

Australia-United States trade: recent trends

Australia's two-way trade with the United States grew 12 per cent to \$47.5 billion in 2006. The Australia-United States Free Trade Agreement (AUSFTA), in its second year of operation, is supporting growth in the trade relationship. Exports grew, reversing the downward trend evident from 2001 to 2005, with various manufactured goods and services, especially business services, showing robust growth. Australian companies are benefiting from the opening up under the AUSFTA of the \$200 billion US government procurement market. Continuing work to reduce regulatory barriers is boosting services trade involving Australian professionals.

Overview

In 2006, Australia's total trade in goods and services with the United States increased 12 per cent to \$47.5 billion, reflecting robust growth in both exports and imports.

The United States is Australia's third-largest export market, with exports of goods and services growing by 9 per cent to \$15.6 billion in 2006 (**Figure 1**). Services exports increased by 11 per cent, reflecting strong growth in communication services, IT and computer services as well as other business services such as legal and accounting services. Manufacturing exports grew by 10 per cent, due to strong growth in simply transformed manufactures such as nickel, aluminium and steel, and solid growth in elaborately transformed manufactures such as medical instruments. Exports of non-monetary gold also grew strongly. Agricultural exports fell by 2 per cent, reflecting lower wine exports and the effects of the drought on dairy exports. Exports of minerals and petroleum fell by 39 per cent, mainly

reflecting the diversion of crude petroleum exports to other markets.

The United States is Australia's largest source of imports. In 2006, Australia's imports from the United States rose by 13 per cent to \$31.9 billion. With the strong growth in investment in Australia in recent years, particularly in the resources sector, imports of capital goods such as earthmoving and civil engineering equipment have grown strongly, adding to our productive capacity.

The Australia-United States Free Trade Agreement (AUSFTA) continued to support growth in the trade relationship in its second year of operation. Agricultural exports are being helped by higher quotas and lower tariffs on key exports such as beef and dairy. Improved access to the US market, including to the government procurement market, has resulted in an increase in the proportion of small and medium enterprises (SMEs) exporters choosing to export to the United States. Progress is being made in improving access for professionals to work in the US services sector.

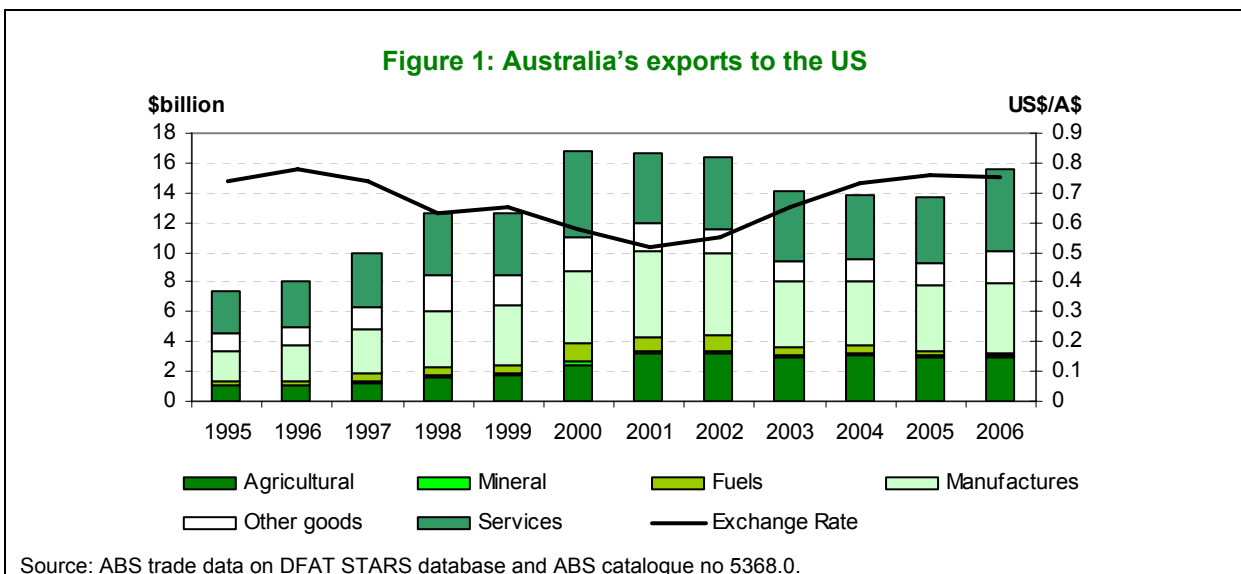
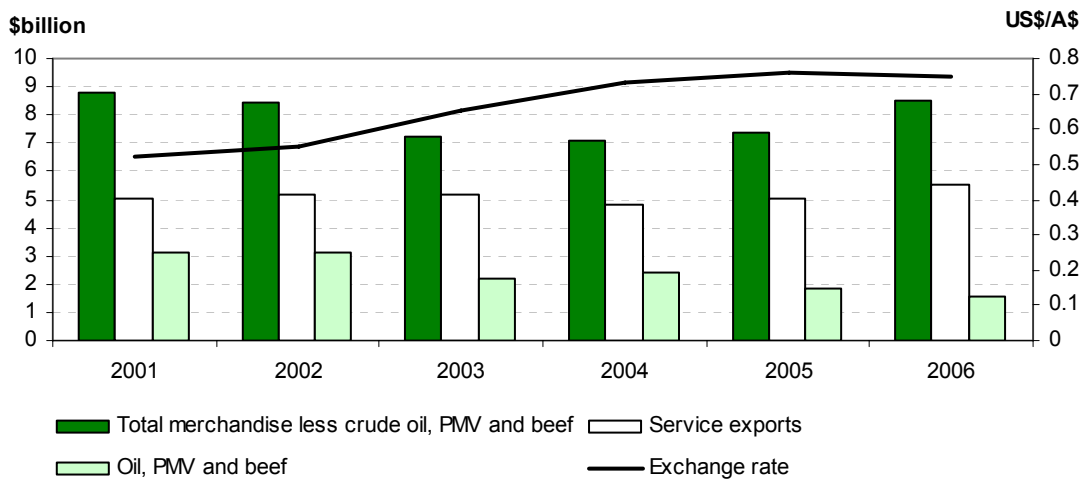


