

Summary Report for U.S.- Australia FTA Industrial Goods Market Access Negotiations

The U.S.-Australia Free Trade Agreement is a groundbreaking agreement with numerous firsts for the both countries. This is the first trade agreement between the United States and another developed country since the U.S.-Canada FTA. This is also largest free trade agreement ever undertaken by Australia. This is first agreement negotiated by the United States that will eliminate 99 percent of industrial tariffs in both countries upon implementation of the agreement.

Trade and Tariffs

Industrial goods are all products excluded from the WTO Agreement on Agriculture and the Agreement on Textiles and Clothing. Industrial goods trade between these countries was \$16 billion in 2003. Trade in industrial goods accounts for 94% of total U.S. imports from Australia. The United States imported \$4 billion from Australia, while Australia imported \$12 billion from the United States. Australia's tariffs ranged between zero and 25 percent with an average of 3 percent. The highest tariffs can be found in leather goods, and autos and auto parts.

While both sides will eliminate tariffs on 99 percent of all industrial goods, the remaining tariffs will be eliminated using five staging categories: immediately upon implementation; four year linear staging; eight year staging; 10 year linear staging; and a special category for products whose tariffs will be eliminated by January 1, 2010.

For the United States, there are 72 products with four year linear staging, these products account for \$1.2 million in U.S. imports from Australia and are less than one percent of U.S. industrial imports. There are also 26 products with 10 year linear staging, these products account for \$36,000 in U.S. imports from Australia and are also less than one percent of U.S. industrial imports. In an extra effort to provide additional protection for two products the United States created a special staging category. Tariffs on HS 81110045 - unwrought manganese and 29189020 – aromatic pesticides will be duty free as of January 1, 2010.

For Australia, there are 16 products with linear staging ending by January 1, 2010, these product account for \$8.7 million in U.S. exports to Australia and are less than one percent of U.S. industrial exports. There are also nine products with 10 year linear staging, these products account for \$1 million in U.S. exports to Australia and are also less than one percent of U.S. industrial exports. Australia provided the same treatment to unwrought manganese and aromatic pesticides with their tariffs being eliminated by January 1, 2010.

Non-Tariff Barriers

Neither country identified any product or sector specific non-tariff measures for elimination for this Agreement. The U.S.-Australia FTA will establish a Committee on Trade in Goods to address any non-tariff measures, as well as other market access issues that may arise in the context of this agreement.