



Dairy

The Australia-United States Free Trade Agreement (AUSFTA) came into force on 1 January 2005. The AUSFTA is a landmark agreement that gives Australian businesses expanded access to the world's largest importer and investor. Significant export opportunities have been created through the reduction of tariffs, the increase of specific quotas, the easing of market restrictions and the streamlining of investment processes.

AUSFTA and Dairy

The AUSFTA provides for a significant increase in duty free access into the US market for Australian dairy products subject to tariff rate quotas. As a result, in the first year of the agreement, access for Australian dairy producers will expand by 27,350 tonnes, including products such as certain cheeses, milk, cream and ice-cream products. Duty-free quotas will continue to grow at an average of 5 per cent per annum.

The dairy products subject to tariff rate quotas are divided into a number of categories. The dairy products contained in each category are listed in the United States' Annex I to the Tariff Schedule of the AUSFTA.

The tariffs previously applicable to dairy products imported as part of the US quota are now zero. Over-quota tariffs on those products do not change as a result of the AUSFTA.

Products not subject to quotas

The tariffs applicable to dairy products not subject to quota will be eliminated over time – most in equal annual instalments over 18 years. Information on the tariff applying when you want to export is available from the [US international Trade Commission](#)

US Dairy Market Summary

In 2004, food sales in the US topped US\$569 billion. The US dairy industry is under pressure to restructure and modernise. The demand for fluid milk has fallen in recent years and some suggest this is due to the industry not keeping pace with consumer preferences for convenience in packaging and lifestyle links in advertising. The industry has however benefited from the popularity of fast food, which has fuelled demand for cheese, butter and cream products.

Cheese consumption in the US continues to grow. American consumers are focussed on natural cheeses and different types of cheeses. Processed cheeses have begun to decline in sales. Speciality cheese has grown 5 times as fast as overall cheese consumption. Around 9 percent of all cheese consumed is speciality cheese.

Rules of Origin

Under the AUSFTA only goods originating or substantially transformed in Australia or the US are eligible for the agreed preferential rate, with detailed rules of origin specified to determine whether a good qualifies (for further information see below).

Austrade Support in the United States

Throughout 2005 Austrade will substantially expand its US presence to help Australian companies capitalize on opportunities arising from the AUSFTA:

- ❑ Austrade's food team is represented across the USA to provide greater reach into this lucrative market
- ❑ Food trade events targeted by Austrade include:
 - Australia Week Food and Wine Trade Day in Los Angeles
 - NASFT Fancy Food Show San Francisco
 - NASFT Fancy Food Show Chicago
 - NASFT Fancy Food Show New York
- ❑ Visit by food team representatives to Australia throughout 2005



Key contacts and further information

- For advice on exporting to the US market contact Austrade on 132 878 – www.austrade.gov.au
- For dairy specific queries contact stephanie.buzzell@austrade.gov.au
- For information on establishment registration, export health certificates and sealing of containers please contact [AQIS](#).
- For information on dairy quotas please contact the [Department of Agriculture Fisheries and Forestry](#)
- For guidance on the AUSFTA content please contact the [Department of Foreign Affairs and Trade](#) on 02 62613089 or email US_FTA@dfat.gov.au
- For tariff and rules of origin information contact [Australian Customs Service](#) on 1300 363 263
- US tariff schedules available from [US international Trade Commission](#) .
- Binding rulings for US tariff levels are available only from [US Customs and Border Protection](#)
- Australian Exporters must comply with the US Bioterrorism Act, please visit the [US Food and Drug Administration](#) website
- [Register today](#) to be keep informed of Austrade AUSFTA initiatives
- Talk to your export adviser or customs broker for more information.