



Australia - United States Free Trade Agreement Fact Sheet 12

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.

Summary

The United States has agreed to remove, from day one, all tariffs on automotive products. For most automotive products, US tariffs are already quite low. Included amongst these, however, is the elimination of the 25 percent tariff on pick-up trucks that has prevented Australian manufacturers exporting utes to the United States.

Australian tariffs on finished passenger motor vehicles will be phased out gradually between entry into force of the agreement and 2010, in response to concerns expressed by local manufacturers about the impact of removing tariffs immediately.

Australia’s tariffs on all other automotive goods, in particular car parts and commercial vehicles, will be eliminated from day one of the Agreement.

Gains for Australia

The United States is the largest market in the world for autos and auto parts. The AUSFTA will enhance the integration of Australian manufacturers into the US market. Removing the high US tariff on light commercial vehicles, in particular, provides a real opportunity and challenge for Australian ute manufacturers. Auto parts exports of \$310 million in 2002 will also be boosted by the immediate removal of tariffs.

Though US tariffs on automotive parts are relatively low, their removal will provide Australian manufacturers with an edge against competitors from other US import markets in an industry where margins are slim.

Who to contact

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

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