Figure 2: Merchandise and services exports



Source: ABS trade data on DFAT STARS database and ABS catalogue no 5368.0.

Recent trends

Exports

Australia's exports to the United States rose in the five years 1996-2000, partly reflecting the improved competitiveness of Australian goods and services due to a lower currency. However, exports then declined from 2001 to 2005. The appreciation of the Australian dollar over this period appears to have been a major factor (the A\$ averaged US\$0.52 cents in 2001 compared to an average of US\$0.76 cents in 2005, an appreciation of 44 per cent). In addition, our exports were affected by a diversion of crude oil and beef exports to higher-value markets, and were also affected by lower passenger motor vehicle exports.

Exports to the United States rose by 9 per cent in 2006, reversing the downward trend. However, exports still remained below the level achieved in 2001, which was explained by the significant decline in exports of crude oil, beef and passenger motor vehicles over this period (*Figure 2*). Services exports, driven by strong business services growth, have recovered to be above their 2001 levels.

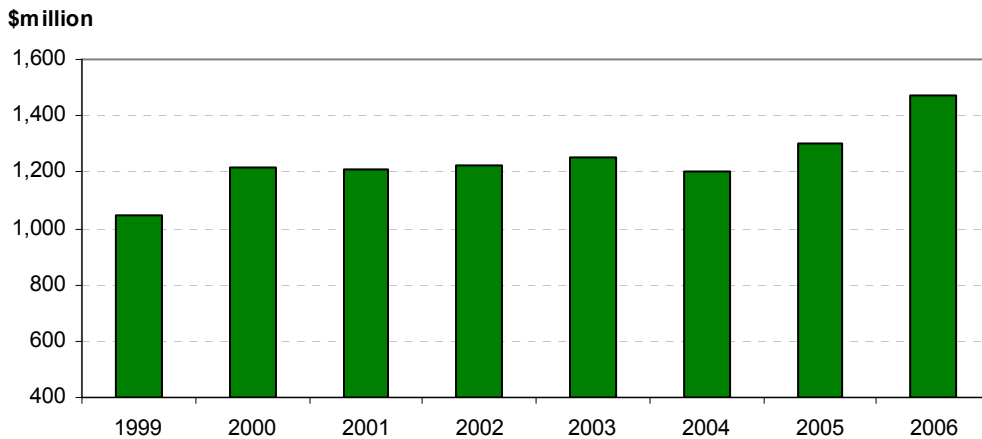
Australia's largest export to the United States is beef, which grew marginally to \$1.2 billion in 2006, following falls in recent years. These falls were due largely to the diversion of meat exports from the US market to the Japanese and South Korean markets from 2003. This followed the discovery of bovine spongiform encephalopathy (or mad cow disease) in some key suppliers to those markets. Australian suppliers were able to increase their market share to around 90 per cent in Japan and 60 per cent in South Korea, as well as securing much higher returns.

Exports of crude petroleum to the United States have fallen sharply since 2002, from \$967 million to \$99 million in 2006. This is due to Australia's light sweet crude being redirected to meet rising demand in higher-value East Asian markets, maximising returns for exporters.

