings on goods exported to Australia

Since EIF (June 2023 to December 2024) **65.9%** (or **£1.8 billion**) of eligible UK exports to Australia utilised preferential tariffs. Had this trade occurred at standard MFN rates, an estimated additional **£89 million** in duties could have been paid.[29]

Preference utilisation has also risen rapidly since the introduction of the agreement and compared to other FTAs **preferential uptake is relatively high for the Australia FTA at this early stage in implementation**. PURs for UK exports to Australia were **54.5%** from June to December 2023 and rose to **73.3%** in 2024. This suggests strong early-stage uptake of the FTA's tariff preferences for exports to Australia.

As preference utilisation data for UK exports is held by trading partners, and DBT has so far only agreed to a full data exchange for 2023, further sector breakdowns have not been produced. Please also note that 2024 statistics remain provisional.

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[28] The 'MFN rate' is the default rate for traders from countries without an FTA or if traders from countries with an FTA do not use the FTAs preferential tariff when eligible.

[29] DBT, [Australia-UK Free Trade Agreement Joint Committee Statement](), June 2025

5.3 Preference utilisation and estimated duty savings on goods imported from Australia

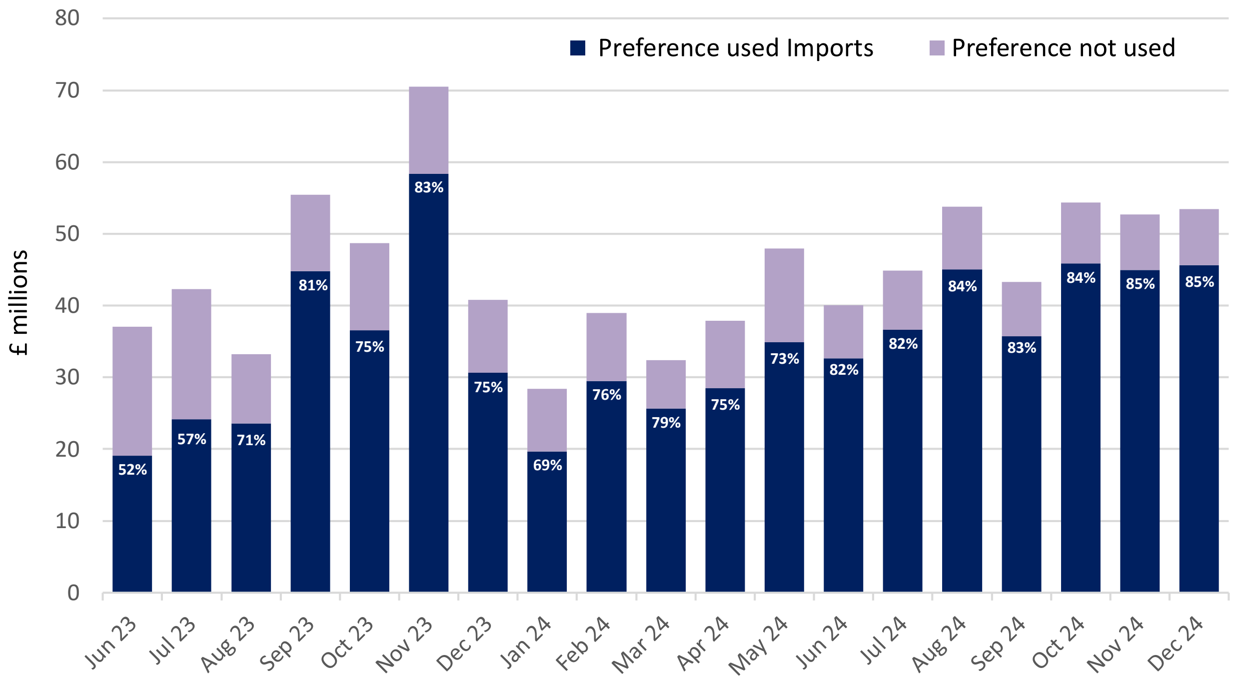
Between June 2023 and December 2024 **77.3% (or £662 million)** of eligible UK imports from **Australia** benefited from preferential tariff rates. Had these occurred at standard MFN rates, traders would have encountered an additional **£139 million** in estimated duties. This has the potential to benefit UK consumers if the UK importing firm passes on the tariff saving to the person buying the product in the UK in the form of lower retail prices. Additionally, if the UK importing firm absorbs the saving of the tariff itself and doesn't pass it on, then that firm will benefit economically in the form of cost savings.

As shown in **Figure 10**, the value of goods trade using preferential tariffs peaked in November 23 at **£58.4m**, with a PUR of **82.8%**. PURs have since remained above **70.0%**, except for January 2024. In the seven months to December 2023 the PUR was **72.3%** and increased to **80.4%** for all of 2024.

However, that preference-eligible imports are only a small share **(10.3%)** of total UK goods imports from Australia. Since EIF, almost all imports **(97.6%)** from Australia entered the United Kingdom without tariffs. However, the vast majority **(89.7%)** of UK imports from Australia were tariff free on MFN terms while only **7.9%** made use of preferential 0% tariffs under this new FTA. A further **2.3%** entered under non-zero MFN tariffs.

Figure 10: PUR rates for imports from Australia are relatively high, but preference-eligible imports comprise only a small proportion of total UK goods imports from Australia

Monthly preference utilisation for imports from Australia, June 2023 – December 2024



Description of Figure 10: Stacked bar chart showing monthly preference utilisation rates (PUR) for UK imports from Australia. In the first seven months following entry into force, the PUR increased, peaking at 82.8% in November 2023. PUR remains above 70% from February 2024, and above 80% from June 2024.

Source: DBT calculations using [HMRC Import by Preference, November 2025]

Utilisation activities

To support utilisation of the UK-Australia FTA, the Department for Business and Trade (DBT) has delivered a range of initiatives to raise awareness among UK exporters and gather intelligence on how the agreement is being implemented. These include:

- Publishing 23 pieces of business guidance explaining the UK-Australia FTA provisions and market opportunities. In the two years following EIF (31 May 2023 to 31 May 2025), the Australia guidance pages received almost 45,000 views.
- Delivering 54 business engagement events (joint across the UK-Australia and UK-New Zealand FTAs) in the first year of the agreement being in force, including webinars, one-to-ones, roundtables, and training sessions, reaching around 1,500 stakeholders.
- Running the Australia / New Zealand Roadshow, with seven events across six UK cities (5–14 March 2024), attended by over 360 participants, including SMEs, experienced exporters, and business organisations.
- Business feedback since EIF has been largely positive, citing benefits such as tariff reductions and improved market access. Some challenges have been reported, particularly by SMEs, around navigating administrative and procedural requirements, such as interpreting FTA provisions on Rules of Origin and customs procedures. Notably, the Rules of Origin guide is the most viewed online resource for Australia.

5.4 Tariff rate quotas (TRQs) [30]

The UK allows certain volumes of beef and dairy products like butter and cheese enter the UK under tariff rate quotas, meaning a certain volume may enter tariff free.[31]

Australia has **made limited use of the quotas, with only 4 out of 10 tariff rate quotas for imports being used in 2024, and only 3 out of 10 were used in 2025.** Sugar[32] saw the highest initial use, filling the quota in between May and September 2023, reaching **46.0%** between October 2023 and September 2024. However, between October 2024 and September 2025 the quota was not used.

[30] DBT, UK trade quotas, January 2026 and Rural Payments Agency, UK tariff rate quotas - allocation of co-efficients, January 2026

[31] UK imports of sheep and goat meat, milk & cream, rye, semi-milled/wholly milled rice, broken rice longer-term wheat & meslin from Australia and UK imports of apples from New Zealand are also subject to tariff rate quotas.

[32] FTA quota: 054973

Sheepmeat[33] usage in comparison rose modestly from **20.4%** between May and December 2023 to **32.1%** in 2024 but has since fallen to **15.0%** in 2025. Beef[34] usage rose gradually from **8.3%** between May and December 2023 to **13.1%** in 2024 and **21.6%** in 2025. Wheat and meslin[35] quota usage remains low (reaching a high of **14.3%** in 2025).

[33] FTA quota: 059700

[34] FTA quota: 054970

[35] FTA quota: 054976

6. Implementation activities

The UK-Australia FTA established 15 working groups, committees and dialogues to support implementation of the agreement and promote trade. This number is similar to those we inherited from our EU continuity agreements (e.g. with Vietnam and Singapore) and includes the Joint Committee which oversees the implementation of the whole FTA.

Since the UK-Australia FTA came into force all the Committees have been held. The Goods Committee, the Technical Barriers to Trade Committee, the Professional Services Working Group, the Legal Services Regulatory Dialogue, and the Joint Committee have been held more than once. The first Services and Investment Subcommittee was held in 2024 and the first Joint Financial Regulatory Forum was held in 2025.

Trade in goods - The UK and Australia have used the two Goods committees held to date to analyse and share information on trade flows, utilisation rates of the preferences granted by the FTA, and feedback from businesses.

The **Technical Barriers to Trade** committee has provided a valuable platform for both countries to raise and make progress on market access barriers. The UK has raised and progressed with Australia a number of barriers affecting its automotive industry.

Trade in services and investment – through the work of the Professional Services Working Group the UK and Australia are progressing work to facilitate the recognition of professional qualifications for key professions. The mobility side letter to the UK-Australia FTA requires reviewing of mobility arrangements by 31st May 2026, and both Parties are currently engaging in this process. The Legal Services Regulatory Dialogue is providing a platform for sector-level cooperation on key issues which industry have identified as preventing two-way trade between the markets. The Services and Investment Subcommittee has supported the sharing of information on potential business and investment market opportunities, addressing market access issues and exploring trade digitalisation approaches.

Innovation – the UK Australia FTA contains the first ever innovation chapter in any FTA. The Strategic Innovation Dialogue which sat for the first time in April 2024 has provided a platform for the UK and Australia to hold discussions on priority areas such as future health, future power, and standards and interoperability of emerging technologies, with a view to encouraging further science, research, commercialisation and trade collaboration in these key areas. The Dialogue supports and facilitates trade between two of the world's most pioneering economies in innovative goods and services, encouraging the development and adoption of emerging technologies and increasing engagement in science, innovation, technology and related sectors, opening a new chapter of cooperation that will shape our economies for years to come.

7. Conclusion and what's next

To summarise:

- Since the FTA took effect in May 2023, UK-Australia trade growth has outpaced the growth in UK-world trade.
- This was mainly driven by strong UK services export growth in key sectors like financial services and by a rise in UK imports from and exports to Australia concentrated in a small number of sectors.
- UK goods exports to Australia fell, mirroring trends in UK-world goods trade when compared with the 12 months pre-EIF. Both goods exports to and goods imports from Australia are below 2018 levels.
- Use of the FTA's preferential tariffs has been notably high, delivering substantive customs duty savings for UK businesses.

What's next

DBT will publish an evaluation report for this FTA once 5 years of trade data following entry-into-force is available and has been robustly analysed. The report will synthesise findings from monitoring, evaluation, and stakeholder engagement activities to assess the impact of the agreement and answer DBT's core evaluation questions. It will:

- aim to show how, why and for whom the agreement and its implementation has generated outcomes. It will highlight where and how the agreement has worked well and, if applicable, where and how it has worked less well;
- where possible, seek to identify ways to improve the performance of the agreement as well as future ones;
- assess the impact and effectiveness of the agreement and its implementation. It will seek to answer a set of evaluation questions across key thematic areas;
- be proportionate to this agreement's size, content, context and the expected scope of learning. Proportionality means that DBT's evaluations for some FTAs may not deploy the full range of analytical techniques or deploy them to the same extent as for other FTA evaluations DBT may conduct.

B. The UK-New Zealand FTA after two years

Key messages

- **Total trade with New Zealand has increased more since EIF than UK trade with the world**: UK-New Zealand trade saw a **19.7%** increase in the 12 months to June 2025 when compared to the 12 months pre-EIF. This significantly outpaced growth in trade of just **0.02%** with the world. Since 2018, trade with New Zealand has increased **24.5%**, slightly less than the growth in UK trade with the world **(+31.7%)** over the same period.

- **UK export growth was driven by large increases in UK services exports to New Zealand:** UK services exports were **42.7%** higher in the 12 months to June 2025 compared to the 12 months pre-EIF, with strong growth in other business services **(+200.0%)**, travel **(+34.0%)**, and insurance and pension services **(+11.4%)**.

- **Services imports from New Zealand have also grown at a higher rate than from the world:** In the 12 months to June 2025, services imports were **118.8%** higher compared to the 12 months pre-EIF and **57.5%** higher compared to 2018. Key growth sectors include travel services **(+118.4%)**, other business services **(+152.4%)** and intellectual property services **(+528.6%)** compared to the 12 months pre-EIF.

- **Goods exports have fallen since EIF and remain below 2018 levels:** UK goods exports to New Zealand, excluding unspecified goods, were **29.2%** lower in the 12 months to June 2025 compared to the 12 months pre-EIF, driven by declines in machinery and transport equipment **(-35.7%)**, miscellaneous manufactures **(-27.2%)** and material manufactures **(-21.1%)**. Since 2018, UK goods exports to New Zealand have declined **13.6%**, compared to growth of **+6.9%** with the world.

- **Goods imports from New Zealand have increased, driven by imports of food & live animals:** UK goods imports from New Zealand, excluding unspecified goods, rose **23.4%** in the 12 months to June 2025 compared to the 12 months pre-EIF. Imports of sheepmeat in the 12 months to May 2025 have increased from **26,800 to 40,900 tonnes**, however imports are still below 2018 levels and below the 90% quota fill rate necessary for trade under the FTA.

- **Utilisation of preferential tariffs is high:** Between EIF and December 2024 **80.7%** of eligible UK exports to New Zealand and **82.6%** of eligible UK imports from New Zealand utilised the FTAs preferential tariffs, equivalent to estimated duty savings of **£9.3 million** on exports and **£67 million** on imports. This indicates strong business uptake of preferential tariffs and significant customs duty savings.

1. Introduction

The UK-New Zealand Free Trade Agreement (UK-NZ FTA) is a deep and comprehensive FTA. It entered into force on 31st May 2023. It is expected to bring long-term economic benefits for both the UK and New Zealand, support UK jobs and provide opportunities for growth in all sectors around the UK.

The FTA has a comprehensive set of chapters, which include a broad range of provisions aimed at improving and stabilising the trading environment. The UK-New Zealand FTA removes tariffs on all UK exports, with some phased reductions in sensitive UK sectors. It also includes provisions covering public procurement, services, digital trade, and labour rights, with safeguards and phased liberalisation for sensitive UK sectors. It also establishes a novel inclusive trade committee which covers areas such as gender, development, Māori trade and SMEs. For a chapter-by-chapter explanation, see here: https://www.gov.uk/government/publications/uk-new-zealand-fta-summary-of-chapters/uk-new-zealand-free-trade-agreement-chapter-explainers.

Benefits for businesses and consumers of the UK-New Zealand FTA include:

- **Cutting red tape for small businesses -** Red tape will be slashed for the 5,900 UK SMEs that export goods to New Zealand. Simple and modern customs procedures, including a commitment to release goods within 48 hours of arrival if requirements have been met, will save time and money for businesses.

- **Tariff-free access for British goods -** At entry into force, businesses will benefit from the immediate removal of tariffs on 100% of UK goods exports, worth £17 million annually. These tariff reductions include clothing (up to 10%), footwear (up to 10%), buses (5%), ships (up to 5%) and bulldozers and excavators (up to 5%).

