The Office of the United States Trade Representative

Landmark U.S.-Australia Free Trade Agreement Goes Into Effect Today

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WASHINGTON - U.S. Trade Representative Robert B. Zoellick announced that the United States - Australia Free Trade Agreement (FTA) entered into force today. The U.S. - Australia FTA is the first FTA between the United States and a developed country since the U.S. - Canada Free Trade Agreement in 1988. More than 99 percent of U.S. manufactured goods exports to Australia have immediately become duty free. Manufactured goods account for 93 percent of U.S. exports to Australia.

"As President Bush said when he signed the agreement, `the U.S. - Australia Free Trade Agreement is a milestone in the history of our alliance,'" said Ambassador Zoellick. "This is the most significant immediate cut in industrial tariffs ever achieved in a U.S. free trade agreement, and manufacturers are the big winners. I am also pleased that U.S. workers, businesses, farmers, and consumers will now begin to enjoy the wide-ranging benefits of this landmark agreement. This is a 21st Century, state-of-the-art agreement that reflects the modern globalized economy. By opening trade in goods and services; eliminating barriers in the agricultural sector, investment, and government procurement; and increasing protection for intellectual property; the agreement will strengthen U.S. - Australian economic ties and has the potential to increase trade between our countries by billions of dollars."

Australia is a large and growing trade and investment partner of the United States. Two-way annual goods and services trade is nearly $29 billion, a 53-percent increase since 1994. Australia purchases more goods from the United States than from any other country, and the United States enjoys a bilateral goods and services trade surplus of $9 billion.

Background:

Negotiations on the Australia - U.S. FTA began in March 2003, and President George W. Bush and Prime Minister John Howard have made it a priority for both countries to conclude the agreement. The negotiations were completed on February 8, 2004, and the agreement was signed by Ambassador Zoellick and Australian Minister Mark Vaile on May 18, 2004. President Bush signed the measure into law on August 3, 2004, after the U.S. Congress approved it a month earlier. Australia's Parliament approved implementing legislation in August 2004, and the Australian Government took further action to implement important intellectual property obligations in December 2004.

The FTA will open markets and streamline mutual access in intellectual property, services, government procurement, e-commerce, and investment. Australia is a key export market for important U.S. manufacturing sectors such as aircraft, autos and auto parts, machinery, computers and electronic products, chemicals, and wood and paper products. Each of the 50 U.S. states exports to Australia, and Australia is among the top 25 export destinations for 48 of the 50 states. The leading states exporting to Australia are Washington, California, Illinois, Texas, Michigan, New York, Ohio, Pennsylvania, and Florida.

The United States is working to open markets globally in the Doha World Trade Organization (WTO) negotiations; regionally through APEC and the Free Trade Area (FTAA) of the Americas

negotiations; and bilaterally, via FTAs. The Bush Administration has completed FTAs with 12 countries -- Jordan, Chile, Singapore, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Australia, Morocco, and Bahrain -- and negotiations are under way or about to begin with 12 more countries: Panama, Colombia, Peru, Ecuador, Thailand, the five nations of the Southern African Customs Union (SACU), and soon the United Arab Emirates and Oman. New and pending FTA partners, taken together, would constitute America's third largest export market and the sixth largest economy in the world.

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