



Australia - United States Free Trade Agreement Fact Sheet 2

KEY OUTCOMES

Overview

Australia now has the opportunity to more closely integrate its economy with the United States. The agreement offers Australia greater economic growth and prosperity, through increased trade and investment links with the largest and most dynamic economy in the world.

Agriculture

- The AUSFTA will give Australian agriculture a significant boost in the US market.
- Two thirds of all agricultural tariffs – including in important commodities such as lamb, sheep meat and horticultural products, will be eliminated immediately
 - a further 9 per cent of tariffs will be cut to zero within four years.
- The AUSFTA provides greater access to the US market for two of Australia's key agricultural export industries, beef and dairy.
- Australia's sugar access remains unchanged at 87,000 tonnes per annum.
- Australia's single-desk arrangements for marketing Australian commodities to the world, such as for sugar, rice, wheat and barley, have been preserved.
- Australia's quarantine and food safety regimes, which ensure our health and our environment are protected, are not affected by the Agreement.
 - this includes labelling requirements for products such as GM foods

Manufacturing

- Virtually all of Australia's exports to the United States, worth \$5.84 billion in 2003, will be duty free from day one of the Agreement.
- Tariffs on textiles, some footwear and a handful of other items will be phased out, with all trade in goods free of duty by 2015.
- A mechanism to address non-tariff barriers will be established.

Services

- Access to US markets has been enhanced for Australian service suppliers such as providers of professional, business, education, environmental, financial and transport services
- A framework to promote mutual recognition of professional services has been developed – a big gain for Australian professionals doing business in the United States.

Financial services

- Australia's financial sector will reap the benefits associated with financing the increased trade in goods and services flowing from the Agreement.
- Future access for Australian financial services providers to the world's largest financial market is assured. In addition, the Agreement guarantees that any future US liberalisation in this sector cannot be reversed.
- Australia and the US have agreed to jointly consider a number of issues regarding the closer integration of our two financial sectors and report within two years of the Agreement entering into force.

Government procurement

- The \$200-300 billion market in US federal and most state government purchases of goods and services will now be open to Australian firms
- Australia will have a waiver from US programs favouring US firms and products.
- All US federal government contracts over US\$58,550 (and in construction over US\$6,725,000) will be open to Australian firms.
- Australian preferences for small businesses and indigenous people will remain.

Intellectual property

- Australia's IP laws will be substantially harmonised with the largest intellectual property market, and a global leader in innovation and creative products.
- Australia's international reputation as one of the world's leading countries in protecting and enforcing intellectual property rights has been reinforced.
- Standards of intellectual property protection will be beyond those provided by multilateral agreements such as the WTO TRIPS agreement and WIPO Treaties.

Investment

- Australia has secured an agreement that should provide a strong framework for continuing to promote high levels of two-way investment between Australia and the US.
- There is no investor-state dispute settlement provision in the Agreement.
- The Agreement preserves Australia's foreign investment policy, but with a range of changes that maintain our ability to screen all investment of major significance.

Health

- Access by Australians to affordable medicines under the PBS will be maintained under the AUSFTA.
- The Agreement reinforces Australia's existing framework for intellectual property protection of pharmaceuticals.

Audio-visual

- The Government has protected our right to ensure local content on Australian media, and retains the capacity to regulate new and emerging media, including digital and interactive TV.
- The agreement ensures that there can be Australian voices and stories on audiovisual and broadcasting services, now and in the future.

Automotive

- Australia and the United States have agreed to eliminate customs duties on almost all automotive products from the day the agreement enters into force.
 - including the 25 per cent US customs duty on utes (“pick-up trucks”).
- Australian duties on passenger motor vehicles will be phased out, to zero in 2010.

Competition

- Australia and the United States will cooperate on competition law and policy.
- Businesses and individuals will be treated fairly in enforcing competition law.
- Consumer protection agencies will work together in combating illegal activity.
- Consumers and investors defrauded or deceived will have greater redress.

Telecommunications

- Pro-competitive regulatory frameworks for Australian and US companies
- High standards of transparency and WTO-plus rules on major suppliers
- New avenue for consultations with the US on market access issues
- Embraces market-based regulatory approach where markets function effectively

E-commerce

- There will be no barriers to trade conducted electronically
- Australia will still be able to regulate for public policy purposes
- Trade and investment is encouraged by further facilitating electronic commerce

Rules of origin

- Simple and objective tests apply to “rules of origin” for manufactured products, which must be “substantially transformed” in either Australia or the United States before they can benefit from the Agreement.

Sanitary and Phyto-sanitary measures

- The integrity of Australia’s quarantine regime and our right to protect animal, plant, and human health and life are preserved.
- Decisions about market access on quarantine or food safety grounds will continue to be made on the basis of science.
- A framework for discussions on specific products has been established.

Technical Regulations and Standards

- Australian exporters have greater opportunities to understand and meet US requirements dealing with technical regulations and standards.
- Requirements for food and manufactured goods, such as labelling, packaging, testing and certification that products conform to regulations, are covered.
- A framework for exporters to work with government in tackling barriers has been established.

Environment & labour

- The Parties have agreed not to fail to enforce their own environmental and labour laws in a manner affecting trade between the Parties.
- Both Parties retain the right to establish their own domestic environmental and labour standards, and to adapt or modify their own laws.

Public consultation

- The Government has consulted business, state and territory governments, non-government organisations and the public right through the negotiations.
- Ministers, negotiators and departments will hold public information sessions.
- The Joint Standing Committee on Treaties (JSCOT) will examine the text.

Approval processes

The AUSFTA will not be in effect until both Parties have:

- Completed their respective domestic approval processes;
- Amended and/or passed any necessary legislation, and;
- Agreed on a date for entry into force.

Who to contact

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

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