- **Global leadership on climate and environment -** The deal includes a ground-breaking environment chapter that reinforces our commitments to the Paris Agreement and our efforts to meet net zero. It will also encourage trade and investment in low carbon goods, services and technology, with the most comprehensive list of environmental goods with liberalised tariffs in a trade deal to date.

- **Opening new digital markets -** The deal will it easier to break into the New Zealand market. Customs duties on electronic transmissions, such as software, will be prohibited. Easier e-commerce and the free flow of trusted data, essential for modern businesses, will be guaranteed between the UK and New Zealand. In 2019, 40% of the UK's £651 million of services exports to New Zealand were delivered digitally.

- **More opportunities to work in and travel to New Zealand for business -** Brits will be able to work more freely in New Zealand thanks to unprecedented new commitments that allow UK service suppliers, including lawyers and auditors, to deliver contracts. It will be easier for senior managers, executives and specialists to move on intra-company transfers. They will be eligible for visas to work for a period of 3 years, and family members will also be able to join. opening new digital markets

- **Kiwi quality at lower prices -** Consumers will benefit directly from increased choice, better product quality and lower prices for imported goods. Removing tariffs could make high-quality products that British consumers love more affordable, including Marlborough Sauvignon Blanc, Manuka Honey and kiwi fruit.

For more detailed benefits, see here: UK-New Zealand FTA: benefits for the UK - GOV.UK.

Case Study B1: Kinetik Wellbeing

UK medical device company, Kinetik Wellbeing, have found a lot of synergy with New Zealand, finding like-minded partnerships and a valuable target audience. The UK-New Zealand FTA has made it even easier for Kinetik Wellbeing, and other UK businesses, to export to New Zealand, with benefits such as tariff free trade for British goods, quicker export times and the ability to establish strong partnerships through improved temporary entry.

These results should be interpreted in light of macroeconomic factors that have impacted world trade, notably:

- stockpiling of goods in 2019 prior to the UK's exit from the European Union
- the COVID-19 pandemic and subsequent lockdowns in the UK and New Zealand, restricting the movement of goods and services
- the war in Ukraine, and inflation caused by higher commodity prices and indirectly through increased unit costs[36]
- the pound's appreciation against the New Zealand dollar by 11.9% between the year to end May 2023 compared to the year to end May 2025 making UK exports comparatively more expensive and New Zealand imports comparatively cheaper

Due to the continued impact of COVID-19 restrictions in the year prior to entry into force (EIF), two baselines are used for comparison:

- The **12 months to May 2023** (or 12 months to June 2023), depending on data availability
- The **calendar year 2018**, as the pre-COVID baseline advised by ONS

Comparisons are made from the 12 months to May 2025 (or 12 months to June 2025, when using quarterly data) for consistency and to account for seasonal variations. World totals will not match those published in DBT's other statistical publications, for more details see Annex 2 in the Technical Annex.

[36] NIESR, The Economic Consequences of the Ukraine War for UK Household Incomes, May 2022

2. Total trade under the UK-New Zealand FTA

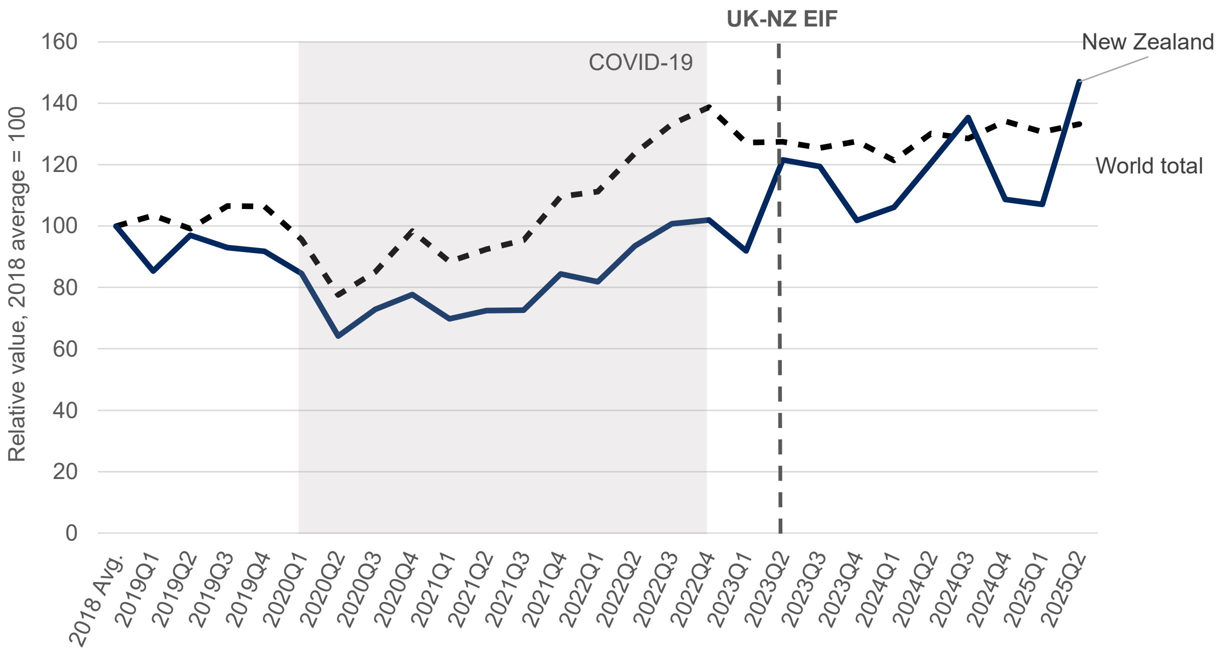
Total trade (exports plus imports) with New Zealand in current prices **is higher than the pre-FTA period and pre-COVID levels in current prices.** In the 12 months to June 2025 (compared with the 12 months pre-EIF), UK-New Zealand trade rose **19.7% (up £638 million)**, even as UK trade with the world increased only **0.02%**. However, since 2018 (i.e. pre-COVID levels), UK-New Zealand trade grew **24.5% (up £763 million)**, falling behind the **31.7%** growth in the UK's trade with the world. This suggests that some of the growth post-FTA is recovery from the COVID-19 pandemic.

New Zealand was the UK's **56th** largest trading partner in the 12 months to June 2025 with total trade reaching **£3.9 billion** accounting for **0.2%** of total UK trade. It has grown in importance over the last two years, up from **57th** in the 12 months to June 2023.

These trends have been driven by a decrease in exports of goods, an increase in imports of goods and increases in exports and imports of services.

Figure 11: Growth in UK total trade with New Zealand has exceeded growth in total trade with the world since EIF

Quarterly total trade (exports plus imports) with New Zealand, 2018 to 2025 Q2



Description of Figure 11: Indexed line chart comparing relative value of total UK trade with New Zealand and total UK trade with the world, where 2018 average = 100 for both series. Both series decrease between 2018 and Q2 2020, then increase gradually. Growth in trade with the world outpaces UK-New Zealand trade up to Q4 2022. Following entry into force in May 2023, UK trade with the world remains stable, while UK-New Zealand trade continues to grow to 147 in Q2 2025 (compared with 133 for the world).

Source: ONS UK total trade: all countries, non-seasonally adjusted, April to June 2025

3. Trade in services and investment under the UK-New Zealand FTA

3.1 Trade in services - exports to New Zealand

UK services exports to New Zealand have been strong since EIF. In the 12 months to June 2025 (compared with 12 months pre-EIF) they rose by **42.7% (up £431 million)**, outpacing the **15.0%** increase in UK services exports to the world in the same period.

In the 12 months to June 2025 compared to 12 months pre-EIF, growth in UK services exports to **New Zealand** was primarily driven by:

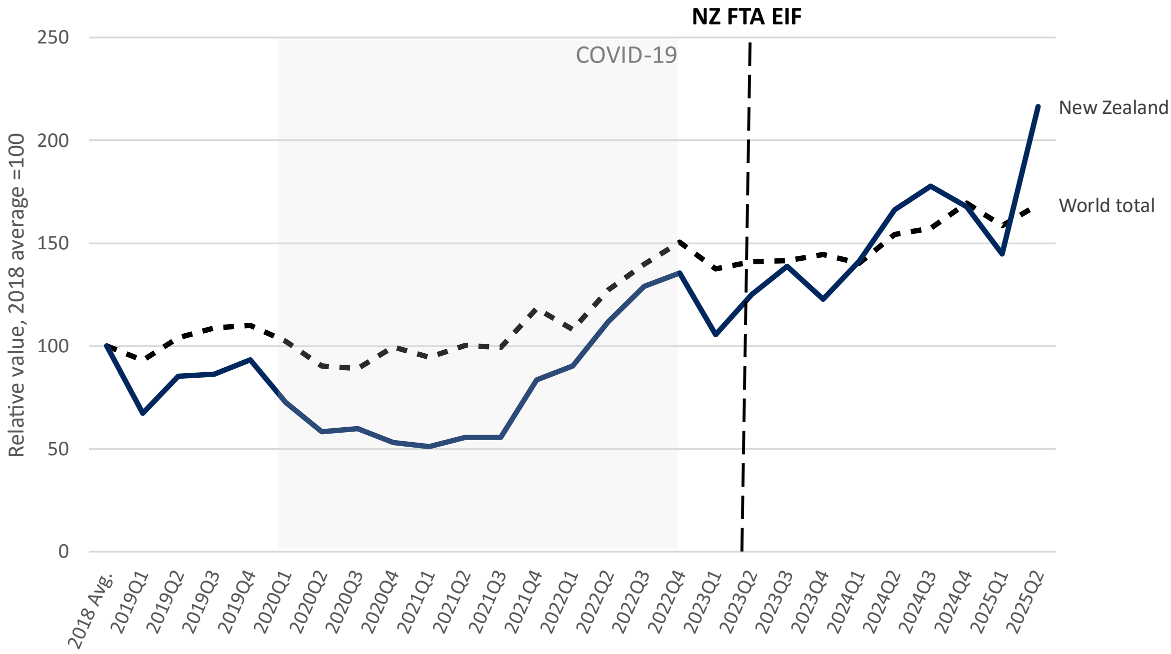
- Other business services: **+200.0% (up £282 million)**
- Travel services: **+34.0% (up £115 million)**
- Insurance and pension services: **+11.4% (up £21 million)**

Compared to 2018 (i.e. pre-Covid levels), UK services exports to New Zealand grew by **76.7% (up £625 million)**, still outpacing the **63.5%** growth in UK services exports to the world in the same period, but by a smaller margin.

In the 12 months to June 2025, New Zealand comprised **0.3%** of the UK services exports, up from **0.2%** in the 12 months to June 2023.

Figure 12: The UK's services exports to New Zealand have increased more than services exports to the world over the same period

Quarterly UK service exports of services to New Zealand and the world, 2019 Q1 to 2025 Q2



Description of Figure 12: Indexed line chart comparing relative value of UK services exports to New Zealand and to the world, where 2018 average = 100 for both series. UK services exports to the world increase steadily from 2018, reaching 169 in Q2 2025. Prior to entry into force, UK services exports to New Zealand remained relatively modest, with the value at 73 in 2020 Q1 before dropping to between 50 and 60 throughout the remainder of 2020 and 2021. Following entry into force in May 2023, growth in UK services exports to New Zealand outpaces growth in exports to the world, reaching 216 in Q2 2025.

Source: ONS UK trade in services: service type by partner country, non-seasonally adjusted, April to June 2025

Other business services exports

Exports of other business services were the largest export sector to New Zealand in the 12 months to June 2025 at **£423 million** and experienced the largest export growth **(+200.0%)** when compared to the 12 months pre-EIF. Over the same time period, exports of other business services to the world increased by **14.3%**. Other business services include a broad range of sub-categories not classified under other service types.

Most of the growth in the other business services sector was in three product areas[37]: accounting, auditing, book-keeping and tax consulting **(up from £4 million to £116 million)**, business and management consulting and public relations services **(up from £19 million to £104 million)** and trade-related services **(up from £6 million to £73 million)**.

These increases may be early indicators that the FTA provisions aimed at improving business travel and facilitation of mutual recognition of professional qualifications may have encouraged UK businesses to expand into or increase their trade with the New Zealand market.

[37] No visualisation is included here due to the low values/suppressions in most sectors pre-EIF and volatility of figures.

Case Study B2: Grimshaw, London

With the UK-New Zealand FTA, Grimshaw, a global architecture practice, can approach the mobility of their architects through simplified and liberated arrangements for transfers between their studios in Auckland and across Asia Pacific. They now operate with the assurance that their business can continue to attract both global collaborators and new talent to their Australasian studios, assuring continuing growth and prosperity.

3.2 Trade in services – imports from New Zealand

UK imports of services from New Zealand have also been strong since EIF, largely driven by travel services. In the 12 months to June 2025 compared to 12 months pre-EIF, UK imports of services from New Zealand increased by **118.8% (up £372 million)**, or **119.2% (up £211 million)** when excluding travel services. This increase was more than the increase in service imports to the world over the same period **(+15.7%)**.[38]

The increase in service imports was largely driven by travel services **(+118.4%, up £161 million),** other business services **(+152.4%, up £128 million)** and intellectual property services **(+528.6%, up £37 million)**.

Compared to 2018 (i.e. pre-Covid levels), UK services imports from New Zealand grew by **57.5% (up £250 million)**, slightly higher than the **52.1%** growth in UK services imports from the world in the same period.

3.4 Foreign direct investment

The latest Foreign Direct Investment (FDI) statistics are only available up to the end of 2023, the first seven months of the FTA. We are therefore unable yet to explore FDI changes since EIF.

[38] Travel services were particularly impacted by the COVID-19 pandemic and subsequent recovery between 2023 and 2025, and increases are unlikely to be related to the FTA. Compared to 2018, their value has not increased.

4. Trade in goods under the UK-New Zealand FTA

4.1 Trade in goods – exports to New Zealand[39]

The trend in **UK goods exports to New Zealand mirrors the trend in UK goods exports to the world**. In the 12 months to June 2025 (compared with the 12 months pre-EIF), UK goods exports to New Zealand excluding unspecified goods,[40] fell by **29.2% (down £336 million)**, a smaller decline than for UK goods exports to the world **(-8.4%)**.

There were no sector-level increases in exports to New Zealand when compared to the 12 months pre-EIF. The decrease in goods exports was driven by large declines in machinery & transport equipment **(-35.7%, down £275 million),** miscellaneous manufacturers **(-27.2%, down £35 million)** and material manufactures **(-21.1%, down £12 million)**. For UK exports to the world, both miscellaneous manufactures **(-7.4%, down £3.3 billion)** and material manufactures **(-5.9%, down £2.2 billion)** also experienced a decline in exports whilst machinery and transport equipment exports rose **(+4.0%, up £6.2 billion)** over the period.

Compared to 2018 (i.e. pre-Covid levels), UK goods exports to New Zealand, excluding unspecified goods, were **13.6%** lower **(down £129 million)** in the 12 months to June 2025, whereas UK exports to the whole world grew by **6.9%**. However, most of this growth was pre-EIF.

In the 12 months to June 2025, the UK accounts for **2.5%** of total goods imports into New Zealand. This is higher than the 12 months pre-EIF **(2.0%)** and slightly below pre-COVID levels in 2018 **(2.7%)**.[41]

4.2 Exports of goods to New Zealand by nation and region

Although goods exports to New Zealand have decreased since EIF, exports from Wales increased. In the 12 months to June 2025 goods exports from Wales were **78.1%** higher **(up £16 million)** than the 12 months pre-EIF, while for other regions exports decreased. The largest decreases in exports were seen for the East **(-42.1%, down £42 million)**, North West **(-41.3%, down £44 million)** and the North East **(-74.4%, down £38 million)**.