Passenger motor vehicles exports have been affected by the withdrawal of the Mitsubishi Magna and Holden Monaro from the US market, which were at the end of their product cycles. However, GM Holden announced in February 2007 its plan to export the Pontiac line to the United States, which should increase sales to the United States towards the end of 2007 and beyond.

Manufactures exports, which accounted for 30 per cent of our total exports to the United States grew by 10 per cent in 2006 to \$4.8 billion. This reflected a 34 per cent rise in simply transformed manufactures such as nickel (up almost 200 per cent to \$200 million), uncoated steel (up 66 per cent to \$260 million) and aluminium (up 30 per cent to \$221 million). Elaborately transformed manufactures also grew 5 per cent, with exports of medical instruments rising 40 per cent to \$399 million, measuring and controlling instruments rising 35 per cent to \$177 million, and telecommunications equipment rising 39 per cent to \$103 million. This was offset by falls in exports of passenger motor vehicles (down 33 per cent to \$248 million), medicaments (down 56 per cent to \$94 million) and toys, games and sporting goods (down 44 per cent to \$86 million).

Figure 3: Other business services exports



Source: ABS catalogue no 5368.0.

Services exports, which accounted for 35 per cent of our total exports to the United States, increased by 11 per cent in 2006. This reflected strong growth in communication services (up 50 per cent), royalties and license fees (up 27 per cent), as well as computer and information services (up 17 per cent). Other business services, which includes legal, accounting, architectural, engineering, agricultural, mining and marketing and advertising services, continue to grow strongly (**Figure 3** and **Table 4**). Exports of other business services grew by 13 per cent to \$1.5 billion in 2006 and now account for more than a quarter of our total services exports with the United States.

Transportation services (air and sea travel and freight) grew by 11 per cent in 2006. Travel services rose by 8 per cent, mainly due to strong growth in business travel services (up 25 per cent) and education-related services (up 8 per cent). In 2006, there were 12,045 enrolments by United States students in Australian educational institutions. Other personal travel (tourism) grew more modestly by 3 per cent to \$870 million.

Agricultural exports comprised 19 per cent of our exports to the United States and fell by 2 per cent in 2006 to \$3.0 billion. This reflects in part a 7 per cent fall in wine exports to \$849 million. Wine still remains our second-largest merchandise export to the United States and is more than 50 per cent higher than the level of wine exports to the United States five years ago. Exports of dairy products (milk, butter, cream and cheese) also fell by 13 per cent to \$87.6 million in 2006, reflecting the impact of the drought.

Exports of minerals and petroleum fell by 39 per cent to \$237 million in 2006, mainly reflecting the diversion of crude petroleum exports to other markets. Other goods exports increased by 41 per cent to \$2.1 billion. This mainly reflected

the importation of \$600 million in non-monetary gold for processing and re-exported back to the United States.

Imports

Australia's merchandise imports grew 14 per cent to total \$24.5 billion in 2006, after rising 4 per cent in 2005. This was due mostly to strong Australian demand for capital and intermediate goods (**Box 1**). These rises followed falls in imports averaging 3 per cent per year from 2000 to 2004.

In 2006, strong growth was recorded in Australia's main import from the United States, namely aircraft and aircraft parts, which was up 28 per cent to \$2 billion. Increases were also recorded in motor vehicles for transporting goods, civil engineering equipment and other capital and intermediate goods (**Table 3**). The jump in gold imports (up 1,214 per cent to \$552 million), is due to US gold being shipped to Australia, and being re-exported after industrial processing.

Services imports grew 10 per cent to \$7.5 billion in 2006 after rising 4 per cent in 2005, with an average 5 year growth trend of 3 per cent per annum. Growth was experienced in all services categories, particularly in computer and information services (up 24 per cent to \$448 million), as well as personal, cultural and recreational services (up 16 per cent to \$602 million).

Australia–United States Free Trade Agreement (AUSFTA)

The Australia-US Free Trade Agreement entered into force on 1 January 2005. While the full effect of the AUSFTA will take some years to be realised, positive trends are already evident, including in various agricultural and manufactured goods, and in services trade.

Box 1: Why has Australia's deficit with the US increased?

Individual trade balances reflect a wide range of factors including the dispersion of resources and industries around the world, countries' specialisation and competitiveness in different products, and consumer tastes and business needs in different countries. The United States⁽¹⁾ is our largest import partner and our leading source of imports of capital goods, intermediate goods and services. As a result, there is typically a substantial trade deficit with the US.

Merchandise imports from the US



Source: ABS data, classification based on ABS Broad Economic Categories.

