



The AUSFTA: Facts at a Glance

On 18 May 2004, the then Minister for Trade, Mr Mark Vaile, signed the Australia-United States Free Trade Agreement (AUSFTA). The Agreement took effect on 1 January 2005. It is the most important bilateral economic agreement ever undertaken by Australia and is already delivering real benefits across all states and territories.

- AUSFTA is deepening our trade and investment relationship with the largest economy in the world.
- AUSFTA is the United States first FTA with a developed country since it signed a deal with Canada in 1989.
- The United States is the world's largest market:
 - it has a population of just over 300 million
 - it has as a GDP of over US\$12 trillion
 - it is the world's largest importer
 - it is the world's largest investor in other countries
 - it is the world's largest purchaser of goods and services.
- The United States is one of Australia's most important trading and investment partners. In 2006, the two-way trade relationship between our countries was worth A\$47.5 billion. Australia exported A\$15.6 billion in goods and services to the US, and imported A\$31.8 billion.
- Australia has an open, efficient and competitive economy. Most US products have enjoyed easy access to Australia for years. By comparison the United States has had pockets of high protection which have limited the entry for competitive Australian products. The FTA benefits many of these Australian export industries.
- AUSFTA gives Australian industry access to the \$200 billion US Federal Government procurement market and those of key US State Governments.
- The Agreement gives Australia an edge against its competitors in the lucrative US market.

For full details of the Agreement visit the **Department of Foreign Affairs and Trade's** website: www.dfat.gov.au or email DFAT's AUSFTA Taskforce: us_fta@dfat.gov.au.

For practical information about exporting to the United States contact **Austrade** on **13 28 78**.



