

## **Barton Deakin Brief: United States-Australia Economic Relationship**

**18 January 2016**

The Prime Minister the Hon Malcolm Turnbull MP will today commence his first visit to the United States of America as Prime Minister. The United States is Australia's most significant strategic ally and a key economic partner. Prime Minister Turnbull will meet with President Barack Obama, senior officials in his administration, and Congressional leaders.

This Barton Deakin Brief outlines the current state of the United States-Australia economic relationship.

### **United States-Australia Trade**

The United States' trade with Australia amounts to approximately \$40,621 million dollars, making it Australia's third largest trading partner. It is Australia's second biggest source of imports, representing 11.4 per cent of Australia's total imports and fourth largest export destination, representing 4.5 per cent of Australia's total exports in value terms. The principal imports from the United States include passenger motor vehicles, telecommunications equipment and medicaments.

Australia is the 15<sup>th</sup> largest export destination of United States goods and services, and its 32<sup>nd</sup> largest importer. Major exports to the United States from Australia include beef, aircraft, spacecraft components, and alcoholic beverages including wine. Personal travel and tourism and professional and technical services were the principal services exported to the United States.

Australia has an estimated \$575,514 million worth of investment in the United States. There is approximately \$758,153 million invested in Australia from United States individuals and companies.

### **Australian Business Opportunities**

#### **G'Day USA**

Between 22 and 28 January 2016, Australia will hold a series of events as part of its annual [G'Day USA](#) programme, which the Minister for Foreign Affairs the Hon Julie Bishop MP will attend. These events cover business engagement, trade, policy, culture, and tourism. This year, events will take place in New York, Houston, Washington DC and Los Angeles.

The G'Day USA programme, organised by the Australian Department of Foreign Affairs and Trade (DFAT) and Qantas Airways, acts as a forum where Australian businesses and stakeholders can gain exposure to the United States market. Running for 12 years, the programme now includes 20 events throughout the year across eight United States cities.

#### **Australia-United States Business Week**

The inaugural [Australia-United States Business Week](#) will be held on the 16 – 26 February 2016. Australian Minister for Trade and Investment the Hon Andrew Robb AO MP is expected to lead the



delegation from Australia. The focus of the week is to develop business-to-business ties between Australia and the United States, with particular focus paid to developing ties in trade, investment, innovation, and tourism.

The week will involve six events held in Boston, Chicago, Houston, Los Angeles, San Francisco and New York. The week will have special programmes covering agribusiness, digital technology, medical technology, resources and energy and tourism sectors.

To view the DFAT Doing Business in the United States brochure, click [here](#).

## **Free Trade Agreements**

The United States and Australia are party to a number of significant bilateral and multilateral free trade agreements (**FTAs**) outlined below.

### **Australia-United States Free Trade Agreement**

The Australia-United States Free Trade Agreement (**AUSFTA**) came into effect on 1 January 2005. It eliminated all tariffs on all product imported from the United States to Australia, and the majority of tariffs on goods exported from Australia to the United States are not subject to tariffs, however some tariffs remain on products including animal exports and agricultural products. To view the complete list of tariffs eliminated, click [here](#).

To access the DFAT website of the AUSFTA, click [here](#).

The United States and Australia are both original signatories to the Trans-Pacific Partnership (**TPP**), one of the largest FTAs in the world. A total of 12 nations including five of Australia's top 10 trading partners are signatories to the agreement. These 12 nations represent 40 per cent of the world's combined gross domestic product (**GDP**). It covers exports and imports in industries including agriculture, resources, manufacturing, financial services, education, telecommunications and intellectual property.

The United States Congress has yet to ratify the TPP. Australia has tabled the agreement in Parliament and will await the outcome of a report on the agreement by the [Joint Standing Committee on Treaties](#) before legislation is introduced to ratify the agreement. The TPP requires ratification by six of the 12 signatories representing 85 per cent of the combined GDP to come in force on ratifying nations.

To access Barton Deakin's Brief on the conclusion of the TPP negotiations, click [here](#).

## **United States-Australia Diplomatic Relationship Overview**

The United States is one of Australia's closest allies, with diplomatic ties existing for more than 75 years. There are strong relationships between Governments and in the business community, and co-operation in areas such as foreign policy, defence and security, intelligence and development. Australia and the United States are both party to major international forums such as the G20 nations, the East Asia Summit and the United Nations. President Obama was in Australia most recently for the 2014 G20 Summit in Brisbane (to access Barton Deakin's Brief on the Brisbane G20, click [here](#)).



The next Presidential and Congressional election in the United States will take place on 8 November 2016. The United States constitution limits Presidents to a maximum of two four-year terms. President Obama assumed office in 2008 and therefore cannot contest the forthcoming election.

The Australia-United States Ministerial Consultations (**AUSMIN**) are held between senior Australian Ministers, notably the Ministers for Defence and Foreign Affairs, and senior United States officials such as the Secretaries of Defence and State. The last AUSMIN meetings were held in Boston in October 2015.

The AUSMIN Joint Statements can be accessed [here](#).

### **Further information**

To access the Department of Foreign Affairs and Trade United States-Australia factsheet click [here](#).

To access AusTrade's United States market profile, click [here](#).

Barton Deakin has published several Briefs detailing Australia's economic relationships with its major trading partners. To access a full list of Barton Deakin's Economic Relationship Briefs, click [here](#).

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