In 2006, the overall trade deficit with the United States grew 17 per cent, to \$16.3 billion. This occurred largely due to the strength of the Australian economy, and the consequent demand for capital and intermediate goods in order to drive industry expansion. The increase in imports mainly reflected increases in the imports of capital and intermediate goods. Increased purchases of aircraft and parts, which rose by 28 per cent to \$2 billion, are contributing to the expansion of our international tourism markets. Strong business investment, particularly in the mining sector, has boosted demand for imports such as earth-moving machinery and civil engineering equipment, which are adding to Australia's productive capacity.

⁽¹⁾ As a single trading entity, the EU is our largest source of goods and services imports.

From day one of the agreement, duty on more than 80 per cent of tariff lines for Australian goods entering the United States went to zero. There will be further tariff reductions so that virtually all trade in non-agricultural goods will enter the US market duty free by 2015, with almost all remaining tariffs eliminated over time.

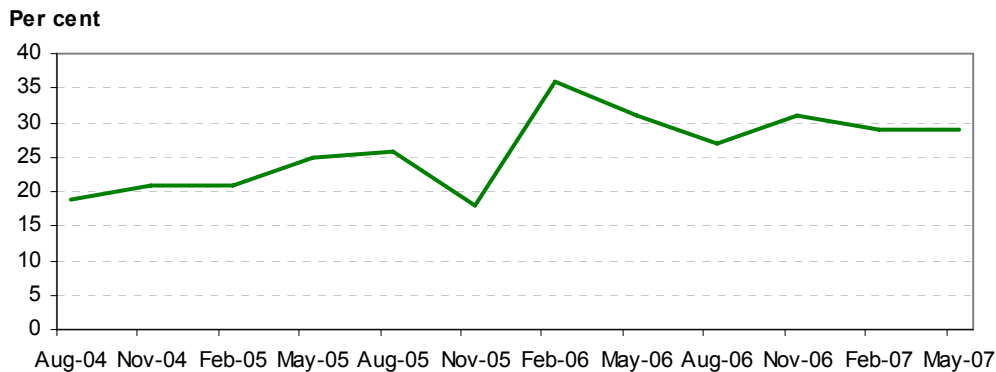
AUSFTA provides Australian farmers with significantly improved access to the US market. More than 66 per cent of US agricultural tariffs dropped to zero from day one of the Agreement, 75 per cent will be eliminated by 2008, and virtually all remaining tariffs will be removed within 18 years. In addition, Australia gained significant immediate and ongoing quota increases across a range of important agricultural products, including beef, dairy and horticulture.

Lamb and mutton exports have risen since the start of the Agreement, benefiting from tariff elimination.

Dairy products such as cheese benefited from increased market access in 2005, but exports have fallen back in 2006 due to the impact of the drought. However, as quota entitlements are expanded, exporters will be well placed to expand exports to the US market in more favourable seasonal conditions. Other export items that have grown following the elimination of tariffs under AUSFTA are nickel bars and rods, silicon, parts for precision and surgical instruments, axles and wheels for locomotives and space navigation instruments (**Table 5**).

The implementation of AUSFTA has raised the awareness and interest of small and medium-sized enterprises (SMEs) in entering the US market. According to the Sensis Business Index, the proportion of exporting SMEs that choose the United States as an export market has increased

Figure 4: Proportion of exporting SMEs that choose the US as an export destination



Source: Sensis Business Index.

from 19 per cent in August 2004 before the Agreement commenced, to 29 per cent in May 2007 (**Figure 4**). A study by Austrade and DHL in May 2006 has also found that 33 per cent of businesses surveyed believed that AUSFTA has had a positive or very positive impact for their exports, with only 8 per cent claiming they are worse off. The Gammasonics Institute for Medical Research and Intellirad Solutions are examples of SMEs that are benefiting from closer integration with the US market under AUSFTA (**Box 2**).

In 2005, the Government established the Austrade-managed USA export facilitators

programme to assist Australian businesses break into the US market. Since its introduction, the programme has directly assisted more than 450 businesses achieve over \$280 million in exports to the US market. In the May 2007 Budget, the Government allocated \$11.1 million over two years to extend the appointment of 30 export facilitators to pursue export opportunities arising from AUSFTA. The extension will help Australian SMEs in further expanding their business presence in the United States, with a strong focus on opportunities in the government procurement and agribusiness markets.

