

U.S.-Australia Horticultural Trade

**USDA
Foreign Agricultural Service
Horticultural & Tropical Products Division
April 2004**

Free Trade Agreement

- **On February 13, 2004, the Bush administration notified Congress of its intent to sign the U.S. - Australia Free Trade Agreement (FTA). Negotiations began in March 2003.**
- **Under the trade promotion authority (TPA) legislation, the notification begins a 90-day period that must elapse before the agreement can be formally signed and implementing legislation can be sent to Congress.**
- **During those 90 days, the administration is expected to consult with Congress and private sector advisors on details of the FTA.**

Impediments To Horticultural Trade

Tariffs

- **Overall comparable tariff barriers exist for both countries.**
- **However, certain specific U.S. products are import sensitive and carry a significant duty.**
- **Australia maintains negligible tariff barriers on all but a few items.**

Non-Tariff Barriers

- **Both countries maintain Sanitary and Phytosanitary (SPS) measures. These are mainly based on scientific justification.**

Selected Horticultural Tariffs

Selected U.S. Tariffs			Selected Australian Tariffs		
	Current Duty	Negotiated Duty		Current Duty	Negotiated Duty
Frozen OJ Conc.	43%	F	Potato Flour & Meal	29%	0
Other Single Citrus Juice	35%	F	Orange Juice	24%	0
Canned Apricots	29%	F	Wine	15%	0
Other Canned Fruits	15% - 175%	F	Canned Tomatoes	11%	0
Nut Mixtures	22%	F	Table Grapes & Raisins	10%	0
OJ – not frozen	22%	F	Frozen French Fries	8%	0
Grapefruit Juice	20%	F	Frozen Sweet Corn	8%	0
Almonds, shelled	13%	A	Canned Fruit	8%	0
Canned Tomatoes	12%	F	Other Juices	8%	0
Tomato Sauce	11%	F	U.S. Negotiated Duty Staging Codes: A – Duty free upon entry of the Agreement. F – 18 year equal stage reduction. Duty free January 1 of year 18.		
Grapefruit (seasonal)	24%	F			

SPS Barriers by Country

U.S. SPS Barriers Affecting Australian Horticultural Products	Australian SPS Barriers Affecting U.S. Horticultural Products
• Citrus low pest area – Blackspot	• Florida Grapefruit
• Citrus from the Riverland Area	• California and Northwest Stone Fruit, including peaches, nectarines, plums
• Tomatoes hothouse	• California Table Grapes
• Tomatoes field grown	
• Cherries	
• Mangos	
• Avocados	
• Tropical Fruit	

