



Australia - United States Free Trade Agreement Fact Sheet 3

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

Summary

The agriculture deal in the AUSFTA delivers substantial market access gains for the majority of Australia's agricultural producers – including for the beef and dairy industries – who have faced restrictive barriers in the US market.

• Dairy

Under the AUSFTA, the Australian dairy industry can send nearly three times as much of current tariff quota products from year one, with ongoing growth in the quotas at an average yearly rate of 5 per cent.

The increase – worth \$55¹ million in the first year of the Agreement - is across the board for all dairy products constrained by quotas, providing significant new market opportunities for dairy processors and producers.

The biggest market access gains are in products where the Australian dairy industry is most competitive and sees great prospects for substantial growth. The deal includes access for dairy products previously excluded from the US market, such as certain cheeses, butter, milk, cream and ice-cream products. Examples include 7.5 million litres of milk, ice-cream and cream, and 2000 tonnes of European type cheeses.

¹ Assuming US exchange rate of 0.75

In addition, Australia has gained significant increases in quota access for whole-milk powder (used primarily in bakery and confectionary products), from 0 to 4,000 metric tonnes.

- **Beef**

The AUSFTA provides greater access for Australia's number one export to the United States.

In addition to the substantial WTO quota that Australia already holds, our beef producers will have access for an additional 15,000 tonnes of beef in year 2, increasing to 70,000 tonnes in year 18, and then effectively free trade.

In-quota tariffs will be eliminated immediately, and over-quota duties will be phased out from years 9 to 18 of the Agreement.

- **Tariff-only products**

Tariffs on the majority of agricultural products, including most lamb and sheepmeat, and products such as oranges, cut flowers and cotton seeds, will be zero from day 1 of the Agreement. Further elimination of other tariffs will take place over periods of 4, 10 and 18 years.

The bulk of our lamb and sheep meat exports will benefit from immediate tariff-free access, clearing the way for continued success in a market where Australian producers see great prospects over the long term.

The elimination of tariffs will mean that agricultural sectors such as horticulture can look to the US market as a serious commercial prospect. Horticulture is a fast growing export industry and should benefit from new access opportunities in the AUSFTA.

- Zero tariffs on oranges will provide the citrus industry with savings of nearly \$670,000 in duties alone.
- Quota access for the first time, for avocados will help the burgeoning avocado industry in Australia, currently growing at 10 percent.
- Zero tariff access for olives and fresh macadamia nuts will also benefit two other fast growing horticulture industries.

- **Single export desks**

Australia's single-desk arrangements for marketing Australian commodities to the world, such as for sugar, rice, wheat and barley, have been preserved.

Who to contact

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

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