[39] *Source: ONS Trade in goods: country-by-commodity exports, November 2025*

[40] Unspecified goods comprises of Non-Monetary Gold (NMG), parcel post, military goods, low value trade, and coins. Other precious metals (silver, platinum, and palladium) are not within unspecified goods and are therefore not excluded from these figures

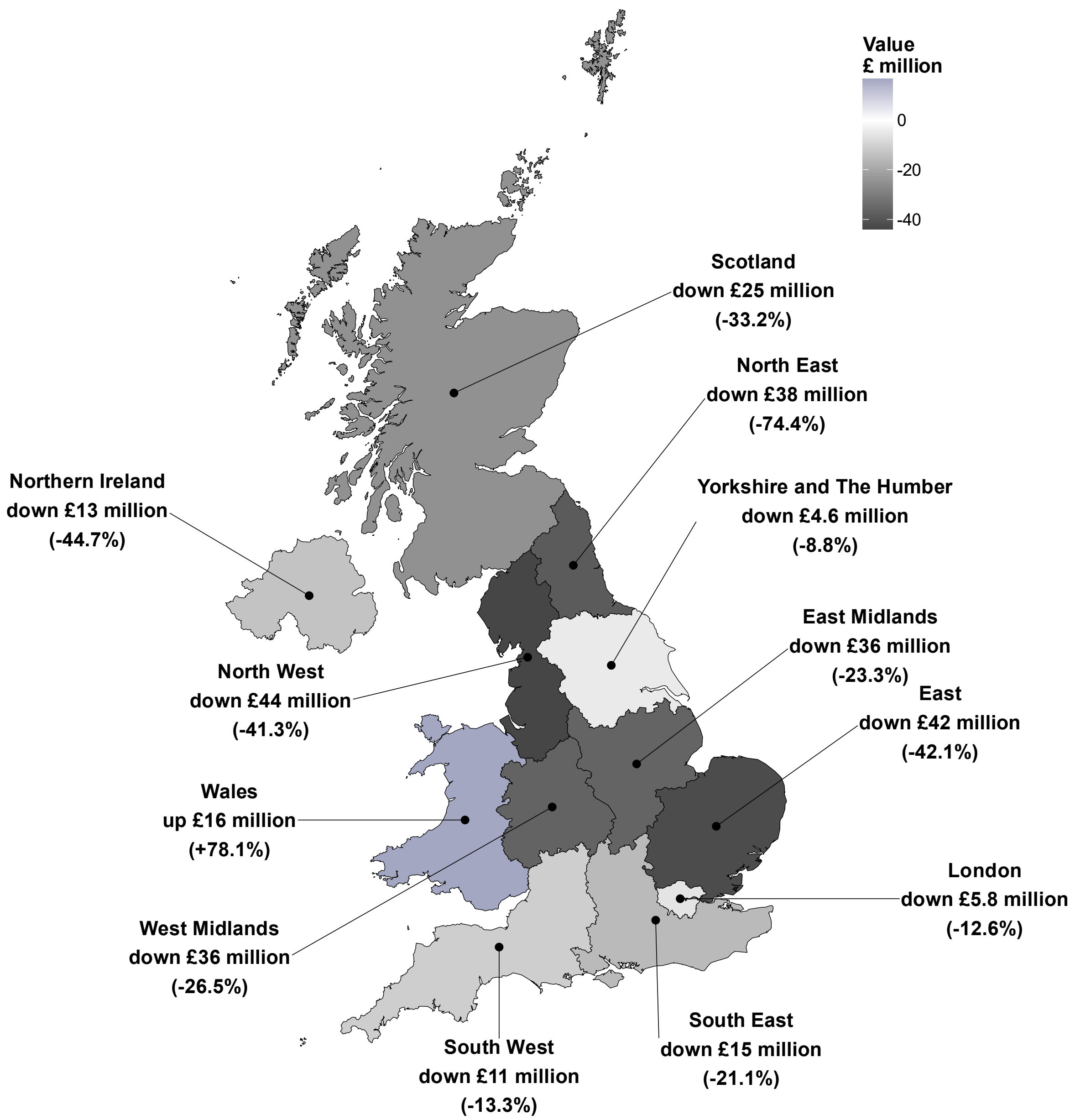
[41] Stats NZ, Overseas merchandise trade: November 2025, December 2025

Case Study B3: Agroceutical Products, Wales

Founded in Wales, Agroceutical Products Ltd (APL) specialises in cultivating daffodils on mountain farms to produce Galanthamine (an approved Alzheimer's drug). The company identified New Zealand as the most promising location, largely due to the country's significant ruminant livestock sector, particularly in dairy. APL has found that the UK-New Zealand FTA has facilitated trade by streamlining the movement of materials, people, and knowledge between the UK and New Zealand, enhancing collaboration and opening new opportunities.

Figure 13: Exports of goods to New Zealand from Wales and London have increased since EIF, while exports from other regions declined

Change in regional exports to New Zealand in 12 months to June 2025 compared to 12 months to June 2023



Region	Change in exports (£ million)	Change in exports (%)
East	down £42 million	-42.1%
East Midlands	down £36 million	-23.3%
London	down £5.8 million	-12.6%
North East	down £38 million	-74.4%
North West	down £44 million	-41.3%
Northern Ireland	down £13 million	-44.7%
Scotland	down £25 million	-33.2%
South East	down £15 million	-21.1%
South West	down £11 million	-13.3%
Wales	up £16 million	+78.1%
West Midlands	down £36 million	-26.5%
Yorkshire and The Humber	down £4.6 million	-8.8%

Source: HMRC Regional Trade in Goods Statistics, third quarter 2025

4.3 Trade in goods – imports from New Zealand[42]

In the 12 months to June 2025 (compared with the 12 months pre-EIF), UK imports from New Zealand excluding unspecified goods rose by **23.4% (up £173 million)**, whereas UK good imports from the world fell by **7.0%**. This import growth was driven by imports of food & live animals which saw the largest rise **(+87.1%, up £204 million)**.

Compared to 2018 (i.e. pre-Covid levels), UK goods imports from New Zealand rose by **2.6% (up £23 million)**, which was much lower than the **20.0%** increase in UK imports from the world.

Despite this recent import growth, excluding unspecified goods New Zealand still accounts for only **0.2%** of UK goods imports - higher than the 12 months pre-EIF (**0.1%**) and similar proportion pre-COVID **(0.2%)**.

Imports of Agri-foods[43]

[42] Source: ONS Trade in goods: country-by-commodity imports, November 2025

[43] HMRC, Overseas Trade Statistics by Country of Origin, November 2025

Imports of sheepmeat[44] have increased, however these are **still below the 90% utilisation of the WTO quota needed for trade under preferential terms**. Beef[45] imports have also increased but these are a **small proportion of UK total imports of beef.**

New Zealand is a competitive producer of agricultural products, notably beef and sheep. UK beef producers are protected by a TRQ from years 1 to 10. From years 11 to 15 a product-specific safeguard will have a similar effect, imposing tariffs of up to 20% – above a volume threshold. For sheepmeat, a transitional TRQ will apply from years 1 to 15 and further, in a given year, trade can only occur under this sheepmeat quota once New Zealand's WTO sheepmeat quota has reached 90% utilisation.[46]

In the 12 months to May 2025 when compared to the 12 months pre-EIF (May 2023) sheepmeat imports from New Zealand increased from **26,800** to **40,900 metric tonnes**. These are **57.2%** of UK imports of sheepmeat (a decrease of **0.1 percentage points**). As these are still below the existing threshold needed for trade under preferential terms at only 47.6% of the WTO quota in 2024 and 41.9% in 2025,[47] this increase may have occurred without the FTA coming into effect.

Sheepmeat imports from all countries increased from **16.1%** of the UK market (**55,300 metric tonnes**) to **24.4%** (**86,500 metric tonnes**), an increase of **8.3 percentage points**, this increase is from a low point for UK sheepmeat imports in 2023.[48]

Figure 14: Imports of sheepmeat from New Zealand have increased since EIF, however these are still below the WTO quota needed to trade under preferential terms

[44] Sheepmeat includes HS codes: 020410; 020421; 020422; 020423; 020430; 020441; 020442; 020443; 02109921; 02109929; 16029091, as in FTA quotas 059721, 059722 and 059723.

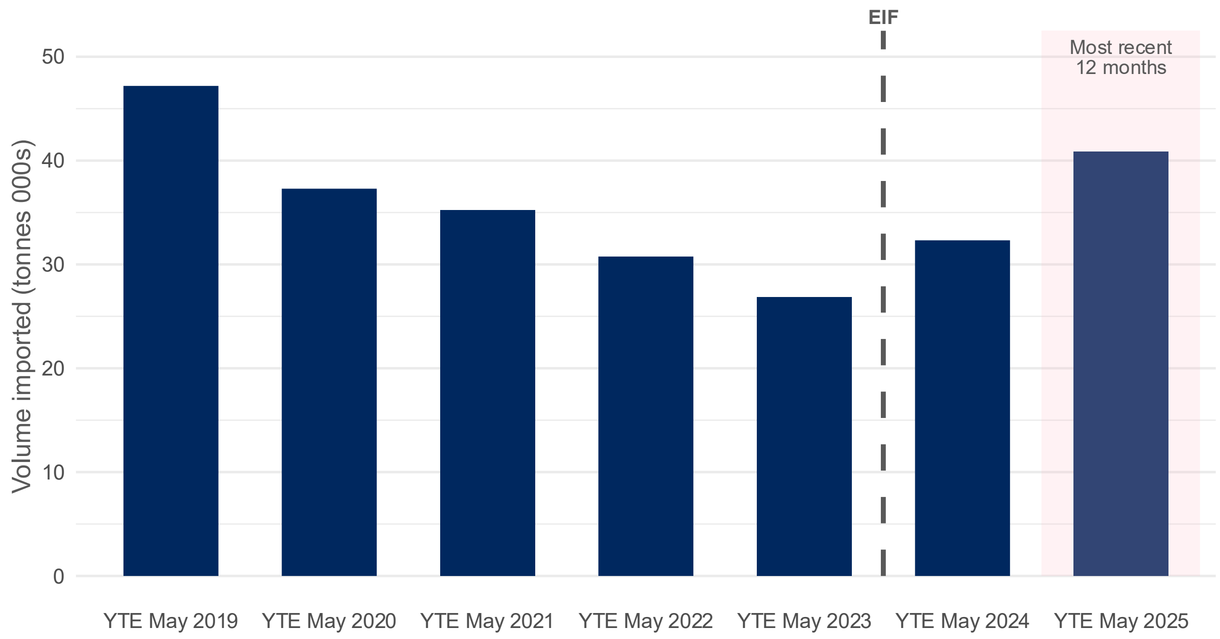
[45] Beef includes HS codes: 0201; 0202; 02061095; 02062991; 021020; 02109951; 16025; 16029061; 16029069, as in FTA quota 059720.

[46] The WTO sheepmeat quota is a fixed volume of sheepmeat that can be imported at preferential rates, with the specific amounts and countries eligible for them managed by the WTO's framework and the specific trade agreements in place.

[47] DBT, UK trade quotas, January 2026

[48] DEFRA, Latest cattle, sheep and pig slaughter statistics, January 2026. Carcase weight equivalent (CWE) figures used for imports, import figures using FTA quota 059700. Methodology available in the Technical Annex.

UK sheepmeat imports from New Zealand 12 months to May 2019 to 12 months to May 2025



Description of Figure 14: Bar chart showing UK sheepmeat imports from New Zealand in thousands of tonnes, year-to-end May 2019 to year-to-end May 2025. Sheepmeat imports decrease gradually prior to entry into force, down from 47,200 tonnes in 12 months to May 2019, to 26,800 tonnes in 12 months to May 2023. Following entry into force, imports recover, increasing to 32,300 tonnes in 12 months to May 2024 and 40,800 tonnes in 12 months to May 2025.

Source: HMRC overseas trade in goods statistics, country of origin basis, September 2025

Beef imports from New Zealand have increased from **1,000** to **5,300 metric tonnes** in the 12 months to May 2025. However, New Zealand beef imports as a share of all UK beef imports still only comprise **1.8%** (compared to **0.4%** in the 12 months pre- EIF).

Over the same period, imports have decreased from both the Netherlands (**3.6%** down to **1.9%**) and Germany (**4.8%** down to **0.8%**). This implies that there has been potential substitution away from EU countries towards Australia and New Zealand.

Total UK imports of beef are only slightly higher than in the 12 months pre-EIF **(+3.4%)** and lower than their 2018 value **(-17.4%)**.

The UK has transitional tariff rate quotas (TRQs) in place that limit the volume of beef that can enter the UK tariff free, rising in equal instalments from 12,000 tonnes in year 1 to 38,800 tonnes in year 10. The current quota limit reached 15,000 tonnes of beef from New Zealand in 2024 and increased to 18,000 tonnes in 2025.

New Zealand utilised only 24.2% of their quota in 2024, but this increased to 82.4% in 2025.[49]

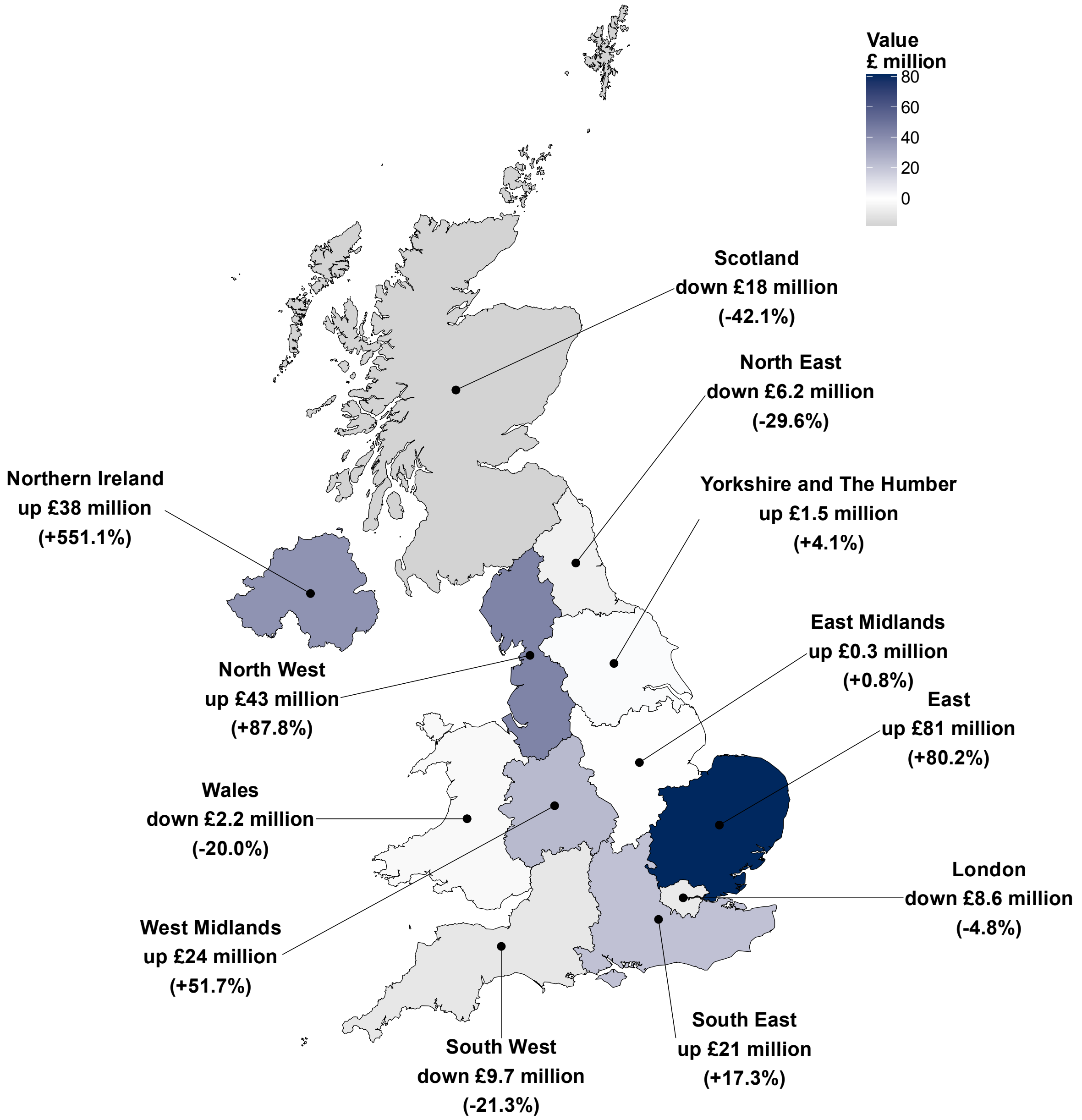
[49] DBT, UK trade quotas, January 2026

4.4 Imports of goods from New Zealand by nation and region

Imports to 7 out of 12 UK nations and regions increased in the 12 months to June 2025 when compared to the 12 months pre-EIF. The largest increases were for the East of England **(up £81 million, +80.2%)** Northern Ireland **(up £38 million, +551.1%)**, North West **(up £43 million, +87.8%)** and West Midlands **(up £24 million, +51.7%)**.

