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Australia

Trade & Investment Risk Report

Quarterly Report

Report Summary





Contents

Trade & Investment Risk	4
Trade & Investment Risk Key View.....	4
Trade & Investment Risk SWOT	6
Trade Openness Analysis.....	7
Investment Openness Analysis.....	18
Government Intervention Analysis	25
Legal Environment Analysis	32
Trade & Investment Risk Methodology	36

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Trade & Investment Risk

Trade & Investment Risk Key View

Key View: Australia's trade and investment profile is supported by diversified export markets, wide-ranging trade partnerships and a strong network of trade agreements. The global shift towards renewable energy will create pressure for some traditional exports, though tariff adjustments and critical-minerals demand will help sustain export opportunities. The regulatory environment is also evolving in line with international standards and technological change, particularly through intellectual property reform and stronger tax compliance requirements. Consequently, Australia ranks 25th among 202 markets globally for Trade & Investment Risk.

Regional Trade & Investment Risk Comparison

Market	Region/Group	Latest Trade & Investment Risk Score	Global Rank	Annual Rank Change	Rank Assessment
Australia	Developed Markets	29.0	25	- 2	Worsening
Japan	Developed Markets	29.9	29	- 9	Worsening
UK	Developed Markets	26.0	17	- 4	Worsening
Germany	Developed Markets	26.3	18	+1	Improving
France	Developed Markets	27.9	22	+2	Improving
Netherlands	Developed Markets	21.4	8	- 3	Worsening
Italy	Developed Markets	34.4	42	- 4	Worsening
Ireland	Developed Markets	20.2	6	Unchanged	Unchanged
Canada	Developed Markets	24.4	14	- 2	Worsening
Switzerland	Developed Markets	10.5	1	Unchanged	Unchanged

Note: Scores out of 100; 0 = lowest risk; 100 = highest risk. Source: BMI Operational Risk Index

Government Intervention (low-to-moderate risk): Fiscal reforms, including the OECD's Global Anti-Base Erosion Rules, aim to deter tax avoidance. The Australian Tax Office is set to intensify enforcement against multinationals to secure additional revenue, potentially increasing business risks and regulatory costs for these enterprises. Australia's banking sector exhibits a robust financial framework, incorporating both traditional and online institutions, alongside widespread access to financial services and well-regulated markets with sufficient funding. Regulatory measures, such as the Banking Executive Accountability Regime, enhance oversight and accountability.

Economic Openness (low-to-moderate risk): Australia's attractive trade openness profile is characterised by broadening, strategic trade agreements, renewable energy ambitions and the growing role of critical minerals in its export strategy. While these strengthen the market's position in energy-transition supply chains, reliance on neighbouring economies for commerce and a resource-intensive export mix exposes the economy to regional demand volatility and commodity-price swings. Australia's investment environment is increasingly shaped by the shift from traditional mining strength towards renewable energy, critical minerals, advanced manufacturing and energy-transition infrastructure. Foreign capital will remain important, supported by demand for diversified supply chains and artificial intelligence-related investment opportunities. FDI policy is becoming more selective, with faster approvals for lower-risk investors but closer scrutiny of strategic, complex and sensitive sector transactions.



Legal (low risk): Australia's government rigorously assesses foreign capital against domestic priority criteria, including fiscal and market considerations, to ensure compliance with economic and policy objectives and to maintain a stable operating environment. Planned reforms to intellectual property legislation will address artificial intelligence issues and update brand registration procedures in line with technological advancements. Australia provides a secure business environment, supported by a transparent legal framework, robust integrity measures and an impartial judicial system.

Australia - Trade & Investment Risk

Risk Category	Latest Score	2025 Score	Latest 2026 Global Rank	Annual Rank Change	Assessment
Economic Openness	38.3	39.7	54	+5	Improving
Government Intervention	40.7	41.1	51	+3	Improving
Legal	8.1	7.8	12	- 2	Worsening
Overall Trade & Investment Risk	29.0	26.0	25	- 2	Worsening

Note: Scores out of 100; 0 = lowest risk; 100 = highest risk. Source: BMI Operational Risk Index