Free Trade Agreement

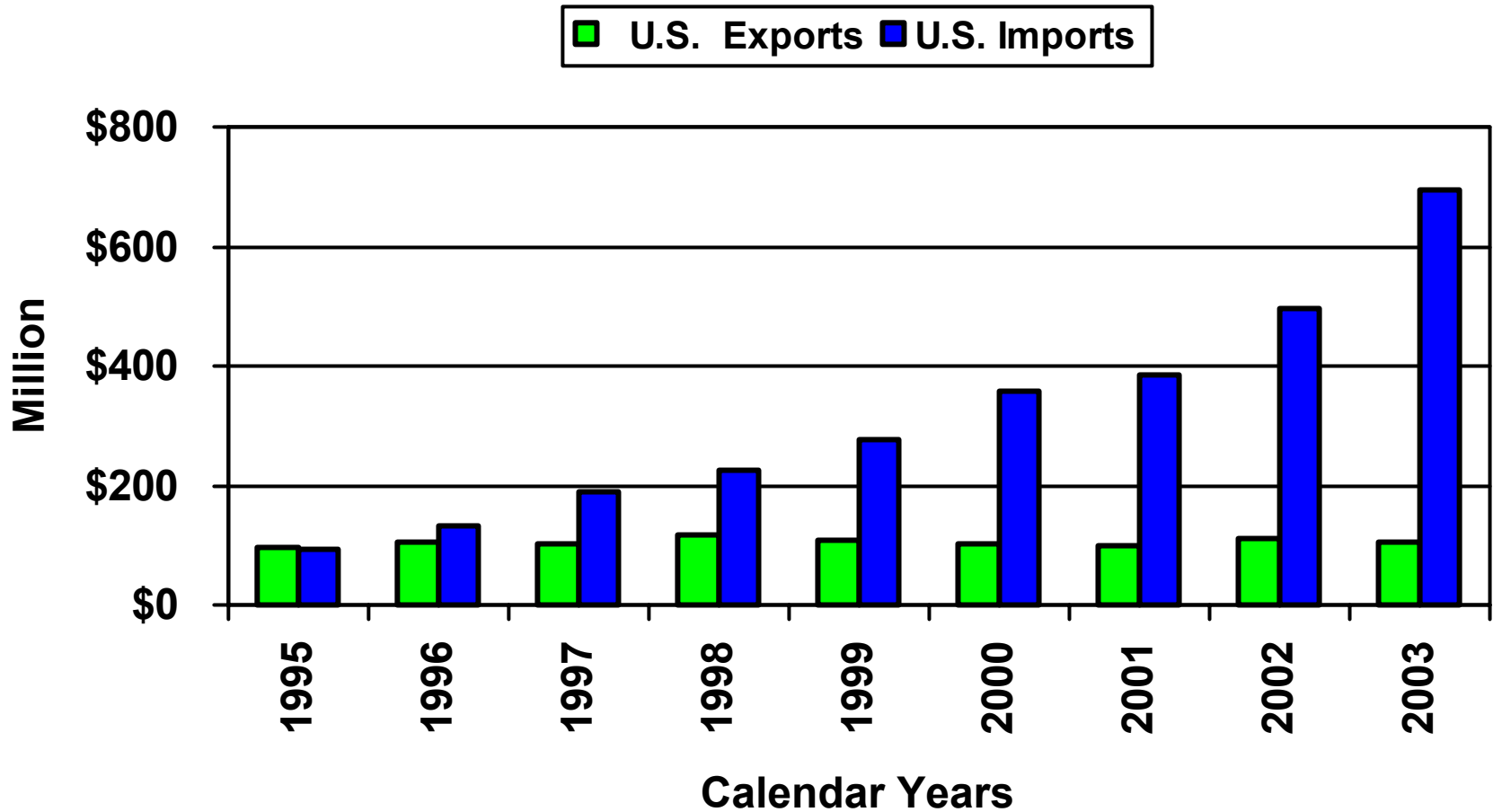
Outcome for Fruits and Nuts

Australian Commitment	U.S. Commitment
<ul style="list-style-type: none"> • Australia locks in duty-free treatment for all U.S. fruits and nuts. 	<ul style="list-style-type: none"> • The U.S. establishes a preferential tariff-rate quota (TRQ) for avocados -- duty free 2/1 to 9/15 for 1,500 metric tons; duty free 9/16 to 1/31 for 2,500 metric tons.
<ul style="list-style-type: none"> • Commits to duty free treatment for fruit juices. The U.S. import market share for all fruit juice is currently 40 percent. 	<ul style="list-style-type: none"> • Safeguard measures on certain items if the price drops below a pre-determined level. Among these items are: canned tomatoes and sauces, grape juice and orange juice. Safeguards will be in place for 18 years.
<ul style="list-style-type: none"> • Commits to addressing outstanding phytosanitary issues for apples, Florida citrus, and stone fruits 	

