



5 November 2021

Dr Steven Kennedy PSM
Secretary of the Treasury
Langton Crescent
PARKES ACT 2600.
Via: RGCITDTaxTreatiesBranch@TREASURY.GOV.AU

Dear Secretary,

Re: Expanding Australia's Tax Treaty Network

I write as Chairman of the Australia UAE Business Council regarding the expansion of the Australia's foreign tax treaty network and the importance of including the United Arab Emirates (UAE) on the list of priority countries for future agreements.

The Australia UAE Business Council's aim is to deepen bilateral trade and investment, expand opportunities for Australian and Emirati businesses and strengthen the ties between the two nations. The Council does this by assisting member companies and organisations in Australia and the UAE to connect with their counterparts; promoting Australian and Emirati businesses and fostering opportunities and enterprise; and building and developing stronger ties and understanding between Australia and the UAE.

Australia and the UAE have enjoyed stable and positive diplomatic and trade relationships for many years that cover extensive two-way trade and investment between the two countries. Australia's exports to the UAE have exceeded \$3.3 billion annually and its investment in the UAE is over \$3.9 billion. Conversely, UAE's exports to Australia only cover \$1.9 billion annually, while the UAE's investment in Australia exceeds \$12 billion dollars to date. In the growth area of services trade, Australia only exports \$454m to the UAE, while the UAE exports over \$2.54 billion dollars in services to Australia. Unfortunately, in recent years there has been substantial decreases in these figures, with total trade falling over 30 per cent and services falling over 31 per cent.

It is clear from these figures that there are significant opportunities for both Australian and Emirati businesses to better balance and build on investment, services, and other trade in each country. In supporting this aim, Australia has been selected as one of ten key countries under the UAE's 10x10 program, which aims to increase exports to priority countries by 10 per cent in 10 key markets.

The Australia UAE Business Council believes that one of the key foundation pieces for facilitating this improvement is the establishment of a Double Taxation Agreement (DTA) between Australia and the UAE and that the UAE should be included as one of the 10 new priority agreements to be negotiated in future years.

We also believe that DTAs improve tax system integrity through the establishment of a bilateral framework of cooperation on the prevention of tax evasion, the collection of tax debts and rules to address tax avoidance. In the case of Australia and the UAE, the establishment of a DTA will provide each countries businesses with greater tax certainty and encourage increased economic integration through the further development of investment and trade.

A DTA between Australia and the UAE would also align us with our partners and competitors from countries such as India, Indonesia, Malaysia, New Zealand, Singapore, and the United Kingdom, all of whom already have DTA agreements with the UAE. Other countries such as Cyprus, Ethiopia and Colombia who have more recently signed DTAs with the UAE have seen significant growth (>100 per cent+) in their investment stock with the UAE since signing.

We also believe that the prioritisation of a DTA between the two countries will also enhance the Australia-Gulf Cooperation Council Free Trade Agreement negotiations that have been ongoing since 2007 and were reinvigorated earlier this year at the 41st Gulf Cooperation Council's Leader's Summit in Saudi Arabia.

We welcome the recent official visit to the UAE by the Hon. Dan Tehan MP, Minister for Trade, Tourism, and Investment, where he discussed the possibility of a trade agreement with the UAE. We believe a DTA alongside a trade agreement will have significant long-term benefits for businesses in both countries.

The Australia UAE Business Council welcomes the opportunity to discuss the review further with your colleagues from Treasury should they have any further queries. The best point of contact is Australia UAE Business Council Executive Director, Ms Kacey Lam, enquiries@ausuaeabc.com.au or (02) 6108 3020.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Pyne', written in a cursive style.

The Hon Christopher Pyne
Chairman