



The AUSFTA: Facts at a Glance

On May 18, 2004, the Minister for Trade, Mr Mark Vaile, signed the text of a Free Trade Agreement with the world's largest economy, the United States. It is the most important bilateral economic agreement ever undertaken by Australia and will deliver real benefits to all sectors across all states and territories.

- The AUSFTA will deepen our trade and investment relationship with the largest economy in the world.
- The 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 nearly 300 million
 - It has as a GDP of almost US\$11 trillion
 - It is the world's largest importer
 - It is the world's largest investor
 - It is the world's largest purchaser of goods and services.
- The United States is already one of Australia's most important two-way trading partners. In 2003, the two-way trade relationship between our two countries was worth A\$40.9 billion. Australia exported A\$14.2 billion in goods and services to the US, and imported A\$26.7 billion.
- Australia has an open, efficient and competitive economy. Most US products have enjoyed easy access to Australia for years. By comparison the US has pockets of high protection which limit the entry for competitive Australian products. The FTA benefits many of these Australian export industries.
- The AUSFTA gives Australian industry access to the \$200 billion US Federal Government procurement market and those of key US State Governments for the first time.
- Independent modelling of the Agreement by the Centre for International Economics (CIE) estimates it will increase Australia's annual GDP by \$6 billion a decade after entry into force, above what it would otherwise be.
- The CIE estimates that the Agreement will boost employment by around 0.3 per cent by 2012. In plain terms, it will deliver an extra 30,000 jobs.

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 US contact **Austrade** on **13 28 78**.



Australian Government

Department of Foreign Affairs and Trade

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 \$2.97 billion per year and represent 31 per cent of total exports to the US. Although a large proportion of US agricultural products already enter Australia duty free, there are 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 will be eliminated on day one. A further 9 per cent of US tariffs will be eliminated within 4 years. The remainder will be phased out over periods of 10 and 18 years. 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"> We're one of the most globally competitive beef producers, but our potential is limited by high tariff barriers in some key markets – including the US. Beef is our largest export to the US, but sales are currently capped at 378,214 tonnes per year. 	<ul style="list-style-type: none"> Annual quota will increase by 20,000 tonnes within three years, reaching a total of 70,000 additional tonnes after 18 years. In-quota duty will be eliminated and over quota tariff phased out over 18 years. 	<ul style="list-style-type: none"> Immediate and long term benefits for Australian beef farmers in the highly protected and sought after US market.
DAIRY	<ul style="list-style-type: none"> Australia currently exports around \$51 million of dairy products to the US, and dairy is one of Australia's fastest growing export sectors. One third of our exports to the US have been restricted by quotas, with a raft of products effectively locked out of the market. 	<ul style="list-style-type: none"> Duty free access for quota affected Australian dairy products will grow by 27,350 tonnes in the first year. In-quota tariffs will be eliminated on day one, and tariffs on all non-quota dairy products will be eliminated over time. 	<ul style="list-style-type: none"> Immediate export boost Quota-constrained dairy exports to the US increase from \$40 million to \$95–100 million in first year, including new access for certain cheeses, butter, milk and ice-cream
INDUSTRIALS (GENERAL)	<ul style="list-style-type: none"> Exports of non-agricultural products to the US are already very competitive and were worth around \$6.5 billion last year but Australian producers and suppliers have suffered from not being on an equal footing with US competitors. 	<ul style="list-style-type: none"> More than 97 per cent of US tariff lines on Australia's non-agricultural exports will be eliminated on the day the Agreement takes effect. Remaining tariffs phased out by 2015. 	<ul style="list-style-type: none"> The automotive, metals, minerals, seafood, paper and chemical sectors will receive an immediate boost from the Agreement. Others see benefits grow over time.
AUTOS	<ul style="list-style-type: none"> The US is the world's largest market for automotives and auto parts and was the third largest destination for our auto products in 2003. Tariffs generally low but peaks such as 25 per cent impost on light commercial vehicles have prevented the export of Australian made utes. 	<ul style="list-style-type: none"> All US tariffs on automotives and auto parts will be eliminated on day one. Australia retains the ability to deliver certain domestic industry assistance to help manufacturers adjust to the lower tariffs. 	<ul style="list-style-type: none"> Improved access forecast to boost Australian exports of auto products by 7.8 per cent. New market openings and an important edge against competitors from other markets.
SERVICES	<ul style="list-style-type: none"> Services sector is our fastest growing export sector. 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. Working towards mutual recognition of professional qualifications and address regulatory issues in telco and e-commerce. 	<ul style="list-style-type: none"> Reduces the risk of doing business with the biggest importer of services in the world. Ensures Australian services providers are protected from discrimination.
INVESTMENT	<ul style="list-style-type: none"> The US is the largest single country investor in Australia, accounting for 29 per cent of foreign investment stock in 2002-03. Our two-way investment relationship is currently worth more than \$446 million. 	<ul style="list-style-type: none"> Both parties have agreed to increase legal certainty for investors. US investment in non-sensitive sectors will only be screened above A\$800m. 	<ul style="list-style-type: none"> Independent analysis forecasts reduced cost of capital will deliver an enormous boost to the Australian economy. This is borne out by international experience.
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 will be unchanged. In some specific areas, such as aspects of copyright, Australian IP protections will be increased. This will include 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"> Australian law requires 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 is required. 	<ul style="list-style-type: none"> Existing local content requirements retained. 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 not readily available on interactive media. 	<ul style="list-style-type: none"> Retains 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 \$6.2 billion 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 will establish an independent body to deal with pharmaceutical companies' requests to review 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 will not be affected by the Agreement. Decisions on which drugs are listed remain in the hands of PBAC and the Minister for Health.