Free Trade Agreement Outcome for Vegetables

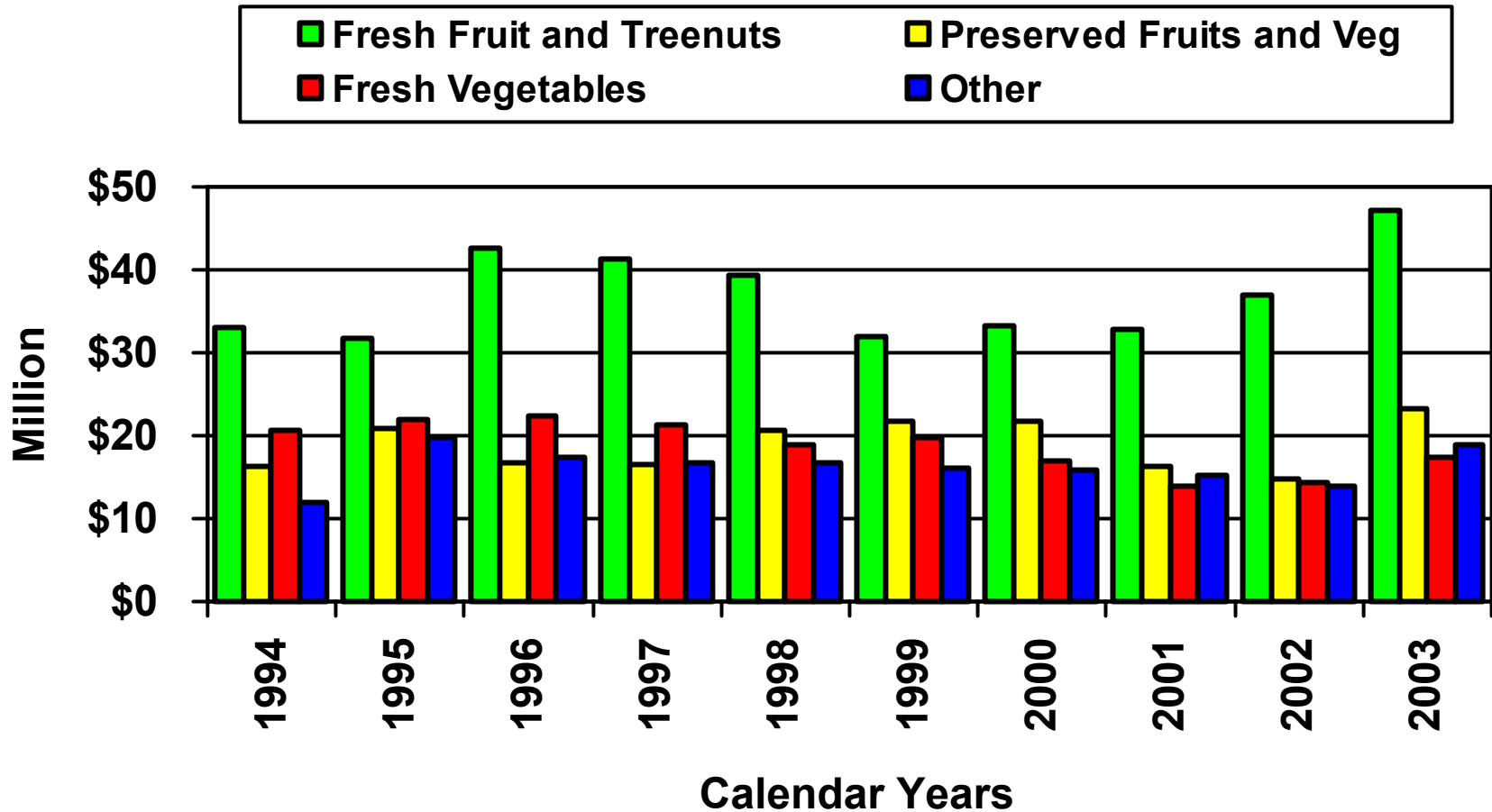
Australian Commitment	U.S. Commitment
<ul style="list-style-type: none">• Australia locks in duty-free treatment for imports of all U.S. vegetables.	<ul style="list-style-type: none">• The U.S. grants duty-free status to over 60 percent of all vegetable products.
<ul style="list-style-type: none">• U.S. shipments of frozen vegetables is the primary beneficiary of this concession. The U.S. import market share for frozen vegetables is 17 percent; valued at \$630,000.	<ul style="list-style-type: none">• Import tariffs for 17 percent of the vegetable items will be phased out over 4 years, 14 percent will be phased out over 10 years, and 4 percent will be phased out over 18 years.
	<ul style="list-style-type: none">• Safeguard measures may be imposed if the price drops below a pre-determined level. These include dried onion, garlic, and processed asparagus. Safeguards will be in place for 18 years.