Figure 15: There have been large increases in imports from New Zealand to the East of England and the North West

Change in regional imports from New Zealand in 12 months to June 2025 compared to 12 months pre- EIF



Region	Change in imports (£ million)	Change in imports (%)
East	up £81 million	+80.2%
East Midlands	up £0.3 million	+0.8%
London	down £8.6 million	-4.8%
North East	down £6.2 million	-29.6%
North West	up £43 million	+87.8%
Northern Ireland	up £38 million	+551.1%
Scotland	down £18 million	-42.1%
South East	up £21 million	+17.3%
South West	down £9.7 million	-21.3%
Wales	down £2.2 million	-20.0%
West Midlands	up £24 million	+51.7%
Yorkshire and The Humber	up £1.5 million	+4.1%

Source: HMRC Regional Trade in Goods Statistics, third quarter 2025

4.5 Goods imports from developing countries

The UK and New Zealand are committed to encouraging economic development around the world, demonstrated by the UK-New Zealand FTA including one of the first ever dedicated development chapters within a bilateral FTA between two advanced economies. This also included a commitment to monitor the impact this agreement may have on developing countries through preference erosion.

For developing country exports which were identified as being at potential risk from trade diversion from the UK-New Zealand FTA in the impact assessment, Table 2 in Annex 3 has been provided to show areas of increased market share in these goods. There has been increased imports from New Zealand for a selection of goods, the highest being wine of fresh grapes[50] and sails for boats, sailboards or landcraft of textile materials[51]. Concurrently there has been a notable decrease in sails for boats imported from Sri Lanka and the Philippines.

At this stage, our analysis has monitored the preliminary findings of trade in products identified at risk of preference erosion. We will continue to monitor these goods as the agreement progresses.

[50] HS code 220429

[51] HS code 630630

4.6 Businesses trading goods with New Zealand

The number of businesses trading in goods, as well as their distribution by size and region, is provided from two primary data sources:

1. **HMRC's regional trade statistics:** These cover VAT registered businesses and are published quarterly. To avoid double counting and mitigate seasonal variation in the number of businesses trading, comparisons can only be made one calendar year to another. For this reason, we compare to 2022.
2. **HMRC microdata linked to the Inter-Departmental Business Register:** This includes both VAT and non-VAT registered businesses. Differences in business size are calculated by comparing figures from the year ending January 2025 (12 months to January 2025) to those from the 12 months pre-EIF (12 months to May 2023). At the time this report was published, a longer comparison series was not available, which limits the ability to determine whether observed changes fall within typical fluctuations. In the upcoming five-year evaluation, there are plans to extend the use of internal data to enhance analysis on the impact of FTAs and how these impacts are distributed across businesses by size.

The total number of businesses varies between the two sources due to differences in the periods covered and the inclusion or exclusion of non-VAT registered businesses. For clarity, totals from both sources are provided.

VAT registered businesses trading with New Zealand[52]

The **number of VAT-registered businesses exporting goods to New Zealand in 2024 was marginally lower than in 2022**, falling from **6,949** to **6,292 (-9.5% or 657 businesses)**. This is larger than the decrease in the number of goods exporters to the world over the same period **(-3.5%)**. The number of **businesses importing goods increased (+5.4% or 95 businesses)**, larger than the increase in the number importing from the world over the same period **(+1.3%)**. This is expected given the decrease in the value of exports to New Zealand since EIF.

All regions saw a decrease in the number of exporters to New Zealand, with the greatest decreases concentrated in the South East **(-12.7% or 152 businesses)** and London **(-12.5% or 98 businesses)**, with Northern Ireland and the West Midlands seeing the smallest decreases **(-3.5% or 4 businesses and -3.1% or 21 businesses respectively)**.

Small and medium sized enterprises trading with New Zealand[53]

There has been a decline in the number of businesses exporting to New Zealand since EIF from **6,805** to **6,287** businesses **(-7.6% or 518 businesses)** in the 12 months to January 2025 when

[52] HMRC, UK regional trade in goods statistics, third quarter, July to September 2025: business counts data, December 2025. Calculated using the proportion method.

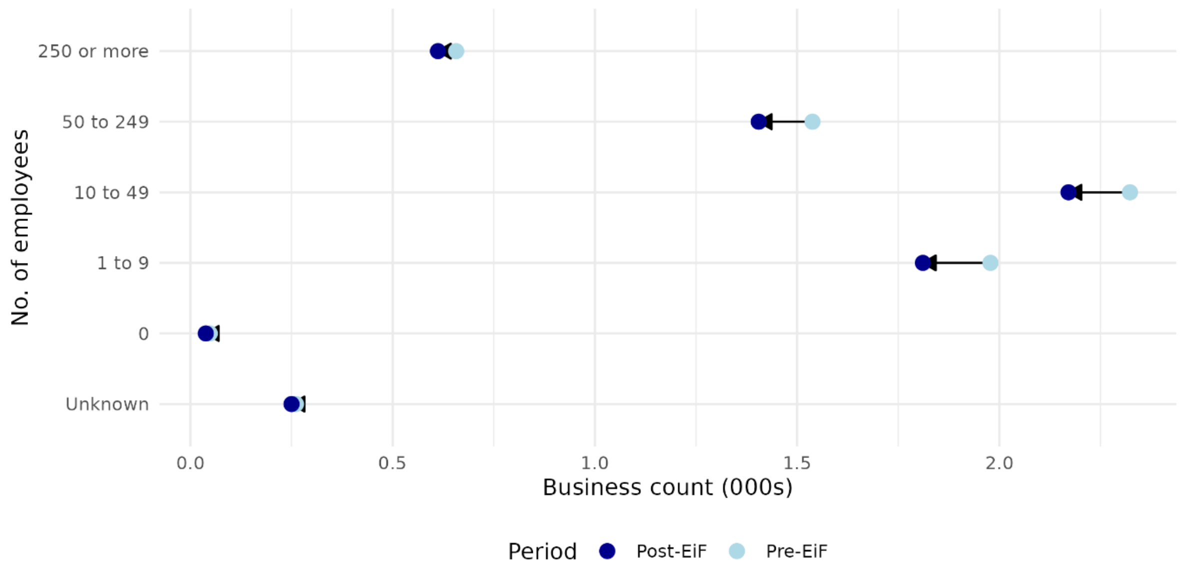
[53] Data provided by HMRC

compared to the 12 months to May 2023. This fall is consistent with declines in the total number of businesses trading with the World **(-4.1%)** across this period.

As shown in Figure 16, **most of the decrease in the number of businesses trading is concentrated in SMEs (<250 employees)** which fell by **462 businesses** (**-7.8%)**. Therefore, the proportion of SMEs trading with New Zealand decreased marginally from **86.5%** to **86.3%**. However, the proportion of SMEs trading with New Zealand is still relatively high compared with businesses trading with the world **(82.5%)**.

Figure 16: The number of businesses trading with New Zealand has decreased; this change is mostly concentrated in businesses with fewer than 250 employees

Number of businesses trading with New Zealand by business size



Number of employees	Business count pre-EIF (000s)	Business count post-EIF (000s)
250 or more	0.66	0.61
50 to 249	1.54	1.41
10 to 49	2.32	2.17
1 to 9	1.98	1.81
0	0.05	0.04
Unknown	0.26	0.25

Source: HMRC microdata on businesses trading with Australia and New Zealand by size

5. Utilisation of the FTA's reduced ('preferential') tariffs and duty savings

5.1 Background

Preference Utilisation Rates (PURs)

'Preferential' tariffs refer to reduced tariff rates available under an FTA. Preference Utilisation Rates (PURs) measure the extent to which tariff preferences provided by trade agreements are being used where preferential tariff rates are available and lower than the Most Favoured Nation (MFN) rate.[54]

PURs are an indicator of business uptake and ease-of-use of preferential tariffs under an FTA. Businesses may not utilise preferential tariffs for a number of reasons including lack of awareness, the preference margin and ability to meet rules of origin.

Estimated duty savings

Duty savings are the estimated value of reduced tariff costs when trading goods between countries under preferential tariffs compared to MFN tariff rates.

See Annex 2 for more information on how and why PURs and duties savings vary; the data sources used for import and export PURs, relevant caveats and limitations; and methodology for calculating duty savings.

5.2 *Preference utilisation and estimated duty savings on goods exported to New Zealand*

Since EIF (June 2023 to December 2024) preference utilisation of exports has been high; **80.7%** (**£164.2 million**) of eligible UK **exports to New Zealand** utilised preferential tariffs. Had these occurred at standard MFN rates, it's estimated an additional **£9.3 million** in customs duties could have been paid.[55]

Compared to other FTAs, **preferential uptake is relatively high for the New Zealand FTA at this early stage in implementation**. In the 12 months following EIF (June 2023 to May 2024) of the New Zealand agreement, preference utilisation rate for UK exports was **80.7%**. This suggests **strong early-stage uptake of the FTA's tariff preferences for exports to New Zealand** and is promising given this is one of the UK's first "from scratch" FTAs and therefore a new concept for businesses exporting from the UK and demonstrates that businesses are adapting well to the new trading environment.

As preference utilisation data for UK exports is held by trading partners, and the DBT has so far only agreed to exchange 2023 data, further sector breakdowns have not been produced. Please note that 2024 statistics remain provisional.

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[54] The 'MFN rate' is the default rate for traders from countries without an FTA or if traders from countries with an FTA do not use the FTAs preferential tariff when eligible.

[55] DBT, Joint trade statement between New Zealand and United Kingdom - GOV.UK, May 2025

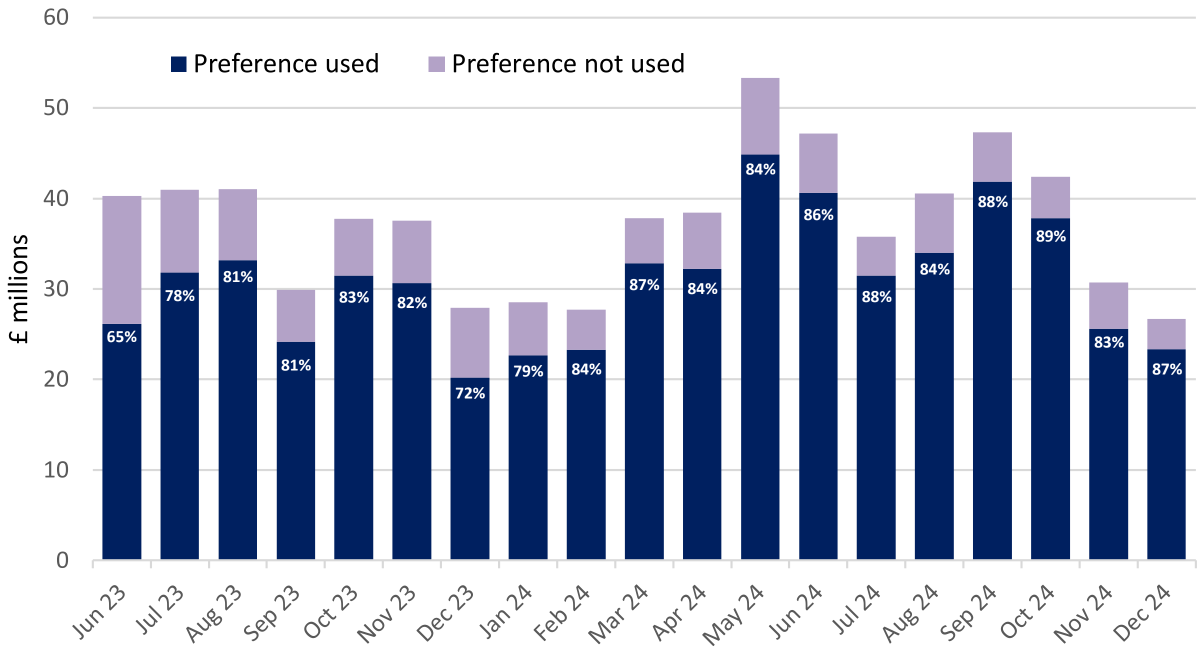
5.3 *Preference utilisation and estimated duty savings on goods imported from New Zealand*

Between June 2023 and December 2024 **82.6% (or £588 million)** of eligible UK imports from **New Zealand** benefited from preferential tariff rates. Had these occurred at standard MFN rates, it is estimated traders would have encountered an additional **£67 million** in customs duties. This has the potential to benefit UK consumers if the UK importing firm passes on the tariff saving to the person buying the product in the UK in the form of lower retail prices. Additionally, if the UK importing firm absorbs the saving of the tariff itself and doesn't pass it on, then that firm is said to benefit economically in the form of higher profits.

Preference-eligible imports have become a major proportion of total UK goods imports from New Zealand. Since EIF, a large proportion of imports **(90.1%)** from New Zealand entered the United Kingdom without tariffs. While the majority **(45.6%)** of UK imports from New Zealand were tariff-free on Most Favoured Nation (MFN) terms it was equally matched by **44.5%** of imports that made use of preferential 0% tariffs under this new FTA. A further **9.5%** entered under non-zero MFN tariff terms.

Figure 17: PUR rates for imports from New Zealand remained consistently above 70% in the 19 months following EIF

Monthly preference utilisation for imports from New Zealand, June 2023 to December 2024



Description of Figure 17: Stacked bar chart showing monthly preference utilisation rates (PUR) for UK imports from New Zealand. PUR remains above 70% since entry into force, aside from June 2023, and remains above 80% from February 2024 with minor fluctuations.