Trade & Investment Risk SWOT

Strengths	Weaknesses
• Its geographical location puts Australia in close proximity to its largest trading partners. • Strong network of free trade agreements, including regional agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and Regional Comprehensive Economic Partnership Agreement, that enhance trade efficiency. • Government reforms streamlining processes for low-risk investments to attract diverse foreign capital. • Strategic investments in clean energy reflecting a commitment to sustainable development. • Significant potential for renewables and critical minerals.	• Vulnerability to commodity price volatility, particularly in the iron ore and coal sector. • High corporate and personal tax rates. • Regulatory complexities surrounding investments in sensitive sectors, including critical minerals. • Increased regulatory fees in sectors such as housing could temper merger and acquisition activity. • Skill shortages will hamper growth and drive up operating cost.
Opportunities	Threats
• Phase-out of live export trade shifting focus to domestic processing could strengthen processed meat industry. • USD2.0bn South East Asia Investment Financing Facility focusing on clean energy presents new growth avenues. • Australia's free trade agreement with the UAE will eliminate over 99% of tariffs on Australia-produced products, thereby enhancing trade in agricultural products and critical minerals for green energy. • The implementation of the OECD's Global Anti-Base Erosion Rules, with the aim to attract and retain international investment through equitable taxation policies.	• Global shifts towards renewable energy potentially impacting traditional exports such as coal. • High household debt levels and tight monetary policy constraining domestic spending and import demand. • Dependency on a narrow set of trading partners, making the economy vulnerable to shifts in these partners' demand. • High concentration in trade basket composition, with an overreliance on a limited range of goods for exports.



Trade Openness Analysis

Key View: Australia's attractive trade openness profile is characterised by broadening, strategic trade agreements, renewable energy ambitions and the growing role of critical minerals in its export strategy. While these strengthen the market's position in energy-transition supply chains, reliance on neighbouring economies for commerce and a resource-intensive export mix exposes the economy to regional demand volatility and commodity-price swings. Australia ranks 26th out of 27 developed markets and 119th out of 202 markets globally for Trade Openness.

Australia - Economic Openness

Risk Sub-Category	Australia Score	Developed Markets Position (out of 27)	Global Position (out of 202)
Trade Openness	55.2	26	119
Investment Openness	21.5	12	16
Overall Economic Openness	38.3	22	54

Note: Scores out of 100; 0 = lowest risk; 100 = highest risk. Source: BMI Operational Risk Index

Latest Trade Openness Analysis

- We have revised up our FY2025/26 growth forecast to 2.2% from 2.0%, and we have revised down our FY2026/27 forecast to 1.6% from 1.8%. Australia entered the US-Iran conflict with stronger than expected momentum, with real GDP expanding by 2.5% y-o-y in Q1 2026 and growth averaging 2.4% y-o-y over the first three quarters of FY2025/26. We expect activity to weaken from Q2 2026 onwards as the US-Iran conflict pushes up fuel costs, weighs on confidence and slows household spending and business investment. While Australia stands to benefit from higher energy prices as a net energy exporter, limited domestic refining capacity means that it still imports most of the fuel it consumes, which will add to inflation and squeeze household disposable incomes.
- On June 4 2026, Meta accused Australia of allegedly breaching the Australia-US free trade agreement (FTA) over the proposed News Bargaining Incentive, which would impose a 2.25% levy on the total Australian revenue of major platforms that do not strike deals with local media. Meta said the measure was broader than digital services taxes that had previously triggered US trade action, while Canberra said it remained committed and would recycle proceeds to the news industry. Because the levy applies to total domestic revenue and now covers Meta, Google and TikTok, the dispute has moved beyond media policy into a wider trade and regulatory flashpoint that could complicate Australia's management of US technology relations.
- On June 8 2026, the European Commission reported that it expects trade agreements with Australia, India and Indonesia to be signed before the end of 2026. The update confirms that all three deals have moved from negotiation into the EU's internal approval pipeline, though each still requires Council action, European Parliament approval and ratification by the partner country before entering into force. For businesses, this means the political commitment to diversify trade ties amid geopolitical instability is firm, but commercial benefits will still depend on a lengthy implementation process rather than immediate market opening.

Connected thinking by cross-industry and macroeconomic experts at **BMI** allows you to benefit from a holistic view of risk and market trends. Find out how we can help you assess, monitor and compare growth opportunities for your business.

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