Box 2: Small business AUSFTA success stories

Gammasonics Institute for Medical Research (based in Five Dock, NSW) is a privately owned Australian company, which designs and manufactures radiation detection equipment for the diagnostic, radiotherapy, nuclear medicine, industrial radiation and security sectors, as well as for the mining industry. Gammasonics' personal radiation measurement equipment, used in the detection of cancers, can also be used for anti-terrorism, security or military applications. In November 2005, Gammasonics signed a joint collaboration/partnership with Landauer Inc, the largest provider of personal radiation detection equipment in the world. Through this partnership, Landauer distributes Gammasonics' Australian-produced technology in the United States and other markets. Professor Carl Munoz-Ferrada, Gammasonics' CEO, says that the ease of doing business under AUSFTA contributed to a positive approach and building of confidence when Gammasonics was negotiating its agreement with Landauer. He adds that the AUSFTA has assisted in the transfer of important technology and knowledge.

Intellirad Solutions (based in East Hawthorn, VIC) is an Australian medical imaging company producing Picture Archiving and Communication System (PACS) software, which allows multiple X-ray images to be distributed instantly. Until recently, X-rays were only available in a single copy of film, which meant they could only be viewed by one area at a time: if a radiologist had an X-ray film, the images were not available to other hospital departments, referring doctors, specialists, or the patient. The move to computer-based systems in medical environments substantially increases workflow efficiency. Intellirad Solutions, a leader in this field, began distributing its 'Voyager Imaging' products into the United States last year after receiving Food and Drug Administration clearance, the first Australian provider of medical imaging PACS to do so. Intellirad's Business Manager, Lance Thomas, says that AUSFTA has helped in this process by raising awareness of Australia and Australian businesses in the United States.

Australian companies are benefiting from the opening up under AUSFTA of the \$200 billion US government procurement market at the federal level and in 31 of the 50 states. An important provision in AUSFTA also bans “offsets”, which means procurement contracts cannot build in restrictions such as local content, technology transfer and export performance requirements. As a result, if an Australian firm wins a government procurement contract, it is able to use Australian parts or technologies in fulfilling that contract. These improvements have resulted in Austrade assisting Australian companies to win over \$110 million worth of government procurement contracts. Future Fibre Technologies is a company that has won new business as a result of being able to access the US Government procurement market (**Box 3**).

Box 3: Accessing the US Government procurement market

Future Fibre Technologies (based in Mulgrave, VIC) operates in the field of distributed optical fibre sensors, using optical fibres to measure movement, vibration, pressure, strain, temperature and audible sound. Future Fibre Technologies produces fibre optic intrusion detection systems for data communications, security, oil and gas pipeline interference detection, as well as fibre optic perimeter detections systems for sites such as military bases, airports, petrochemical plants and refineries. Future Fibre Technologies’ products include buried cables (buried intrusion detection) which can identify disturbances on a perimeter fence or pipeline at a distance of up to 80 kilometres, pinpoint an intruder’s position to within 25 metres, and instantly relay this information to a central control monitor. Future Fibre Technologies is now able to sell into the US Government procurement market, which opened up to Australian companies after AUSFTA came into effect. Future Fibre Technologies is now contracted with the US conglomerate, Lockheed Martin.

Improving access to the professional services market

Other business services, including legal and accounting services, is one of the fastest growing areas of services exports to the United States. Together with the services professions, the Government is working on ways to improve access for Australian professionals into the US workplace. The new E-3 working visa is supporting

this initiative, by enabling up to 10,500 Australian professionals to take up positions in the US workplace, with over 3,600 Australians already taking advantage of this visa.

Improving access for Australian professionals to the US market involves identifying and addressing a broad range of often complex regulatory barriers. This task is made more difficult by the fact that most professions in the United States are regulated at the state and territory level. For this reason, the AUSFTA established a Working Group on Professional Services (WGPS) to provide support for profession-led initiatives that seek to improve professional mobility. The Working Group agreed to focus its initial work on three professions: accountancy, engineering and law. The Working Group is already achieving positive outcomes for Australian professionals.

Legal services

The Australia-US Legal Services Initiative, established under the WGPS, aims to establish rights that allow Australian lawyers to practise foreign law in US jurisdictions. It also seeks recognition of Australian legal qualifications for the purpose of practising US law. Currently, Australian law graduates are ineligible to sit most US bar exams without undertaking further study at US institutions. In February 2007, the US Conference of Chief Justices adopted a resolution urging all US states and territories to consider recognising Australian law degrees for the purpose of sitting local bar exams. The Initiative has also made progress in Delaware, the centre of corporate law in the United States, where discussions on the introduction of rules that would enable Australian lawyers to practise foreign law there, are close to conclusion. Positive discussions have also taken place in Georgia and California.

Engineering services

Recent discussions with Texas have raised the possibility of Australian engineers being granted temporary registration for up to three years. Discussions with California, Georgia and Virginia seeking mutual recognition for Australian engineers registered on the National Professional Engineers Register are ongoing.