Source: DBT calculations using HMRC Import by Preference, November 2025

Utilisation activities

To support utilisation of the UK-New Zealand FTA, the DBT has delivered a range of initiatives to raise awareness among UK exporters and gather intelligence on how the agreement is being implemented. These include:

1. Publishing 19 pieces of business guidance explaining the UK-New Zealand FTA provisions and market opportunities. In the two years following EIF (31 May 2023 to 31 May 2025), the New Zealand guidance pages received almost 11,000 views.
2. Delivering 54 business engagement events (joint across the UK-Australia and UK-New Zealand FTAs) in the first year of the agreement being in force, including webinars, one-to-ones, roundtables, and training sessions, reaching around 1,500 stakeholders.
3. Running the Australia / New Zealand Roadshow, with seven events across six UK cities (5–14 March 2024), attended by over 360 participants, including SMEs, experienced exporters, and business organisations.
4. Business feedback since EIF has been largely positive, citing benefits such as tariff reductions and improved market access. Some challenges have been reported, particularly by SMEs, around navigating administrative and procedural requirements, such as interpreting FTA provisions on Rules of Origin and customs procedures. Notably, the Rules of Origin guide is the most viewed online resource for New Zealand.

5.4 Tariff rate quotas (TRQs)[56]

The UK allows certain volumes of beef, sheepmeat and dairy products like butter and cheese enter the UK under tariff rate quotas, meaning a certain volume may enter tariff free before tariffs are due upon entry.[57]

New Zealand imported goods across four out of seven products with tariff rate quotas 2023, 2024 and 2025. Apples[58] saw the highest consistent usage across the three years at **64.1%** in 2023, **47.4%** in 2024 and **57.2%** in 2025. Beef[59] also saw high usage at **19.7%** in 2023, **24.2%** in 2024 and reaching **82.4%** in 2025. Butter[60] saw a notable increase in usage from **2.3%** and **16.3%** in 2023 and 2024 to **57.6%** in 2025 while cheese & curd[61] increased to **32.3%** in 2024 and then fell to **23.0%** in 2025 having been below **5.0%** in 2023.

[56] DBT, UK trade quotas, January 2026 and Rural Payments Agency, UK tariff rate quotas - allocation of co-efficients, January 2026

[57] UK imports of apples from New Zealand are also subject to tariff rate quotas.

[58] FTA quota: 059726

[59] FTA quota: 059720

[60] FTA quota: 059724

[61] FTA quota: 059725

6. Implementation activities

Since the UK-New Zealand FTA came into force, the department has aimed to establish processes to support the implementation of this agreement. This includes convening 15 government-to-government (G2G) policy committees, expanding stakeholder contact points, and analysing utilisation data. Forums are held at official level and reviewed by senior officials through the Joint Committee. In the first year, 11 forums were held (including the Joint Committee), followed by 9 in the second year. Both years concluded with a Ministerial Joint Committee, celebrating progress and identifying areas for focus going forward.

Trade in goods

- The UK and New Zealand have used the **Trade in Goods subcommittee** as a means to review and share preference utilisation data.
- Successful work under the **Wine and Distilled working group** has been done to remove technical barriers to trade. Under the committee, four oenological practices were approved by the UK government. This enables wine products from New Zealand, that have undergone these practices, to be marketed and sold in the UK.
- Workstreams under the **Rules of Origin and Customs WG** are underway to modernise customs processes, reduce regulatory burdens, and improve compliance. This includes updates to customs declarations, a new transit system, and simplification of procedures. The UK is also developing a Single Trade Window to streamline post-Brexit trade.

Trade in Services

- The FTA has supported digital trade through the **Services and Investment Subcommittee**, which has facilitated information sharing on digitalisation strategies. NZ is digitising sheep meat quota processes, and both countries are undertaking a Digital Trade Review to assess and potentially enhance the FTA's digital provisions.
- The first **Professional Business Services Working Group** and **Legal Services Regulatory Dialogue** were held this year. These forums explored opportunities for Mutual Recognition Agreements in relevant sectors as well as other RPQ related issues.

Cross-cutting

- The FTA has supported inclusive trade, particularly for Māori, women-led businesses, and SMEs. The **Inclusive Trade Committee,** now convened twice, led to a joint UK–NZ Trade and Gender Workplan covering several workstreams and initiatives. These include but are not limited to work on gender analysis, a Women in STEM event and a Women in Tech Mission, where a delegation of Māori women visited the UK during London Tech Week in June 2024 to engage with UK entrepreneurs.
- The UK–NZ Geographical Indications (GIs) Review clause was triggered because New Zealand strengthened its GI protections in a trade deal with the EU, prompting a review under the UK–NZ agreement. Following triggering the UK and NZ held the **Intellectual Property Working Group** as its first FTA forum. Officials have been working to draft a new GI subchapter that could protect products such as Blue Stilton cheese and English wine.

- Further collaboration under this chapter includes the launch of an Artist's Resale Right (ARR) scheme, allowing UK artists to receive royalties when their work is resold in New Zealand's professional art market. This came into force on 1st December 2024. The scheme is reciprocal for NZ artists selling in the UK.

Ways of Working/ Bilateral Relationship

- The FTA implementation framework has strengthened UK–NZ ties, providing a structured platform for engagement, alignment on policy priorities, and sharing of best practices. New Zealand remains a valued, like-minded partner in the global trading system of free and fair trade.

7. Conclusion and what's next

To summarise:

- Since the FTA took effect in May 2023, UK-New Zealand trade has grown but by less than the growth in the UK's trade with the world since 2018.
- Growth in the UK's exports to New Zealand was driven by large increases in UK services exports, with strong growth in other business services, travel, and insurance and pension services. Growth in the UK's imports from New Zealand was driven by imports of food and live animals.
- UK goods exports to New Zealand were lower when compared to both pre-EIF and 2018 levels in current prices.
- Use of the FTA's preferential tariffs has been notably high, delivering substantive customs duty savings for UK businesses and consumers

What's next

DBT will publish an evaluation report for this FTA once 5 years of trade data following entry-into-force is available and has been robustly analysed. The report will synthesise findings from monitoring, evaluation, and stakeholder engagement activities to assess the impact of the agreement and answer DBT's core evaluation questions. It will:

- aim to show how, why and for whom the agreement and its implementation has generated outcomes. It will highlight where and how the agreement has worked well and, if applicable, where and how it has worked less well;
- where possible, seek to identify ways to improve the performance of the agreement as well as future ones;
- assess the impact and effectiveness of the agreement and its implementation. It will seek to answer a set of evaluation questions across key thematic areas;
- be proportionate to this agreement's size, content, context and the expected scope of learning. Proportionality means that DBT's evaluations for some FTAs may not deploy the full range of analytical techniques or deploy them to the same extent as for other FTA evaluations DBT may conduct.

C. The UK-Japan CEPA after four years

Key messages

- **Total trade growth with Japan lags UK-world trade:** UK-Japan trade increased by **13.0%.** In the 12 months to June 2025 compared to 2018, while UK global trade grew by **31.7%**.
- **UK services exports to Japan have shown moderate growth:** UK services exports to Japan rose by **30.2%** in the 12 months to June 2025 compared to 2018. However, this growth falls behind the **63.5%** increase in UK services exports to the world. The growth in exports to Japan was driven by other business services **(+101.8%),** telecommunications, computer and information services **(+110.9%)** and insurance and pension services **(+31.6%)**.
- **At the aggregate level, goods exports to Japan have increased:** in the 12 months to June 2025 goods exports to Japan, excluding unspecified goods, were **5.8%** higher relative to 2018. Sectors such as chemicals **(+37.8%)**, material manufactures **(+43.2%)** and crude materials **(+211.5%)** saw the largest percentage rises, relative to 2018.
- **Goods imports from Japan have fallen while imports from the world increased:** In the 12 months to June 2025, goods imports (excl. unspecified goods) were down **15.2%** compared with 2018 while imports from the world grew **20.1%** over the same period.
- **Business participation:** The number of VAT-registered UK businesses exporting goods to Japan in 2024 was marginally lower than in 2021 down **7.3%**, a slightly larger decrease than the fall in the number of goods exporters to the world over the same period **(-3.4%)**.
- **High utilisation of preferential tariffs:** Between 2022 and 2023, **63.0%** of eligible UK exports to Japan utilised preferential tariff rates, resulting in estimated duty savings of **£58 million**. Between 2023 and 2024, **73.9%** of eligible UK imports from Japan utilised preferential tariff rates, resulting in estimated duty savings of **£311 million.**

1. Introduction

The UK–Japan Comprehensive Economic Partnership Agreement (CEPA) entered into force on **1st January 2021**, building on the earlier **EU–Japan Economic Partnership Agreement (EPA)**. While maintaining continuity with the EPA, CEPA goes further in several areas, notably **digital trade** and **financial services**.

Contents of the agreements: Summary

CEPA is a deep and comprehensive agreement, covering **24 chapters**, relevant annexes, and a **protocol on mutual recognition**. It includes:

- Tariff-free trade for UK exporters (subject to Rule of Origin)
- EU cumulation for specific sectors (using EU inputs as UK origin)
- Secured market access for UK services and investment
- No requirement to establish a local presence when providing a cross-border service
- Easier business travel for British professionals
- Ban on unjustified data localisation
- Free flow of data
- Greater transparency and streamlined application processes for UK firms seeking licences to operate in Japan
- Commitments to support SMEs in exporting to Japan

Case Study C1: Nana Lily's

Nana Lily's, a Worcester-based family business, specialises in traditionally steamed puddings and British-crafted textiles. The company has had success exporting to Japan, benefitting greatly from reduced tariffs under the UK-Japan FTA, which has enhanced its competitiveness in the Japanese market.

The agreement also encourages mutual recognition of professional qualifications and simplifies compliance with regulatory standards. For example, in medicinal products, the UK and Japan recognise each other's inspection systems and waive batch testing on imports.

Results should be interpreted in light of macroeconomic factors that have impacted world trade and businesses in Japan, notably:

- stockpiling of goods in 2019 prior to the UK's exit from the European Union
- the COVID-19 pandemic and subsequent lockdowns in the UK and Japan, restricting the movement of goods and services

- the war in Ukraine, and inflation caused by higher commodity prices and increased unit costs[62]
- the pound has appreciated against the Japanese yen by 31.7% in the year to end June 2025 compared to 2018 making UK exports comparatively more expensive

Due to the impact of COVID-19 after entry into force (EIF), we use the calendar year 2018 the pre-COVID baseline as advised by the ONS. Comparisons are made from the 12 months to May 2025 (or 12 months to June 2025, when using quarterly data) for consistency and to account for seasonal variations. World totals will not match those published in DBT's other statistical publications, for more details see Annex 2 in the Technical Annex.

[62] NIESR, The Economic Consequences of the Ukraine War for UK Household Incomes, May 2022

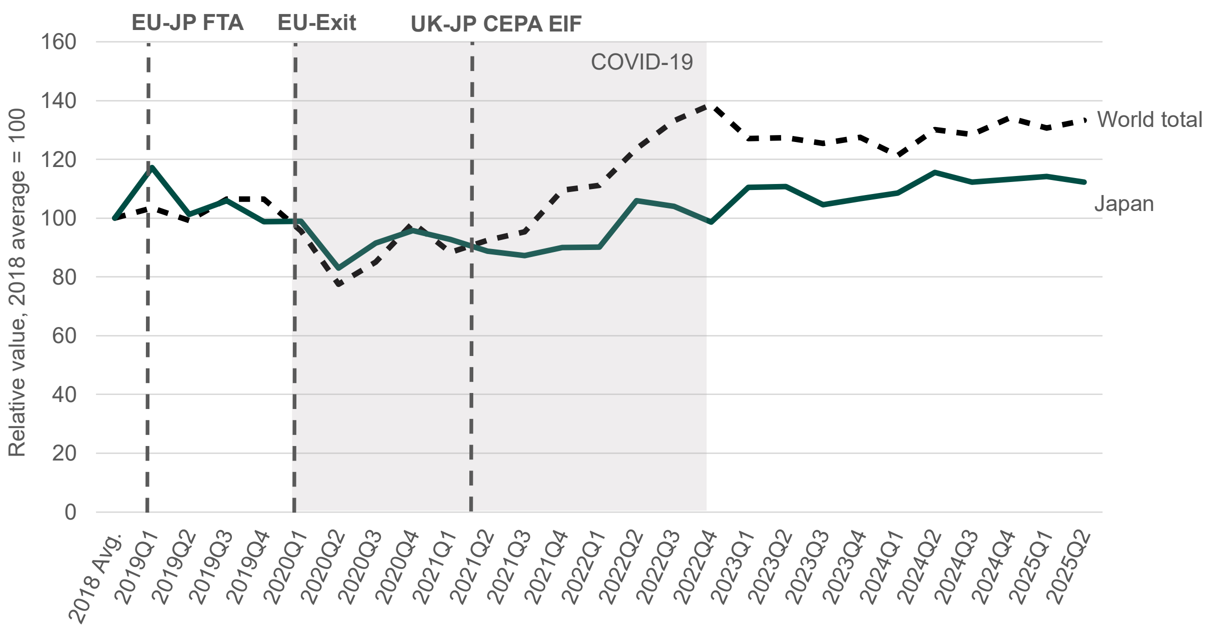
2. Total trade under the UK-Japan CEPA

As shown in Figure 18, total trade (exports plus imports) **with Japan is on an upward trend since the end of the pandemic and post-EIF**. However, it is only **marginally higher in current prices than in 2018**. In the 12 months to June 2025 (compared with the 2018 calendar year), UK-Japan trade rose **13.0% (up £3.8 billion)**, falling far behind the **31.7%** growth in the UK's trade with the world.

This made Japan the UK's **14th** largest trading partner in the 12 months to June 2025, with total trade reaching **£33.1 billion**, accounting for **1.8%** of total UK trade. It has slightly fallen in its ranking since 2018, down from **12th**.

Figure 18: Growth in UK total trade with Japan has increased since the pandemic but still only marginally higher than its 2018 value

Quarterly total trade with Japan for exports and imports, 2018 to 2025 Q2



Description of Figure 18: Indexed line chart comparing relative value of total UK trade with Japan and total UK trade with the world, where 2018 average = 100 for both series. Both series remain broadly consistent with their 2018 averages prior to entry into force of the UK-Japan CEPA in January 2021. Following entry into force, growth in UK trade with the world outpaces growth in trade with Japan, rising sharply to a relative value of 139 in Q4 2022, compared with 99 for Japan. Trade with the world remains stable hereafter, while trade with Japan continues to grow slowly (to 112 in Q2 2025).

Source: *[ONS UK total trade: all countries, non-seasonally adjusted, April to June 2025]*

3. Trade in services and investment under the UK-Japan CEPA

3.1 Trade in services - exports to Japan

In the 12 months to June 2025, UK **services exports to Japan** rose by **30.2%** compared to 2018. This growth falls behind UK exports to the world **(+63.5%)**.

