



Australia - United States Free Trade Agreement Fact Sheet 1

OVERVIEW

This agreement represents a landmark in improving Australia's trade relationship with the world's most dynamic and richest economy, a third of the world's GDP, and the world's largest merchandise and services exporter and importer.

This agreement will very significantly enhance Australia's attractiveness as a destination for US investment, important for our efforts to maintain Australia at the leading edge of growth and competitiveness.

For our export industries the agreement will provide some important advances in liberalising access to a key market – in many cases the increased export opportunities will help to underpin the prosperity of our export sectors.

At the same time, we have secured important Australian interests in areas such as health, in particular the PBS, foreign investment screening, the audio-visual sector and our quarantine and food safety regimes.

For our manufacturers ...

- Over 97 percent of our exports to the United States, worth \$5.84 billion last year, will be duty free from day one.
- We will now have access for the first time to the US Federal Government procurement market of \$270 billion a year.
- The 25 percent tariff on light commercial vehicles that previously kept the Australian ute out of the US market will be removed immediately.
- The US auto market, worth \$538 million for passenger motor vehicles for Australian exporters in 2002, is now set to grow further.
- Our auto parts industry exports to the United States, worth \$310 million in 2002, will be boosted by the immediate elimination of tariffs.
- The 50 percent tariff on ship repairs and maintenance, part of the maritime protection known as the Jones Act, will be removed.

For our farmers and our food processors ...

- About 66 per cent of agriculture tariffs will go to zero immediately, with a further 9 percent going to zero in four years
- Our beef quota, currently 378,000 tonnes, will be substantially increased – growing by 18.5 per cent over 18 years, then effectively becoming free trade.
- Our lamb and sheep meat producers will have most tariffs reduced to zero immediately, and the rest within four years – a high priority for this industry in its biggest and fastest growing market.

- Our exports of quota constrained dairy to the US – currently worth around \$40.5 million – will likely increase by around \$55 million in the first year and build from there into a lucrative trade for our industry.
- Australia will get immediate zero tariff treatment for horticulture products such as oranges, mangoes, mandarins, strawberries, tomatoes, cut flowers, and fresh macadamias.
- For the first time, avocados from Australia will have access to the US market, up to 4000 tonnes (subject to SPS restrictions).
- For cereals, we will get immediate zero tariffs for wheat and cereal flour mixes.
- For processed foods we will get zero tariffs within four years for a range of fruit juices and for baby foods.
- For our wool industry, an industry priority of zero tariff for greasy wool, a premier Australian export industry, will be achieved within four years, and for other wool items within 10 years.
- Our wine producers will have the benefit, in what is already an almost billion dollar market, of all tariffs reducing to zero over 11 years.
- Our peanut industry, which currently has no access to the US market, will get a quota of 500 tonnes in year one, expanding over time.
- Australian seafood exports, currently worth around \$140 million, will enter the market duty free immediately.
- Immediate removal of a 35 per cent tariff on canned tuna will provide duty free access to the \$650 million US market – likely to be worth up to \$20 million in the first year.

For our service providers ...

- Australian services exports to the United States, worth over \$5 billion a year, will have enhanced legal protections that guarantee market access and non-discriminatory treatment.
- We have important commitments ensuring non-discrimination against Australian service suppliers in a market of almost 300 million people - a valuable improvement on the commitments we had from the United States in the WTO.
- We have secured a robust framework that should promote the mutual recognition of qualifications in professional services. Problems with recognition of qualifications can be a major hindrance for the export of professional services.
- Education will particularly benefit from the greater recognition of Australian degrees and other aspects of the Agreement promoting more liberal services trade.
 - Australia is a net exporter of education services to the United States, which benefits not only our universities, but all businesses that provide services to US students when they live in Australia.
- We now have a framework for cooperation in financial services (worth over \$600 million in exports to the United States), linking us into the largest financial services market in the world.
- We have agreement on the value of pursuing more liberal air services arrangements.
- In telecommunications, we have commitments on market access and a solid framework for pro-competitive regulation, as well as a mechanism for continuing engagement.

For our miners and metal producers ...

- All metals and minerals will be immediately duty free – particularly valuable for our aluminium industry, currently exporting \$134 million to the United States.

For our creative industries ...

- Closer harmonisation of Australian and US intellectual property laws will benefit Australian exporters, by creating a more familiar and certain legal environment, and Australian innovators, and by helping them to attract US investment.
- Australian copyright industries (including publishing, filmmaking and music) will benefit from an extended term of copyright protection, an expeditious process that allows for copyright owners, Internet Service Providers and subscribers to deal with allegedly infringing copyright material on the Internet, and agreed criminal standards for copyright infringement.
- Australia and the United States will work to further reduce differences in laws and practices relating to patents, trademarks and designs, to further assist our right holders to protect their intellectual property in the US market
- The AUSFTA demonstrates to our trading partners the benefits of strong intellectual property laws and reinforces Australia's reputation as one of the world's leading countries in protecting and enforcing intellectual property rights.
- Australia retains the flexibility to implement the Agreement in a way that meets our domestic circumstances, for example, providing a mechanism to introduce public interest exceptions in relation to technological protection measures

And for all our exporters ...

- Australia will now gain the benefit of preferred status as an FTA partner with regard to any future global safeguard actions – that is, we will be exempted from safeguard restrictions almost automatically, just as Canada was for steel and lamb.
- The US will waive the Merchandise Processing Fee levied on all imports, a saving to Australian industry of about US\$10 million a year.

Who to contact

For further information, please contact DFAT's AUSFTA Taskforce:

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