Accounting services

On accounting, CPA Australia and the Institute of Chartered Accountants in Australia successfully renegotiated mutual recognition agreements with their US counterparts. As a result, in most jurisdictions CPA Australia and ICAA members no longer have to complete 30 extra university semester hours in order to sit the International Qualifications Examination (IQEX) - the key requirement for licensure in most US states. The

Working Group is encouraging the few US states that are yet to recognise Australian CPAs and Chartered Accountants as eligible for licensure to do so.

Reducing costs to business and consumers

While Australia already provided duty free access for many of the larger categories of imports from the United States, there are a number of items where the removal of tariffs on goods imported from the United States has reduced costs to Australian business and consumers (**Table 6**). For example, the mining and construction industries have benefited from the elimination of the 5 per cent tariff on dumpers designed for off-highway use, which includes items such as earth-moving tractors and trucks. Imports under this item increased by 90 per cent in 2006 to \$903 million. The construction industry has benefited from the elimination of the 5 per cent duty on lifts, escalators and conveyors, with imports under this category rising by 11 per cent in 2006 to \$168 million. Consumers have benefited from lower tariffs on consumption goods such as books, whiskies and cosmetics preparations since the Agreement came into effect.

Trade outlook

Following strong growth in two-way trade in 2006, the outlook for continued growth in Australia's trade relationship with the United States is positive.

Solid growth is expected in both economies in coming years. Treasury is forecasting that the Australian economy will grow by 3.75 per cent in 2007-08, based on a return to average seasonal conditions. Australian agricultural exports to the United States will be affected in 2007 due to the drought, but can be expected to recover in 2008 in line with an expected pick-up in agricultural production. The IMF expects that growth in the United States will moderate to 2.2 per cent in 2007 due to a slowing of the housing market, and then recover to grow by 2.8 per cent in 2008.

AUSFTA will help support continuing growth in the bilateral trade relationship. Australia's trade with the United States will continue to benefit from lower tariffs and improved market access as quotas are removed. Improved access to the United States market, including to the government procurement market, has resulted in an increase in the proportion of SME exporters choosing to export to the United States. Efforts to improve access for professionals to work in the US services sector are progressing and will enhance the two-way flow of skills and experience over time.

**Table 1: Australia's exports of goods and services to the United States
(\$ million)**

	2001	2002	2003	2004	2005	2006	% change	
							2005 to 2006	5 year trend
Merchandise exports								
Agricultural	3,163	3,235	2,977	3,106	3,020	2,953	-2.2	-1.4
Minerals	172	92	65	71	82	66	-19.8	-13.5
Fuels	949	1,059	612	608	309	172	-44.5	-29.5
Manufactures	5,750	5,607	4,351	4,264	4,332	4,747	9.6	-4.9
STM	1,046	1,022	747	797	723	971	34.4	-3.8
ETM	4,704	4,585	3,604	3,467	3,609	3,776	4.6	-5.2
Other goods (incl. gold)	1,880	1,554	1,452	1,495	1,521	2,145	41.0	1.8
Total merchandise exports	11,914	11,546	9,456	9,545	9,264	10,082	8.8	-4.2
Crude oil, PMV and beef	3,098	3,104	2,191	2,422	1,861	1,547	-16.9	-13.1
Less crude oil, PMV and beef	8,816	8,442	7,265	7,123	7,403	8,535	15.3	-1.6
Total merchandise imports	21,399	23,147	20,529	20,526	21,398	24,463	14.3	1.2
Balance on merchandise trade	-9,485	-11,601	-11,073	-10,981	-12,134	-14,381	18.5	
Total service exports	5,062	5,189	5,142	4,790	5,013	5,542	10.6	0.8
Total service imports	6,428	6,376	6,409	6,539	6,792	7,454	9.7	2.8
Balance on service trade	-1,366	-1,187	-1,267	-1,749	-1,779	-1,912	7.5	
Total exports	16,976	16,735	14,598	14,335	14,277	15,624	9.4	-2.6
Total imports	27,827	29,523	26,938	27,065	28,190	31,917	13.2	1.6
Balance on goods and services	-10,851	-12,788	-12,340	-12,730	-13,913	-16,293	17.1	
Exchange rate (average)	0.52	0.55	0.65	0.73	0.76	0.75	-1.3	8.7

Source: ABS trade data on DFAT STARS database and ABS catalogue 5302.0.

