

AUSTRALIA

TRADE SUMMARY

U.S. goods exports in 2013 were \$26.0 billion, down 16.4 percent from 2012. Corresponding U.S. imports from Australia were \$9.3 billion, down 2.9 percent. The U.S. goods trade surplus with Australia was \$16.8 billion in 2013, down \$4.8 billion from 2012. Australia is currently the 15th largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Australia were \$17.2 billion in 2012 (latest data available), and U.S. imports were \$6.8 billion. Sales of services in Australia by majority U.S.-owned affiliates were \$51.2 billion in 2011 (latest data available), while sales of services in the United States by majority Australia-owned firms were \$12.8 billion.

The stock of U.S. foreign direct investment (FDI) in Australia was \$132.8 billion in 2012 (latest data available), down from \$137.3 billion in 2011. U.S. FDI in Australia is led by the nonbank holding companies, mining, finance and insurance, and manufacturing sectors.

TRADE AGREEMENTS

The United States-Australia Free Trade Agreement (AUSFTA) entered into force on January 1, 2005. Since then the U.S. and Australian Governments have continued to closely monitor FTA implementation and discuss a range of FTA issues. Under the AUSFTA, trade in goods and services and foreign direct investment have continued to expand, and over 99 percent of U.S. exports of consumer and industrial goods are now duty-free.

Australia is a participant in the Trans-Pacific Partnership (TPP) Agreement negotiations, through which the United States and 11 other Asia-Pacific partners are seeking to establish a comprehensive, next-generation regional agreement to liberalize trade and investment. Once concluded this agreement will advance U.S. economic interests with some of the fastest-growing economies in the world; expand U.S. exports, which are critical to the creation and retention of jobs in the United States; and serve as a potential platform for economic integration across the Asia-Pacific region. The United States is proposing to include in the TPP agreement ambitious commitments on goods, services, and other traditional trade and investment matters and a range of new and emerging issues to address trade concerns our businesses and workers face in the 21st century. In addition to the United States and Australia, the TPP negotiating partners currently include Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

GOVERNMENT PROCUREMENT

Australia is not a signatory to the WTO Agreement on Government Procurement, but it is an observer. Under the Australia-U.S. FTA, the Australian government opened its government procurement market to U.S. suppliers, eliminating preferences for domestic suppliers, and it also committed to use fair and transparent procurement procedures.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Australia generally provides strong intellectual property rights protection and enforcement through legislation that, among other things, criminalizes copyright piracy and trademark counterfeiting. Under the Australia-U.S. FTA, Australia must provide that a pharmaceutical product patent owner be notified of

a request for marketing approval by a third party for a product claimed by that patent. U.S. and Australian pharmaceutical companies have raised concerns about unnecessary delays in this notification process.

SERVICES BARRIERS

Audiovisual Services

Australia's Broadcasting Services Amendment Act requires subscription television channels with significant drama programming to spend 10 percent of their programming budgets on new Australian drama programs. This local content requirement does not apply to new digital multi-channels.

The Australian Content Standard of 2005 requires commercial television broadcasters to produce and screen Australian content, including 55 percent of transmission between 6:00 a.m. and midnight. In addition, it requires minimum annual sub-quotas for Australian (adult) drama, documentary, and children's programs. A broadcaster must ensure that Australian-produced advertisements occupy at least 80 percent of the total advertising time screened in a year between the hours of 6:00 am and midnight, other than the time occupied by exempt advertisements, which include advertisements for imported cinema films, videos, recordings and live appearances by overseas entertainers, and community service announcements.

The Australian commercial radio industry Code of Practice sets quotas for the broadcast of Australian music on commercial radio. The code requires that up to 25 percent of all music broadcast between 6:00 a.m. and midnight must be performed by Australians. Since January 2008, all recipients of regional commercial radio broadcasting licenses have been required to broadcast minimum levels of local content. Further, in July 2010, the Australian Communications and Media Authority (ACMA) announced a temporary exemption from the Australian music quota for digital-only commercial radio stations (stations not also simulcast in analog). The ACMA will review the exemption in 2014.

Telecommunications

The Australian government-owned NBN Company is implementing a National Broadband Network that is intended to be a neutral provider of wholesale high-speed broadband services nationwide. The NBN structure should provide non-discriminatory access to network services, including for U.S. companies, since NBN will not compete in retail markets, and thus will have no incentive (as incumbent Telstra formerly did) to discriminate in favor of an affiliated retailer. In 2011, Telstra agreed to progressively migrate the company's voice and broadband traffic from its copper and cable networks to the NBN.

INVESTMENT BARRIERS

Foreign direct investment into Australia is regulated by the Foreign Acquisitions and Takeovers Act 1975 and Australia's Foreign Investment Policy. The Foreign Investment Review Board (FIRB), a division of Australia's Treasury, screens potential foreign investments in Australia above a threshold value of A\$244 million (\$253 million). Based on advice from the FIRB, the Treasurer may deny or place conditions on the approval of particular investments above that threshold on national interest grounds.

Under the U.S.-Australia FTA, all U.S. "green field" investments are exempt from FIRB screening. The U.S.-Australia FTA also raised the threshold for screening of most U.S. investments in Australia, which now stands at A\$1,078 million (\$970 million), indexed annually. All foreign persons, including U.S. investors, must notify the Australian government and get prior approval to make investments of 5 percent or more in the media sector, regardless of the value of the investment.

While the FIRB generally approves U.S. investment, in November 2013 the Treasurer intervened to block U.S. agribusiness Archer Daniels Midland's proposed A\$3.4 billion purchase of Australian company GrainCorp on national interest grounds.

ELECTRONIC COMMERCE

In July 2012, the Personally Controlled Electronic Health Records Act, which prohibits the overseas storage of any Australian electronic health records, went into effect. The U.S. Government and business community continue to advocate for a risk-based approach to ensuring the security of sensitive data as opposed to a geographic one.

OTHER BARRIERS

Blood Plasma Products and Fractionation

In 2010, the National Blood Authority negotiated an eight-year contract with the Australian company CSL Limited for the ongoing fractionation of Australian plasma and manufacture of key blood products, demonstrating its continued preference for handling fractionation of Australian plasma locally and without public tender. The United States remains concerned about the lack of an open and competitive tendering system for blood fractionation in Australia.