The Australia-United States Free Trade Agreement: The Deal at a Glance

	ISSUE	OUTCOME	IMPACT
AGRICULTURE (GENERAL)	<ul style="list-style-type: none"> ○ Australian agricultural exports to the US are currently worth around \$3 billion per year and represent roughly 20 per cent of total exports to the United States. ○ Although a large proportion of US agricultural products already entered Australia duty free prior to AUSFTA, there were significant tariffs and tariff rate quotas on our exports to the US. 	<ul style="list-style-type: none"> ○ Two thirds of US tariffs on agricultural products were eliminated on day one. ○ A further 9 per cent of US tariffs will be eliminated by 2008. ○ The remainder (apart from some dairy and sugar) will be phased out over periods of 10 and 18 years (from 2005). ○ Australia's quarantine system protected. 	<ul style="list-style-type: none"> ○ Strong immediate market access gains for lamb, beef and dairy. ○ New market opportunities for horticultural products. ○ Continuing improvements over the longer term for other sectors.
BEEF	<ul style="list-style-type: none"> ○ Australia is one of the most globally competitive beef producers, but our potential is limited by high tariff barriers in some key markets. ○ Beef is our largest export to the US. Exports were capped at 378,214 tonnes/year prior to AUSFTA. 	<ul style="list-style-type: none"> ○ Quota increase of 20,000 tonnes/year three years into the agreement, reaching total of 70,000 additional tonnes by 2023. ○ In-quota duty was eliminated. Over quota tariffs to be phased out over 18 years. 	<ul style="list-style-type: none"> ○ Immediate and long term benefits for Australian cattle farmers through improved and growing access to the highly protected and sought after US market.
DAIRY	<ul style="list-style-type: none"> ○ Australia has significant exports of dairy products to the United States and dairy is one of Australia's major export sectors. ○ Prior to AUSFTA, one third of our exports to the US were restricted by quotas, with a raft of products effectively locked out of the market. 	<ul style="list-style-type: none"> ○ Exporters were given freedom to sell to any buyer, not only licensed importers. ○ In-quota tariffs were eliminated on day one, and tariffs on all non-quota dairy products will be eliminated over time. 	<ul style="list-style-type: none"> ○ Duty free access for quota affected dairy goods grew by 27,350 tonnes in first year and continues to grow. ○ The biggest market access gains were won for products where our industry is most competitive.
INDUSTRIALS (GENERAL)	<ul style="list-style-type: none"> ○ Exports of non-agricultural product to the US were already strong prior to the agreement (worth \$6.4 billion in 2004). However, Australian producers and suppliers have suffered in the past from not being on an equal footing with their US competitors. 	<ul style="list-style-type: none"> ○ More than 97 per cent of US tariff lines on Australia's non-agricultural exports were eliminated on day one of the Agreement taking effect. ○ Remaining tariffs will be phased out by 2015. 	<ul style="list-style-type: none"> ○ The US is Australia's 2nd largest market for exports of manufactured goods (after New Zealand). ○ Exports of manufactured goods to the US have recently recorded healthy increases.
AUTOS	<ul style="list-style-type: none"> ○ The US is the world's largest market for automotives and parts and one of the largest destinations for our auto products. ○ Tariffs generally low but peaks such as a 25 per cent impost on light commercial vehicles have made some exports unviable. 	<ul style="list-style-type: none"> ○ All US tariffs on automotives and auto parts were eliminated on day one. ○ Australia retains the ability to deliver certain domestic industry assistance to help our manufacturers adjust to the lower tariffs. 	<ul style="list-style-type: none"> ○ New market openings and an important edge against competitors from other markets. ○ The Agreement also provides a framework to address any non-tariff barriers that may affect exports.
SERVICES	<ul style="list-style-type: none"> ○ Services exports are our fastest growing export sector in the US market. ○ Services exported to the US are not normally subject to overt barriers, but have been constrained by laws and regulations that exclude or discriminate against foreign service providers. 	<ul style="list-style-type: none"> ○ Australian service providers cannot be discriminated against in the US. ○ We are now working towards mutual recognition of professional qualifications and greater integration of our financial services markets. 	<ul style="list-style-type: none"> ○ Ensures Australian services providers are protected from discrimination. ○ Increases opportunities in the world's biggest services market.
INVESTMENT	<ul style="list-style-type: none"> ○ Prior to AUSFTA, Australia screened all US investment proposals over \$50million, an impediment to attracting US capital. ○ Australia also had the ability to screen foreign investment proposals in sensitive sectors. 	<ul style="list-style-type: none"> ○ Increased legal certainty for investors. ○ US investment in non-sensitive sectors are only screened if above \$871m. ○ Australia retains the right to screen investments in sensitive sectors. 	<ul style="list-style-type: none"> ○ The US remains the largest single investor in Australia, with 27% of foreign investment stock in 2005. ○ Two-way investment was worth over \$616 billion in 2005.
INTELLECTUAL PROPERTY	<ul style="list-style-type: none"> ○ Australia and the United States both have high standards of intellectual property protections which surpass international benchmarks. ○ These IP protections foster trade and investment in high value products. 	<ul style="list-style-type: none"> ○ Most areas of Australian IP law are unchanged. In some specific areas, such as aspects of copyright, Australian IP protections have been increased. ○ This includes the extension of copyright from 50 to 70 years. 	<ul style="list-style-type: none"> ○ A more familiar and certain legal environment for the export of value-added goods to the US. ○ Maintains the balance between IP rights holders and users ○ Copyright extension cost neutral.
AUDIO-VISUAL	<ul style="list-style-type: none"> ○ Prior to AUSFTA, Australian law required 55 per cent local content on free-to-air TV and 80 per cent local content in TV advertising. ○ For subscription TV 10 per cent expenditure on Australian drama was required. 	<ul style="list-style-type: none"> ○ Existing local content requirements were retained. There is scope to expand these on free-to-air TV if multi-channelling is introduced, as well as on Pay TV. ○ Government can intervene if local content is not readily available on interactive media. 	<ul style="list-style-type: none"> ○ Retain the right to ensure local content and regulate new and emerging media. ○ Australian voices and stories will remain prominent in audiovisual and broadcasting services.
HEALTH	<ul style="list-style-type: none"> ○ Australia's Pharmaceutical Benefits Scheme (PBS) delivers subsidised medicines to the Australian community. The world leading PBS is a key feature of Australian health care policy. 	<ul style="list-style-type: none"> ○ Australia has established an independent body to provide greater transparency in decisions by the Pharmaceutical Benefits Advisory Committee (PBAC) not to list new drugs. 	<ul style="list-style-type: none"> ○ The price of medicines on the PBS has not been affected by the Agreement. Decisions on which drugs are listed remain in the hands of PBAC and the Minister for Health.