**Table 2: Top 20 merchandise exports to the United States
(\$ million)**

Rank ^(a)		2001	2002	2003	2004	2005	2006	% change	
								2005 to 2006	5 year trend
1	Bovine meat f.c.f.	1,715	1,599	1,357	1,411	1,208	1,209	0.1	-7.0
2	Alcoholic beverages	552	768	838	897	907	848	-6.5	8.1
3	Special transactions ^(b)	133	78	94	120	158	523	231.0	30.1
4	Meat (excl. bovine) f.c.f.	324	322	377	350	421	434	3.1	6.5
5	Medical instruments	144	226	180	184	285	399	40.0	18.1
6	Aircraft & parts	312	600	342	250	267	271	1.5	-9.4
7	Uncoated flat-rolled steel	27	117	104	156	156	259	66.0	43.2
8	Passenger motor vehicles	592	538	251	485	368	248	-32.6	-12.9
9	Aluminium	350	217	135	175	161	209	29.8	-8.8
10	Nickel	34	34	7	56	67	200	198.5	44.9
11	Measuring and controlling instruments	174	171	125	108	131	177	35.1	-2.4
12	Motor vehicle parts	290	311	286	242	168	146	-13.1	-14.4
13	Starches, inulin & wheat gluten	119	127	143	110	91	112	23.1	-4.4
14	Miscellaneous manufactures	73	77	86	86	95	111	16.8	8.1
15	Telecommunications equipment	131	132	138	94	74	103	39.2	-9.1
16	Crude petroleum	791	967	583	526	285	99	-65.3	-33.3
17	Crustaceans	84	97	106	109	90	96	6.7	1.4
18	Medicaments (incl. veterinary)	509	206	245	188	213	94	-55.9	-21.8
19	Specialised machinery	86	101	90	76	74	87	17.6	-2.9
20	Toys, games & sporting goods	33	53	79	99	154	86	-44.2	26.5
	Confidential items	1,728	1,453	1,327	1,275	1,285	1,567		

(a) Rank based on most recent period.

(b) Mostly gold re-re-exported after industrial processing in Australia.

Source: ABS trade data on DFAT STARS database.

**Table 3: Top 20 merchandise imports from the United States
(\$ million)**

Rank ^(a)		2001	2002	2003	2004	2005	2006	% change	
								2005 to 2006	5 year trend
1	Aircraft & parts	1,670	4,311	3,270	1,845	1,572	2,017	28.3	-7.3
2	Motor vehicles for transporting goods	287	327	268	532	534	969	81.5	26.5
3	Civil engineering equipment	430	442	472	598	669	929	38.9	16.5
4	Measuring and controlling instruments	865	753	714	836	806	897	11.3	1.6
5	Computers	798	708	630	594	628	895	42.5	0.4
6	Organo-inorganic compounds	405	202	163	230	601	894	48.8	24.2
7	Medicaments (incl. veterinary)	711	612	644	779	773	759	-1.8	3.5
8	Telecommunications equipment	1,096	899	616	704	729	722	-1.0	-7.1
9	Medical instruments	480	482	433	478	522	608	16.5	4.4
10	Non-monetary gold	1	1	1	105	42	552	..	287.8
11	Internal combustion piston engines	759	738	693	659	587	545	-7.2	-6.6
12	Passenger motor vehicles	352	471	420	430	422	522	23.7	4.9
13	Motor vehicle parts	542	582	524	526	503	513	2.0	-2.0
14	Non-electric engines & motors	231	297	270	196	264	451	70.8	7.9
15	Miscellaneous manufactures	257	268	256	306	350	376	7.4	8.6
16	Other electrical machinery	358	347	337	318	326	370	13.5	-0.2
17	Medicinal & pharmaceutical products	253	238	273	267	358	357	-0.3	8.7
18	Computer parts	631	477	347	323	274	353	28.8	-12.4
19	Pumps for gas	314	344	289	317	359	350	-2.5	2.2
20	Agricultural machinery (excl. tractors)	250	336	266	406	372	347	-6.7	7.0
	Confidential items	483	313	229	287	347	378		

(a) Rank based on most recent period.

Source: ABS trade data on DFAT STARS database.

