



## Australia - United States Free Trade Agreement Fact Sheet 16

### 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.

#### Summary of chapter

Any manufactured product that includes imported inputs must be substantially transformed in Australia or the United States before it can benefit from the Agreement. Technically, the rules of origin for the Agreement mean that there must be a change in tariff classification i.e. the inputs move the product from one tariff code to another.

Where it is difficult to demonstrate that a product has been “substantially transformed” through the tariff change rule, an additional or alternative local content threshold test will be applied, under which domestic materials and processes will need to form a set proportion of the final value of the product.

#### Gains for Australia

The Rules of Origin agreed with the United States provide a simple and objective test of origin, which is easy to administer. Manufacturers need only be aware of the tariff codes for imported inputs and final products.

The rules of origin agreed in the AUSFTA will particularly benefit Australian manufacturers that rely on imported petrochemical products and other goods with fluctuating world prices.

#### Who to contact

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

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