U.S. Horticultural Trade With Australia



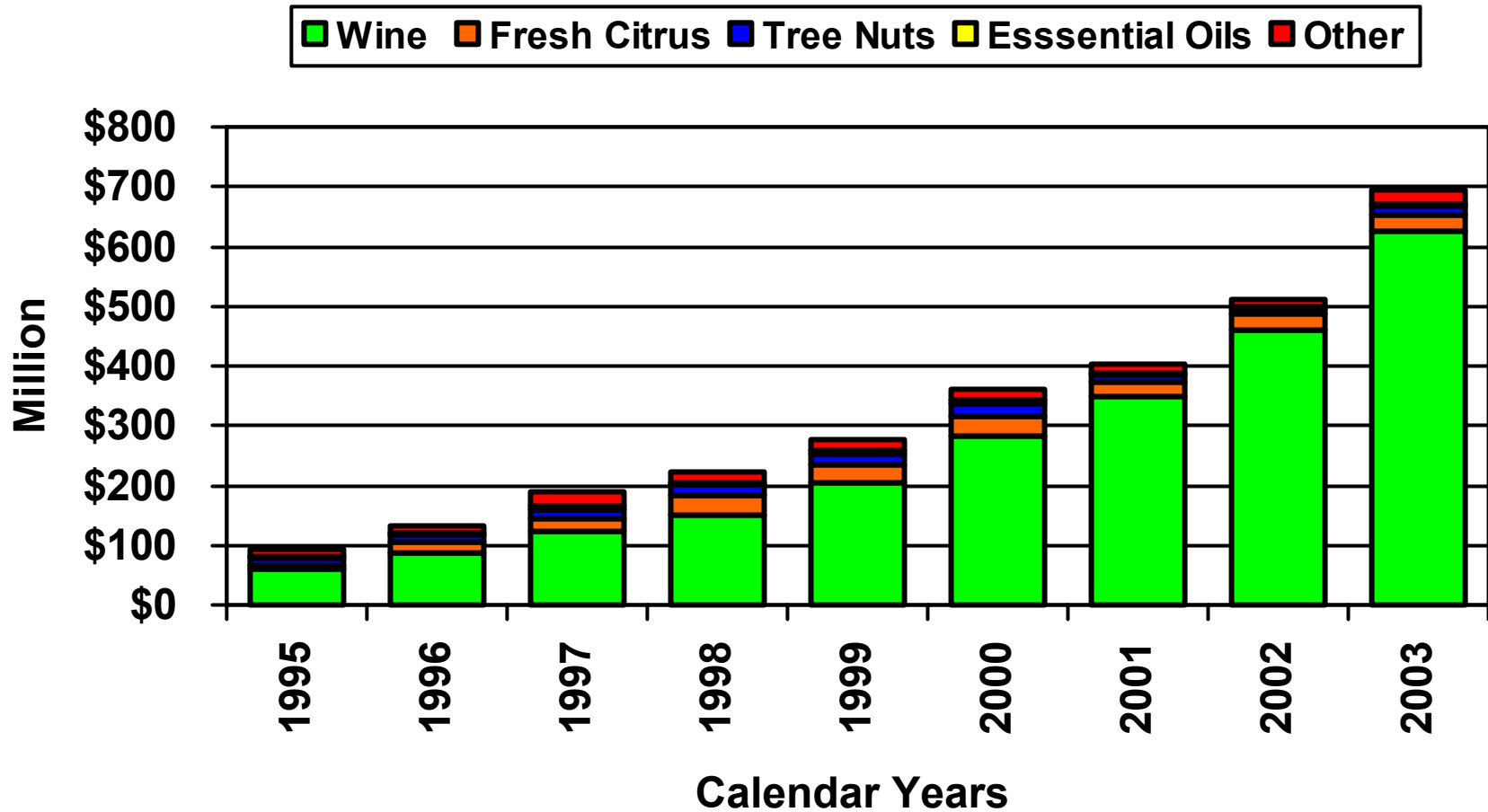
Source: Bureau of the Census, DOC

Australian Imports of Horticultural Products from the United States



Source: Global Trade Atlas

U.S. Imports of Horticultural Products from Australia



Source: Bureau of the Census, DOC