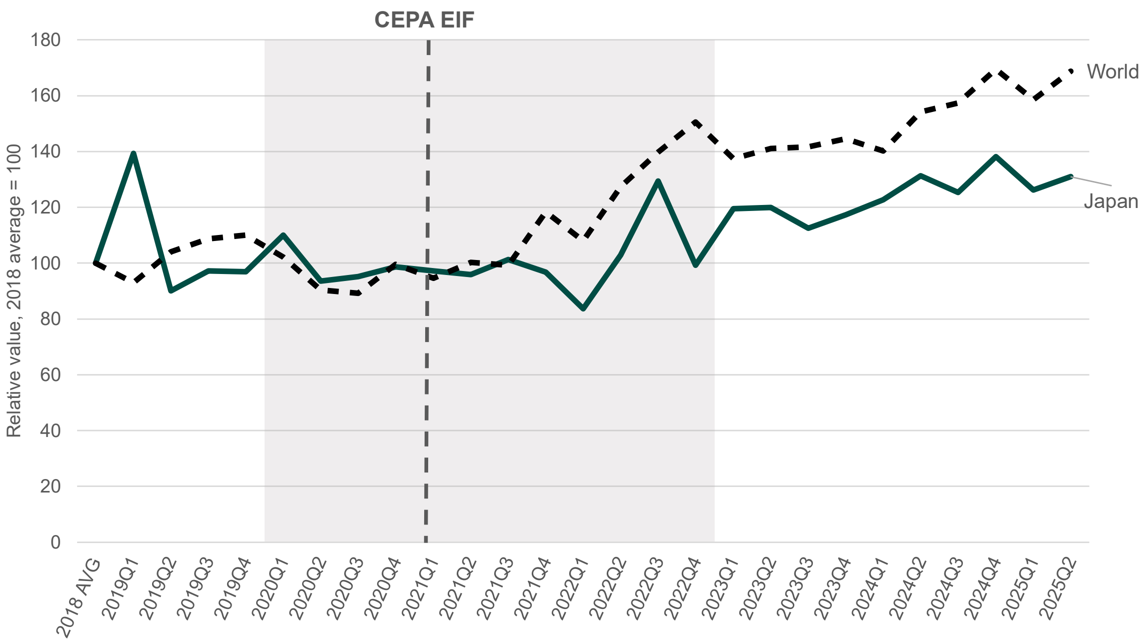
This growth was driven by increases in other business services **(+101.8%, up £1.6 billion),** telecommunications, computer and information services **(+110.9%, up £406 million)** and insurance and pension services **(+31.6%, up £156 million).**

Case Study C2: Mind Foundry

The UK-Japan CEPA helps Mind Foundry, an Artificial Intelligence systems company, to confidently deliver their services in Japan without any stringent requirement to establish a physical office or be resident in Japan. This flexibility allows them to scale their commercial presence at a pace that aligns with their strategic goals.

Figure 19: UK services exports to Japan have increased but by less than UK services exports to the World over the same period

Quarterly UK service exports to Japan and the world, 2018 to 2025 Q2



Description of Figure 19: Indexed line chart comparing relative value of UK services exports to Japan and to the world, where 2018 average = 100 for both series. Prior to entry into force, UK services exports to Japan mirror exports to the world, remaining stable aside from a brief increase to a relative value of 139 following the EU-Japan FTA in February 2019. Since CEPA entry into force in January 2021, UK services exports to Japan and the world have grown to 131 and 169 in Q2 2025, respectively.

Source: *ONS UK trade in services: service type by partner country, non-seasonally adjusted, April to June 2025*

3.2 Trade in services – imports from Japan

UK imports from Japan rose by **49.7% (up £2.8 billion)** in the 12 months to June 2025 compared to 2018. This is slightly lower than the increase in imports of services from the world over the same period **(+52.1%)**.

This growth was driven by increases in intellectual property **(+142.3%, up £2.9 billion)**, transportation services **(+314.9%, up £359 million)** and other business services **(+23.0%, up £309 million)**.

3.3 Foreign direct investment[63]

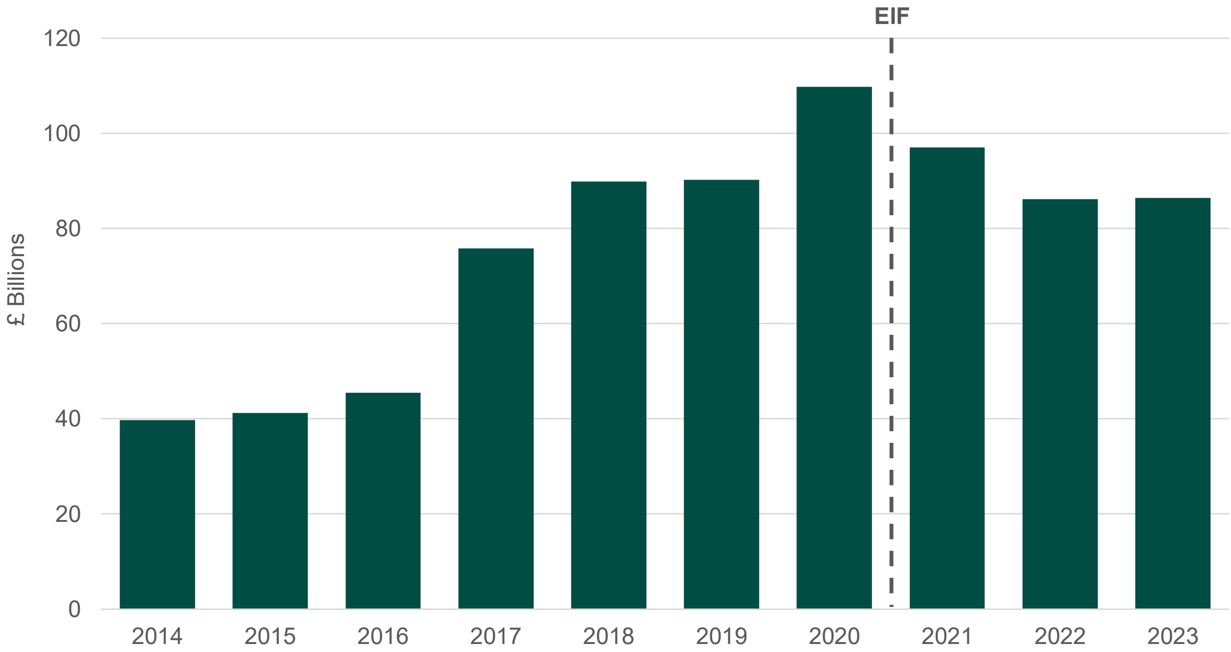
The value of the **UK's inward FDI position with Japan** (the stock of FDI in the UK controlled by Japanese companies) has decreased **3.8%** since 2018 **(down £3.4 billion).** Meanwhile, the value of the **UK's outward FDI position with Japan** (the stock of investment that UK-based companies control in Japan) decreased **56.9%** since 2018 **(down £4.2 billion)**.

The **UK's net international investment position with Japan** (outward less inward positions) was negative at **-£83.3 billion** in 2023 but was **0.9%** higher than its value in 2018 (**-£82.5 billion**).

Figure 20: Inward investment stock from Japan has declined since its record high at EIF in 2020

Inward foreign direct investment (FDI) stock from Japan, 2014 to 2023.

[63] Several factors affected FDI statistics for 2020, including disruption from the coronavirus (COVID-19) pandemic, global recession, and changes to the FDI statistical populations and sampling methods. We advise caution when comparing results from 2020 onwards with earlier years.



Description of Figure 20: Bar chart showing the UK's inward foreign direct investment (FDI) stock from Japan, measured in £ billions. FDI rises steadily from £39.8 billion in 2014 to a peak of £109.8 billion in 2020. Following CEPA entry into force in January 2021, FDI declines, reaching £86.5 billion by 2023.

Source: [*ONS Foreign direct investment involving UK companies: 2023*]

4. Trade in goods under the UK-Japan CEPA

4.1 Trade in goods – exports to Japan[64]

While total trade with Japan fell behind total trade with the world, **exports of goods to Japan are performing comparatively well.** In the 12 months to June 2025 UK goods exports to Japan, excluding unspecified goods[65], were **5.8%** higher than in 2018 **(up £408 million)**. In comparison, over the same period goods exports, excluding unspecified goods, from the world increased by **6.9%.**

Several sectors saw a sizeable increase in exports to Japan when compared to 2018. The largest increases in goods exports were for chemicals **(+37.8%, up £559 million),** material manufactures **(+43.2%, up £238 million)**, and crude materials **(+211.5%, up £95.1 million)**.

UK exports to Japan were **1.7%** of Japan's goods imports in the 12 months to June 2025. This is slightly lower than the **1.9%** the UK comprised in 2018.[66]

Case Study C3: Isotopx

Isotopx, is a designer and manufacturer of ultra-high performance measurement technologies based in the North West. As a result of the UK-Japan CEPA the company benefits from streamlined customs procedures, allowing reliable shipment of their specialist scientific instruments to Japanese clients. Furthermore, UK-Japan CEPA's digital trade provisions eliminate barriers to data flow and support the use of electronic contracts and signatures, aiding efficient and confident transactions.

4.2 Exports of goods to Japan by nation and region

The increase in goods exports were not evenly distributed across nation and region, as shown in Figure 21. Exports to Japan from **7 out of 12 regions have increased** since 2018 in current prices, with large increases in exports from the East Midlands, North West and West Midlands.

In the 12 months to June 2025 exports to Japan from the East Midlands were **43.5%** higher **(up £253 million)** than in 2018, while exports from the North West and West Midlands were **33.0%** higher **(up £136 million)** and **29.9%** higher **(up £131 million)** respectively.

Figure 21: Increases in goods exports are driven by the East Midlands, North West and West Midlands when compared to 2018

Change in regional exports to Japan in the 12 months to June 2025 compared to 2018

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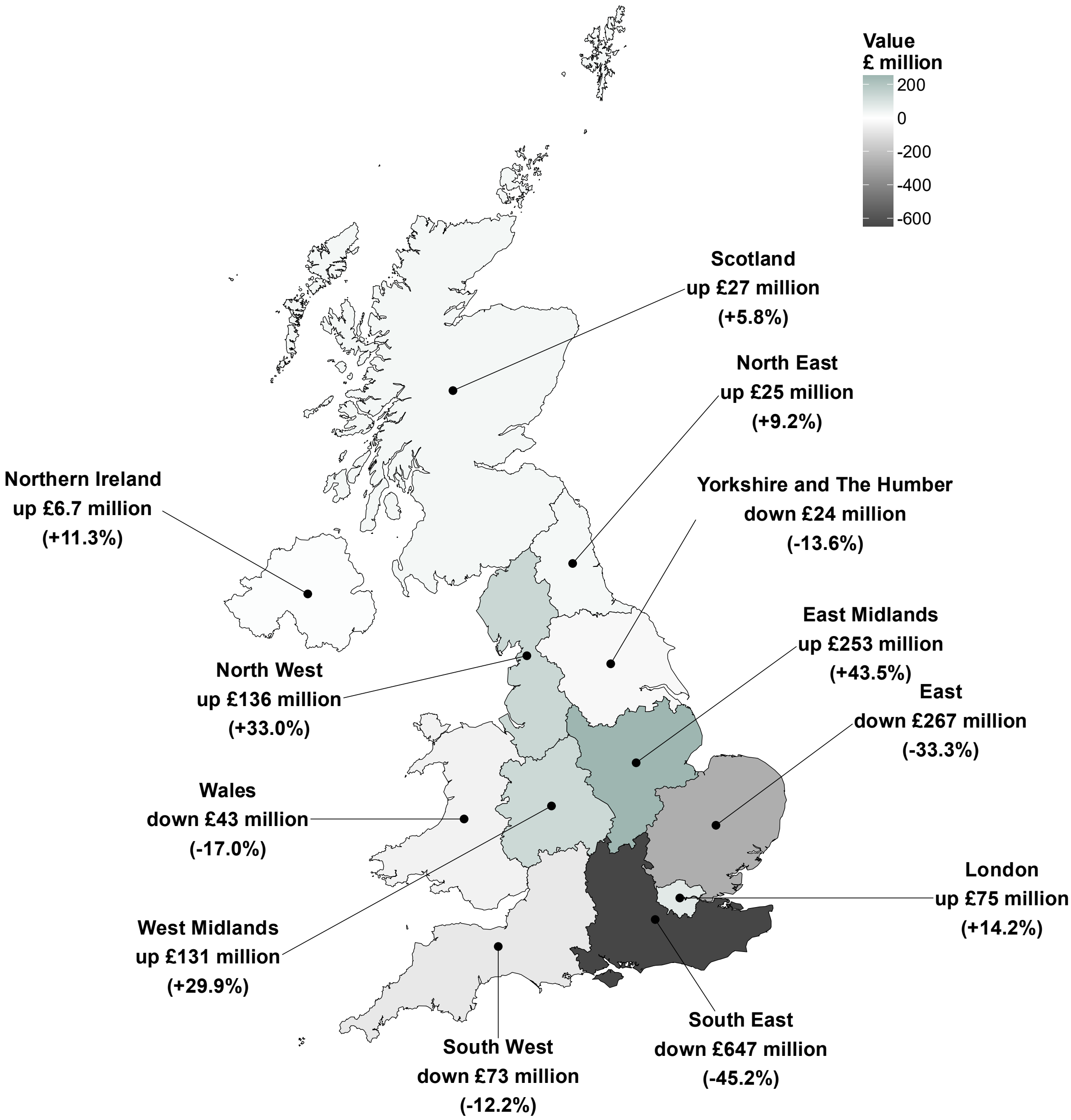
[64] *Source:* *ONS Trade in goods: country-by-commodity exports, November 2025*

[65] Unspecified goods comprises of Non-Monetary Gold (NMG), parcel post, military goods, low value trade, and coins. Other precious metals (silver, platinum, and palladium) are not within unspecified goods and are therefore not excluded from these figures.

[66] Statistics of Japan, Trade Statistics Data for Japan, Values by Country, November 2025



Region	Change in exports (£ million)	Change in exports (%)
East	down £267 million	-33.3%
East Midlands	up £253 million	+43.5%
London	up £75 million	+14.2%
North East	up £25 million	+9.2%
North West	up £136 million	+33.0%
Northern Ireland	up £6.7 million	+11.3%
Scotland	up £27 million	+5.8%

South East	down £647 million	-45.2%
South West	down £73 million	-12.2%
Wales	down £43 million	-17.0%
West Midlands	up £131 million	+29.9%
Yorkshire and The Humber	down £24 million	-13.6%

Source: HMRC Regional Trade in Goods Statistics, third quarter 2025

4.3 Trade in goods – imports from Japan[67]

In the 12 months to June 2025 when compared to 2018, goods imports from Japan dropped by **15.2% (down £1.5 billion)** excluding unspecified goods. In comparison, over the same period goods imports (excl. unspecified goods) from the world increased by **20.1%.**

Since 2018, imports of goods from Japan decreased in several sectors including machinery and transport equipment **(-15.7%, down £1.1 billion)**, miscellaneous manufactures **(-20.0%, down £175 million)** and material manufactures **(-12.9%, down £101 million)** in the 12 months to June 2025. On the other hand, imports from Japan in food and live animals **(+100.9%, up £43 million)** and beverages and tobacco **(+21.4%, up £2.4 million)** both increased, relative to 2018.

In the 12 months to June 2025 Japan accounted for **1.4%** of UK goods imports excluding unspecified goods, a decrease from **2.0%** in 2018.