**Table 4: Services trade with the United States
(\$ million)**

	2001	2002	2003	2004	2005	2006	% change	
							2005 to 2006	5 year trend
Services exports	5,062	5,189	5,142	4,790	5,013	5,542	10.6	0.8
Transportation services	785	754	747	615	771	859	11.4	0.9
Travel services	1,477	1,604	1,426	1,406	1,337	1,446	8.2	-1.9
<i>Business</i>	240	339	336	315	274	343	25.2	3.1
<i>Personal</i>	1,236	1,266	1,089	1,091	1,063	1,103	3.8	-3.1
<i>Education related</i>	145	168	210	226	216	233	7.9	9.6
<i>Other</i>	1,091	1,098	879	865	846	870	2.8	-5.4
Communication services	163	184	224	80	95	142	49.5	-10.0
Construction services	0	0	3	np	0	0
Insurance services	285	284	286	290	293	297	1.4	0.9
Financial services	268	276	280	281	281	281	0.0	0.8
Computer & information services	289	294	341	369	388	452	16.5	9.4
Royalties & license fees	318	281	295	263	248	315	27.0	-1.5
Other business services	1,210	1,222	1,249	1,203	1,301	1,474	13.3	3.3
Personal, cultural & recreational services	115	135	125	np	114	93	-18.4	..
Government services	153	154	169	185	185	183	-1.1	4.5
Service imports	6,428	6,376	6,409	6,539	6,792	7,454	9.7	2.8
Transportation services	1,095	684	674	608	585	672	14.9	-8.2
Travel services	1,527	1,472	1,473	1,833	2,038	2,098	2.9	8.3
<i>Business</i>	503	526	487	429	413	433	4.8	-4.5
<i>Personal</i>	1,023	947	986	1,403	1,624	1,664	2.5	13.4
<i>Education related</i>	101	79	102	88	96	100	4.2	1.1
<i>Other</i>	922	867	884	1,316	1,529	1,564	2.3	14.5
Communication services	267	282	247	121	109	115	5.5	-19.9
Construction services	0	0	0	0	0	0
Insurance services	295	297	299	302	306	311	1.6	1.0
Financial services	191	189	178	173	170	191	12.4	-1.0
Computer & information services	338	447	436	388	362	448	23.8	1.9
Royalties & license fees	1,010	1,160	1,256	1,338	1,501	1,688	12.5	10.2
Other business services	1,048	1,066	1,102	949	950	1,063	11.9	-1.2
Personal, cultural & recreational services	456	562	513	579	520	602	15.8	3.7
Government services	202	217	230	248	252	266	5.6	5.6

Source: ABS catalogue no. 5368.0 International Trade in Goods and Services, Australia.

Table 5: Selected merchandise exports to the United States benefiting from the AUSFTA (\$ million)

Category	AUSFTA related market access gains	2004	2005	2006	% change	
					2005 to 2006	2004 to 2006
Lamb and mutton	Up to 2.8 cents/kg tariffs immediately eliminated	309	368	370	0.3	20
Motorboats (excl. outboard)	1.5% tariffs immediately eliminated	42	71	68	-4	62
Copper tubing	3% tariff immediately eliminated	0.2	7	15	114	..
Silicon	Up to 5.5% tariffs immediately eliminated	11	19	27	43	145
Carboxylic acids	Free for some items and up to 7.6% tariffs on others immediately eliminated	19	19	24	28	32
Machine parts	Up to 4.4% tariff immediately eliminated	10	12	41	242	310
Nickel bars and rods, not alloyed	Up to 3% tariff immediately eliminated	55	67	200	200	264
Axles and wheels for locomotives	Up to 14% tariff immediately eliminated	0.3	2	24
Pigments based on titanium oxide	Up to 6% tariff immediately eliminated	9	12	16	25	78
Instruments for space navigation	Up to 3.3% tariff immediately eliminated	3	11	16	53	433
Unprocessed cheese	Up to 25 % tariff reduced and quota increased upon entry into the AUSFTA.	29	53	46	-13	59

Source: ABS trade data on DFAT STARS database.

**Table 6: Selected import items benefiting from the AUSFTA
(\$ million)**

Category	AUSFTA related market access gains	2004	2005	2006	% change	
					2005 to 2006	2004 to 2006
Dumpers designed for off-highway use	5% tariffs immediately eliminated	488	476	903	89	85
Motor vehicles for the transport of persons	15% tariffs to be removed in stages	430	422	522	24	21
Self-propelled scrapers	Free for some items, 5% tariffs on others immediately eliminated	19	35	29	-17	53
Books, pamphlets, maps and similar printed materials.	Free for some items, 5% tariffs on others immediately eliminated	155	161	170	6	10
Taps, Cocks, Valves	Free for some items, 5% tariffs on others immediately eliminated	149	143	186	30	25
Parts for boring or sinking equipment	5% tariffs immediately eliminated	14	24	53	121	279
Whiskey	5% tariffs immediately eliminated	99	111	116	5	17
Articles of plastics	Up to 15% tariff immediately eliminated	97	106	108	2	11
Parts of filtering or purifying machinery and apparatus for liquids or gases	15% tariffs to be removed in stages	35	36	51	42	46
Self-propelled front-end shovel-loader	5% tariffs immediately eliminated	119	133	144	8	21
Orthopaedic appliances	Up to 15% tariff immediately eliminated	54	69	74	7	37
Beauty or make-up preparations for the care of the skin	Up to 5% tariffs immediately eliminated	145	167	170	2	17

Source: ABS trade data on DFAT STARS database.

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