4.4 Imports of goods from Japan by nation and region

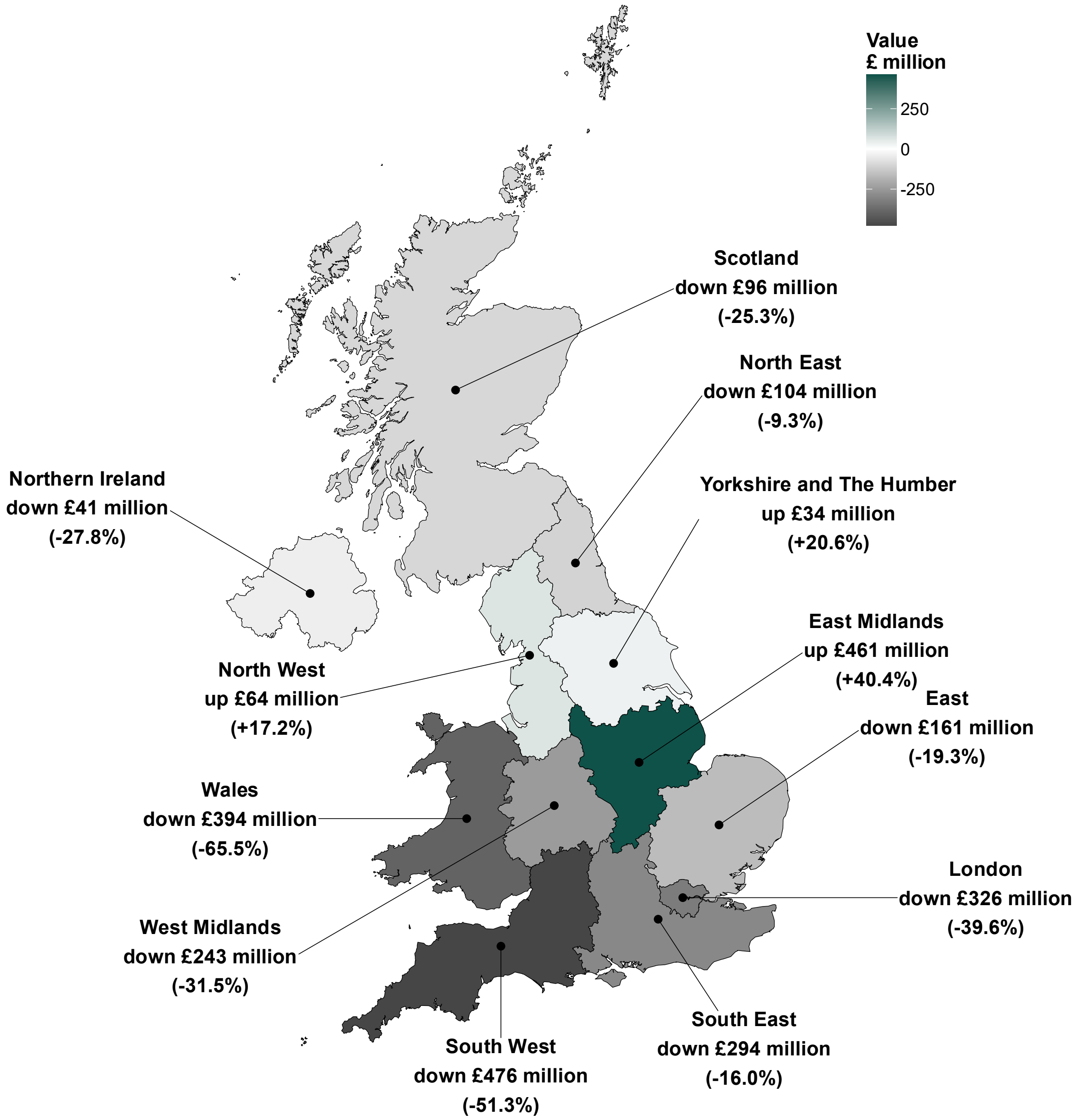
There have been **decreases in imports of goods from Japan to 9 out of 12 regions** in the 12 months to June 2025 when compared to 2018, including large decreases in imports to the South West and Wales.

In the 12 months to June 2025 goods imports to the South West were **51.3%** lower **(down £476 million)** when compared to 2018, while imports to Wales were **65.5%** lower **(down £394 million)**. Despite this there were increases for imports to the East Midlands, the North West and Yorkshire and the Humber. In the 12 months to June 2025 goods imports to the East Midlands were **40.4%** higher **(up £461 million)** when compared to 2018, imports to the North West were **17.2%** higher **(up £64 million)** and imports to Yorkshire and the Humber were **20.6%** higher **(up £34 million)**.

[67] Source: ONS Trade in goods: country-by-commodity imports, November 2025

Figure 22: Imports of goods from Japan to the South West and Wales saw the largest decreases when compared to 2018

Change in regional imports from Japan in the 12 months to June 2025 compared to 2018



Region	Change in imports (£ million)	Change in imports (%)
East	down £161 million	-19.3%
East Midlands	up £461 million	+40.4%
London	down £326 million	-39.6%
North East	down £104 million	-9.3%

North West	up £64 million	+17.2%
Northern Ireland	down £41 million	-27.8%
Scotland	down £96 million	-25.3%
South East	down £294 million	-16.0%
South West	down £476 million	-51.3%
Wales	down £394 million	-65.5%
West Midlands	down £243 million	-31.5%
Yorkshire and The Humber	up £34 million	+20.6%

Source: HMRC Regional Trade in Goods Statistics, third quarter 2025

4.5 Businesses trading with Japan in goods[68]

Comparable data on goods exporters and importers is unavailable prior to 2021 due to differing methodologies. While the number of importing businesses experienced a moderate increase, this must be considered within the context of global economic conditions and the pandemic, which affect the comparison period.

The number of **VAT-registered UK businesses exporting goods to Japan in 2024 was marginally lower than in 2021**, from **9,423** to **8,739 (-7.3% or 684 businesses)**. This is slightly greater than the decrease in the number of goods exporters to the world over the same period **(-3.4%**). The number of businesses importing goods has increased moderately **(+17.8% or 1,190 businesses)**, greater than the number importing from the world over the same period **(+3.5%)**.

All regions saw a decrease in the number of exporters to Japan, except for Scotland **(+2.5% or 14 businesses).** The decline was most concentrated in London **(-11.2% or 202 businesses)** and East of England **(-11.4% or 116 businesses)**, with the Northern Ireland and West Midlands seeing the smallest decreases **(-7.3% and -1.2% or both down 8 businesses respectively)**.

[68] HMRC, UK regional trade in goods statistics, third quarter, July to September 2025: business counts data, December 2025. Calculated using the proportion method.

5. Utilisation of the FTA's reduced ('preferential') tariffs and duty savings

5.1 Background

Preference Utilisation Rates (PURs)

'Preferential' tariffs refer to reduced tariff rates available under an FTA. Preference Utilisation Rates (PURs) measure the extent to which tariff preferences provided by trade agreements are being used where preferential tariff rates are available and lower than the Most Favoured Nation (MFN) rate69.

PURs are an indicator of business uptake and ease-of-use of preferential tariffs under an FTA. Businesses may not utilise preferential tariffs for a number of reasons including lack of awareness, the preference margin and ability to meet rules of origin.

Estimated duty savings

Duty savings are the estimated value of reduced tariff costs when trading goods between countries under preferential tariffs compared to MFN tariff rates.

For more information on how and why PURs and duties savings vary; the data sources used for import and export PURs, relevant caveats and limitations; and methodology for calculating duty savings, see Annex 2.

5.2 Preference utilisation and estimated duty savings on goods exported to Japan

Between 2022 and 2023, **63.0% (or £958 million)** of preference eligible UK exports to **Japan** utilised preferential tariffs. Had these occurred at standard MFN rates, traders would have encountered an additional **£58 million** in estimated duties.

The drivers of exports to Japan were in chemical products and base metals & articles thereof which collectively accounted for **44.5%** of eligible exports from 2022 to 2023.

As shown in Figure 23, preference utilisation has risen steadily since EIF reaching **55.2%** in 2021 and then increasing to **62.6%** in 2022 and **63.4%** in 2023.

Nearly of all of UK exports from 2021 to 2023 (**93.4%**) entered Japan tariff free, the vast majority (**86.4%**) enter Japan under tariff free MFN terms while exports under tariff free preferential terms account for less than a tenth of exports (**7.1%**) to Japan.

In December 2025, the government of Japan and the UK government exchanged respective trade statistics on imports from January to December 2024. These statistics report that **61%** of preference eligible UK exports to Japan utilised preferential tariffs.[70] These results remain

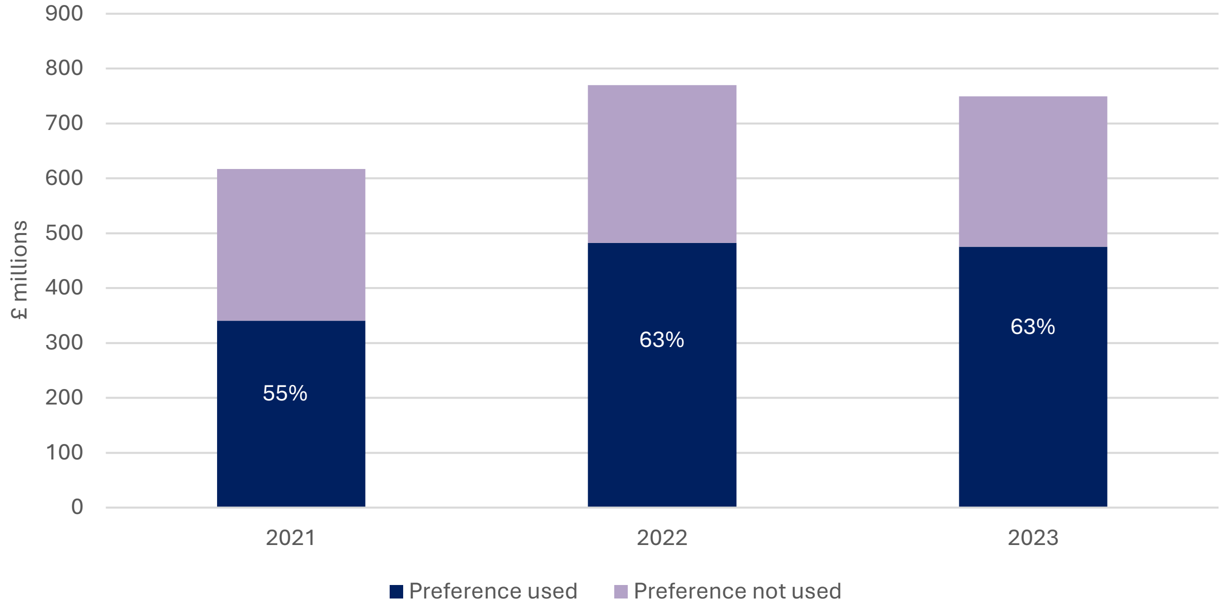
[69] The 'MFN rate' is the default rate for traders from countries without an FTA or if traders from countries with an FTA do not use the FTAs preferential tariff when eligible.

[70] Ministry of Foreign Affairs of Japan, Exchange of import statistics in 2024 based on Article 2.31 of the Japan-UK Comprehensive EPA, December 2025

provisional until the UK publishes its next official statistics on [preference utilisation of UK goods] in Spring 2026.

Figure 23: Preference utilisation of UK exports to Japan has risen steadily since EIF

Annual preference utilisation for exports to Japan, 2021 to 2023



Description of Figure 23: Stacked bar chart showing annual preference utilisation rates (PUR) for UK exports to Japan, for three years following entry into force. PUR rises steadily, from 55.2% in 2021, to 62.6% in 2022 and 63.4% in 2023.

Source: Ministry of Foreign Affairs for Japan, Exchange of import statistics in 2023 based on Article 2.31 of the Japan-UK Comprehensive EPA

5.3 Preference utilisation and estimated duty savings on goods imported from Japan

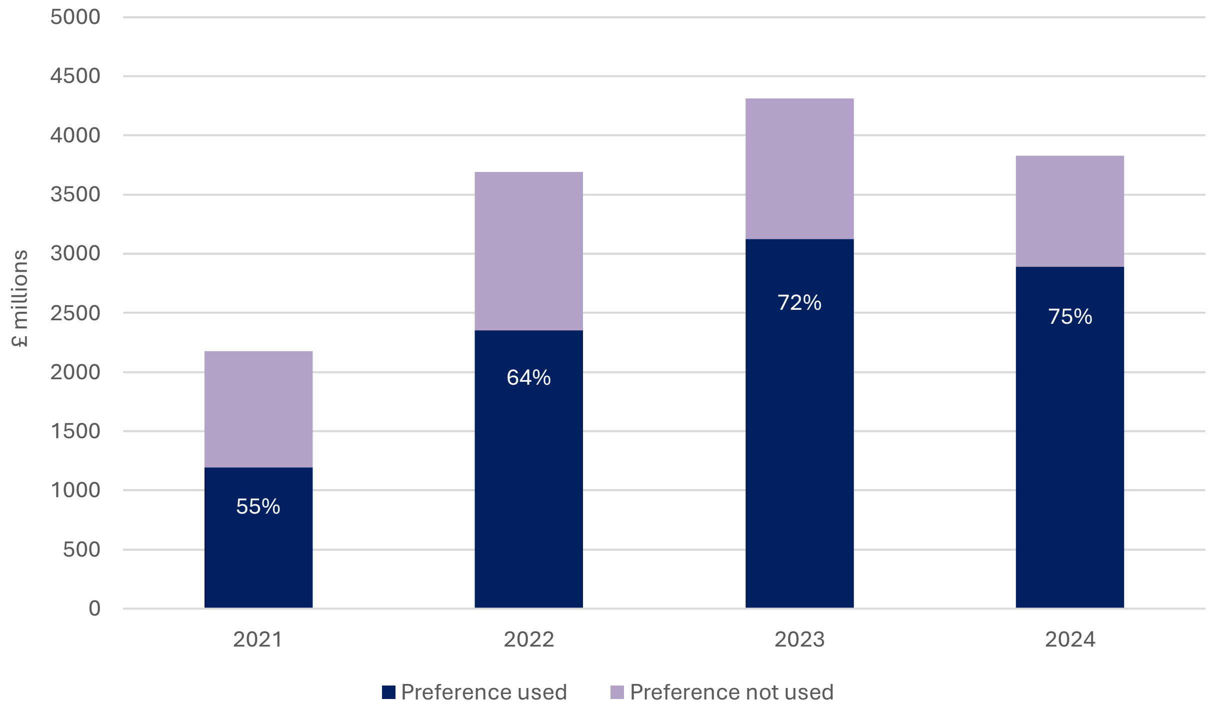
In 2023 and 2024, **73.9%** (or **£6.0 billion**) of eligible UK imports from Japan, benefited from preferential tariff rates, rising from **54.8%** in the 12 months following EIF (January to December 2021). Had this trade occurred at standard MFN rates, traders would have encountered an additional **£311 million** in estimated duties. These have the potential to benefit UK consumers if the UK importing firm passes on the tariff saving to the person buying the product in the UK in the form of lower retail prices, additionally if the UK importing firm absorbs the saving of the tariff itself and doesn't pass it on, then that firm is said to benefit economically in the form of higher profits.

The single largest sector driving this was in transport equipment accounting for **65.3%** of all eligible imports from Japan. In comparison the second largest driver machinery and mechanical appliances only accounted for **17.5%** of eligible imports.

Around three quarters of UK imports **(65.8%)** from Japan enter the UK tariff-free, over half of imports **(56.4%)** enter Japan under MFN tariff free terms, while almost quarter of imports **(9.4%)** enter under tariff-free preferential FTA terms.

Figure 24: PUR rates for imports from Japan are relatively high, driven by transport equipment

Annual preference utilisation for imports from Japan, 2021 –2024



Description of Figure 24: Stacked bar chart showing annual preference utilisation rates (PUR) for UK imports from Japan, for four years following entry into force. PUR starts at 54.8% in 2021, increasing steadily year-on-year to 75.5% in 2024.

Source: DBT calculations using [HMRC Import by Preference, November 2025]

Utilisation activities

To support utilisation of the UK-Japan CEPA, the DBT has delivered a range of initiatives to raise awareness among UK exporters and gather intelligence on how the agreement is being implemented. These include:

- Publishing practical business guidance explaining the UK-Japan CEPA (these also cover the Comprehensive and Progressive Agreement for Trans Pacific Partnership, CPTPP) provisions and market opportunities. In the six months following publication (13 December 2024 – 13 June 2025), the Japan guidance pages received over 3,700 views.

- Delivering a wide variety of business engagement promoting opportunities created via the FTA, including events, webinars and podcasts, plus training for businesses attending trade missions for the 2025 Osaka Expo.

- Business feedback has been gathered through a combination of direct outreach, regional engagement, and structured feedback channels to understand how the agreement is working in practice, with a particular focus on identifying trade facilitation challenges and market access barriers.

6. Implementation activities

CEPA is managed through a structured system to ensure smooth implementation and cooperation.

The Joint Committee, comprising ministers from both countries, has met twice and oversees the entire agreement. Its recent focus has been on increasing CEPA utilisation by businesses. At the second meeting in October 2023, ministers noted strong growth in bilateral trade and discussed cooperation on women's economic empowerment and sanitary/phytosanitary measures. The Committee can adopt formal decisions and amendments, such as updates to the arbitrator list and modifications to the geographical indications (GI) annex, published on the UK Government's CEPA portal for transparency.

The Committee can adopt formal decisions and amendments such as updates to the arbitrator list made in 2025 and changes to the GI annex in 2024. These are published on the UK Government's CEPA portal to ensure transparency.

Specialised Committees operate beneath the Joint Committee, each focused on specific areas like trade in goods, services, digital trade, and intellectual property. Highlights from 2023/24/25 include:

Intellectual Property (2025): The Committee oversaw the implementation of protections for 76 UK GIs, now formally recognised in Japan. Discussions also covered AI and copyright, IP-backed finance, performers' rights, and artists' resale rights. Updates were shared on Japan's trademark and competition law amendments and the UK's copyright and GI reforms.

Regulatory Cooperation (2024): Focused on SME support, innovation-friendly regulation, and carbon border adjustment mechanisms. Japan shared its Regulatory Reform Plan and Sandbox initiatives; the UK outlined Better Regulation Framework reforms and innovation bodies. Both reaffirmed regulatory reform as a growth driver.

Trade in Goods (2024): Reviewed CEPA's third year, noting trade recovery beyond pre-pandemic levels and rising preference utilisation rates (PUR). Both sides committed to improving PUR and enhancing trade cooperation.

Government Procurement (2024): Japan explained its tender notice procedures and introduced the Digital Marketplace (DMP), enabling SME and foreign firm participation. The UK presented its Procurement Act 2023, confirming alignment with CEPA and WTO rules. Both agreed to continue technical dialogue.

Motor Vehicles and Parts (2024): Covered UNECE/WP29 priorities, including safety, emissions, and automation. The UK outlined updates to its GB type-approval scheme and EV strategy, including the Zero Emission Vehicle mandate. Japan shared regulatory developments and EV promotion strategies. Both sides discussed cyber security, connected vehicles, and reaffirmed the importance of resilient supply chains.

Trade in Services, Investment, and E-Commerce (2023): The UK encouraged Japan to streamline digital processes for foreign lawyers and shared its Electronic Trade Documents Act. Both explored collaboration on digital trade infrastructure.

Women's Economic Empowerment (2023): Focused on policies supporting women in trade. The UK presented initiatives like the Female Founders Group; Japan shared its gender equality strategy. Both agreed to continue data sharing and collaborate via platforms like the G7.

7. Conclusion and what's next

To summarise:

- Total UK trade growth with Japan lags UK-world trade growth. UK services exports to Japan have shown moderate growth but this lags UK-world services trade growth.
- UK goods exports to Japan have increased when compared with 2018, but at a slower rate than UK-world goods exports over the same period. UK goods imports from Japan have decreased significantly, compared to an increase in imports from the world since 2018.
- Use of the FTA's preferential tariffs are high, delivering substantive customs duty savings for UK businesses. Use has steadily risen since entry into force of the CEPA.

What's next

The UK-Japan CEPA entered into force on 1st January 2021 in the middle of the global COVID pandemic. This means any evaluation analysis drawing heavily on trade data immediately before and after its entry into force (i.e. for all of 2020 and 2021 and for much of 2022) is likely to generate a misleading picture of CEPA's short- and medium-term impacts and effectiveness. Given this, it is appropriate to wait until more post-COVID time has elapsed.

DBT will publish a targeted, focused and proportionate evaluation report for the UK-Japan CEPA once 5 years of post-COVID trade data is available and has been robustly analysed. The report will synthesise findings from monitoring, evaluation, and stakeholder engagement activities to assess the impact of the agreement and answer DBT's core evaluation questions. It will:

- aim to show how, why and for whom the agreement and its implementation has generated outcomes. It will highlight where and how the agreement has worked well and, if applicable, where and how it has worked less well;
- where possible, seek to identify ways to improve the performance of the agreement as well as future ones;
- assess the impact and effectiveness of the agreement and its implementation. It will seek to answer a set of targeted and focused evaluation questions within a small set of key thematic areas;
- be proportionate to this agreement's size, content, context and the expected scope of learning. Proportionality means that DBT's evaluations for some FTAs may not deploy the full range of analytical techniques or deploy them to the same extent as for other FTA evaluations DBT may conduct.

Technical Annex

Annex 1: Data sources and rationale

- *ONS monthly and quarterly trade data*: ONS data are used to assess total trade flows for goods and services and commodity and sector level trends where available. It is aligned with international reporting standards (e.g. BPM6), making it suitable for identifying underlying trends over time. For the purposes of this report, the non-seasonally adjusted timeseries is used as seasonally adjusted estimates are not available at the country by commodity and service sector levels. When needed, data seasonality has been assessed or a rolling 12-month period applied to further solidify our findings.
    - *ONS UK total trade: all countries, non-seasonally adjusted, April to June 2025*: Quarterly total trade data are used to assess total trade (exports plus imports) in goods and services with FTA trading partners and the world.
    - *ONS UK trade in services: all countries, non-seasonally adjusted, April to June 2025*: Quarterly trade data are used to assess trade in services, sourced from the International Trade in Services Survey (ITIS) and the International Passenger Survey.
    - *ONS UK trade: November 2025:* Monthly trade data are used to assess trade in goods with trading partners and the world at a country-sector level.
- *HMRC Overseas Trade Statistics, November 2025 (HMRC OTS):* These are the UK's primary source of goods trade data, capturing the value and volume of UK imports and exports at detailed product levels (available at the CN8 level). HMRC data is collected directly from customs declarations, offering high coverage and timeliness for post-implementation monitoring. Where ONS data are not available for individual products, HMRC OTS is used to identify product-specific trends. These are reported on a country-of-origin basis.
- *HMRC Regional Trade Statistics, third quarter 2025 (RTS):* This is the primary source of goods data at the regional level. HMRC OTS data is allocated to a standard UK region, a business' trade is allocated to a region based on the proportion of its employees employed in that region using employment data from the Inter-Departmental Business Register (IDBR).
- *HMRC UK regional trade in goods statistics, third quarter, July to September 2025: business counts data:* These data count only UK VAT-registered business exporting and importing goods, excluding businesses that trade below the statistical value threshold for customs declarations and exclude trade in non-monetary gold – threshold values are £873 (value) or 1,000 kg (in net mass). Data are collected primarily from customs declarations and do not count businesses trading in services.
- *HMRC microdata on businesses trading with Australia and New Zealand by size:* These include both VAT and non-VAT registered businesses, business size is determined by linking HMRC Overseas Trade Statistics data to the Inter Departmental Business Register (IDBR). Differences in the number of businesses exporting by size are calculated by comparing figures from the year ending January 2025 (12 months to January 2025) to those from the year pre-EIF (12 months to May 2023).

- *DBT Preference utilisation of UK goods, 2023:* Preference Utilisation Rates (PURs) are a key implementation indicator, showing the extent to which traders make use of the preferential tariff rates agreed under the FTAs. For UK imports from Australia, New Zealand and Japan, PURs are calculated using HMRC customs declaration data, which records whether importers claim preference at the UK border. For UK exports to Australia, New Zealand and Japan, PURs rely on data exchanged with partner countries on their recorded imports from the UK. This shows how often UK exports successfully claim preferences when they arrive in Australia or New Zealand.

- *ONS Foreign direct investment involving UK companies: 2023*: Foreign direct investment (FDI) is defined by a direct investor (parent company) controlling at least 10% of the voting power (ordinary shares) of the direct investment enterprise. These relationships can be measured in two directions: outward and inward. We report on the international investment position which is value of the stock of investment held at a point in time. These statistics are presented as the stock of FDI controlled by UK-resident companies abroad (outward) or the stock of FDI in the UK controlled by foreign companies (inward).

- *Additional sources*: Supplementary sources of data are used where necessary to provide additional insight, these are referenced where necessary and include data from our trading partners, international organisations or other government departments.

Annex 2: Methodology notes

Reconciliation with DBT Official Statistics

Due to differences in data sources, methodologies, and the use of seasonal adjustments, reported values for total trade, exports and imports will not match those published in DBT's Core statistics book, Trade and investment factsheets or other DBT official statistical publications.

Rounding policy

Missing values are excluded from all calculations of percentages. All pound values are rounded to the nearest million and values under £10 million and over £1 billion are rounded to one decimal place. Percentage values are rounded to one decimal place and volumes to the nearest 100 metric tonnes.

All figures are independently rounded, and therefore some percentages and totals may not add up due to rounding.

Carcase weight equivalent figures (CWE)

CWE figures are used when comparing UK imports of beef and sheepmeat with UK production figures available from DEFRA: Latest cattle, sheep and pig slaughter statistics. For bone-in categories, the weight remains the same as product weight. For the bone-out categories, we use the following conversion factors:

- Beef and veal: 1.3
- Mutton and lamb: 1.5

This is consistent with DEFRA's official statistics on supply and use of meat production available from: Chapter 8: Livestock - GOV.UK.

Preference utilisation and estimated duty savings

Eligible trade is the trade that occurred under normal processing on a tariff line where the preferential tariff was lower than the MFN tariff. Preference utilisation statistics for exports are sourced both from data exchanges with international partners and from HMRC import preference utilisation statistics, a detailed methodology for calculating these is available in the technical annex for DBT's official statistics on preference utilisation: Preference utilisation of UK trade in goods: official statistics technical annex - GOV.UK

Estimated duties paid were calculated at the CN8 or CN10 level using the tariff schedule for each year and then aggregated to a higher level. Where applicable, specific rates were used to calculate the duties (e.g. weight).

Current Duties – These are an estimate of the value of duties that were paid using the assumed duties paid on goods imported eligible for preferential tariffs that actually used these using the usage codes in the import regime data.

Duty Savings – An estimate of the value of duties that were saved on this trade due to the use of preferential tariffs calculated by the value of duties that would have been paid under MFN tariff rates minus estimated current duties paid.

Four types of tariffs were accounted for:

- Ad Valorem – tariffs given as a percentage of value
- Specific / Compound – tariffs that includes a value by weight / volume
- Seasonal – tariffs that apply according to the time of year that it entered. As annual data was used, the highest tariff during peak season was assumed.
- Ad Valorem Equivalent (AVE)[71] – tariffs estimated where specific rate is not calculable (e.g. where the rate is given by pure volume of alcohol).

[71] Source: MacMap

Annex 3: Supplementary tables

Table 1: Developing country exports identified as being at potential risk from trade diversion from the UK-Australia FTA with increased Australia market share

HS Code and product description	Import share from Australia in year prior to EIF	Import share from Australia in 12 months to May 2025	Percentage point change in import share from Australia	Percentage point change in import share from developing countries
020130: Fresh/ chilled bovine meat, boneless	0.8%	5.9%	+5.1	Eswatini (NA)* Jamaica (NA)**
020230: Frozen, boneless bovine meat	0.278%	0.283%	+0.005	Botswana (-0.01)
420340: Leather clothing accessories	0.04%	0.09%	+0.05	Bangladesh (-0.2) India (+2.0) Indonesia (-0.04) Kenya (NA)** Mauritius (-0.2) Myanmar (Burma) (-0.01) Pakistan (+2.6) Philippines (+0.04) South Africa (NA)**

* Eswatini did not export to the UK pre-EIF but did export to the UK in the 12 months to May 2025.
** Jamaica, Kenya and South Africa exported to the UK pre-EIF but did not export in the 12 months to May 2025.
Source: HMRC overseas trade in goods statistics, country of origin basis, November 2025

Table 2: Developing country exports identified as being at potential risk from trade diversion from the UK-New Zealand FTA with increased New Zealand market share

HS Code and product description	Import share from New Zealand in year prior to EIF	Import share from New Zealand in 12 months to May 2025	Percentage point change in import share from New Zealand	Percentage point change in import share from developing countries
020130: Fresh or chilled bovine meat, boneless	0.07%	2.4%	+2.3	Namibia (NA)* Botswana (NA)**
020230: Frozen, boneless meat of bovine animals	1.4%	4.0%	+2.6	Botswana (-0.01)
070310: Fresh or chilled onions and shallots	0.4%	2.3%	+1.9	Senegal (+0.4)
080810: Fresh apples	6.5%	7.9%	+1.4	South Africa (-0.5)
190590: Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa	0.1%	0.1%	+0.03	Bangladesh (+0.03) Jamaica (-0.1)
220429: Wine of fresh grapes, incl. fortified wines	16.0%	20.4%	+4.3	South Africa (+1.3)
230910: Dog or cat food, put up for retail sale	0.1%	0.1%	-0.01	India (+0.3)
291819: Carboxylic acids	3.0%	3.4%	+0.4	South Africa (-3.6)

392410: Tableware and kitchenware, of plastics	2.1%	2.4%	+0.4	India (-1.8)
630630: Sails for boats, sailboards or landcraft of textile materials	1.1%	4.8%	+3.7	Sri Lanka (-3.2) Philippines (-9.1)

*Namibia did not export to the UK pre-EIF and did not export to the UK in the 12 months to May 2025.
**Botswana did not export to the UK pre-EIF and did not export to the UK in the 12 months to May 2025.
Source: *HMRC overseas trade in goods statistics, country of origin basis, November 2025*

Glossary

Entry-into-force (EIF): The date on which a trade agreement becomes legally binding and its provisions begin to apply in practice between the participating countries.

Free Trade Agreement (FTA): A free trade agreement is a pact between 2 or more nations to liberalise the trade of goods and services by reducing the barriers to import and export between them.

Comprehensive Economic Partnership Agreement (CEPA): A type of trade agreement that goes beyond traditional FTAs by including broader areas of economic cooperation, such as services, investment, and regulatory issues, in addition to trade in goods.

Preference Utilisation: The extent to which businesses use the preferential terms (such as reduced tariffs) offered under a trade agreement when trading between participating countries.

Duty savings: The reduction in import or export taxes (tariffs) achieved by utilising the preferential tariff rates provided in a trade agreement, resulting in cost savings for businesses.

HS2 or HS section: The Harmonised System is a standardised numerical method of classifying traded products. It is used by countries and territories around the world to uniformly identify and describe products. The HS is organized into 21 Sections, which are subdivided into 96 Chapters (HS2).

Agri: Agricultural goods are defined as all goods classified as HS2 chapters 01-24 inclusive.

Country of origin: Country of origin refers to the country or territory where the goods originated, that is, where they were produced or manufactured.

Country of dispatch: Country of dispatch refers to the country or territory where the last commercial transaction took place. This is not necessarily the country of origin/manufacture or the last country or territory from which the goods were shipped to the UK.

Market share: refers to the proportion of total sales in a market accounted for by a particular company, product, or country. It is typically expressed as a percentage and indicates how much of the market is controlled by the entity in question compared to its competitors.

Department for Business and Trade

The Department for Business and Trade is an economic growth department. We ensure fair, competitive markets at home, secure access to new markets abroad and support businesses to invest, export and grow. Our priorities are the industrial strategy, make work pay, trade and the plan for small business.

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