

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/321/Add.2
24 November 1980

Limited Distribution

Committee on Trade and Development
Forty-Second Session
11-12 November 1980

Original: English

ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV AND OPERATION OF THE ENABLING CLAUSE

Addendum

The following communication has been received from the delegation of Australia in connexion with the implementation of Part IV and operation of the Enabling Clause.

Recent trends in Australian imports from developing countries

Import clearances from developing countries rose from \$2,114 million in 1976/77 to \$2,881 million in 1978/79. Approximately 72 per cent of imports from developing countries, valued at \$2,056 million fell within tariff classifications which were eligible for duty-free entry under the Australian System of Tariff Preferences for developing countries (ASTP), at most-favoured-nation rates, or under the Australian handicraft concession. A further \$359 million (13 per cent) was dutiable at preferential rates under the ASTP. Only \$466 million (16 per cent) was excluded from the ASTP and dutiable at MFN rates. Import clearances, from all sources under the Australian handicraft concession have increased sharply from \$22.3 million in 1976/77 to \$48.6 million in 1978/79.

Australian System of Tariff Preferences for developing countries

The following changes have occurred in the ASTP since the last notification on 31 March 1980. The exchanges have arisen from the Australian Government's consideration of a number of reports by the Industries Assistance Commission and from a review of the small group of products subject to a quota limitation on imports at the preferential rate for developing countries.

1. Zimbabwe was added to the list of eligible beneficiaries with effect from 17 April 1980.

2. On 2 May 1980 the Government announced the creation of new developing country preferences on certain gearboxes, gears and shaft couplings.
3. Temporary duties on insulators were removed with effect from 1 July 1980 and the People's Republic of China was reinstated to developing country preference on fencing insulators.
4. From 1 July 1980 a developing country quota of 20,000 units was established on ceramic sanitaryware, with the Philippines being reinstated as an eligible beneficiary for this product.
5. Effective 1 July 1980, Israel was included as an eligible beneficiary for the developing country quota on tyres.
6. From 1 July 1980 the developing country quota on unglazed tiles was abolished and was replaced by a margin of preference of 15 per cent for all developing countries.
7. On 7 May 1980, developing country quota levels for the 1980/81 quota period were announced. Quota levels on 20 of the 36 quota groups were increased by approximately 10 per cent of the previous quota level.
8. An annual global quota on certain works trucks and stackers was introduced on 10 September 1980 and imports from developing countries are included in the quota.
9. The Government announced on 15 August 1980 that the coverage of the developing country preference system would be extended to include most textile, clothing and footwear products.

The new arrangements will provide preferential margins generally ranging from 5 to 10 percentage points of duty, irrespective of whether global quotas also apply.

Developing country preferences will operate on the basis of existing general tariff rates until 31 December 1981. From 1 January 1982 they will apply to the new general tariff régime.

10. From 1 January 1982 handicrafts will be brought within quota arrangements where similar machine-made goods are subject to quota with a consequent increase in quota levels.

The handicraft criteria will be modified for textiles, clothing and footwear products, which will no longer have to comply with the "artistic or decorative" requirement of the handicraft concession. Separate duty-free handicraft quotas will apply to six product categories from

1 January 1982 and for these products importers will be permitted to use up to 10 per cent of their equivalent non-handicraft quota to import handicrafts in these categories free of duty. Handicrafts in excess of the duty-free quota will be subject to the global quota system as it applies to machine-made goods but may be eligible for developing country preference rates of duty.

No restriction will be made on imports of handicrafts where similar machine-made goods are not subject to quota and they will also be exempt from the "artistic or decorative" provision.

11. Handicraft quotas on two categories of goods have already become effective and details are as follows:
 - Knitted coats, jumpers, cardigans and the like became subject to quota with effect from 1 July 1980. Importers were issued with quotas equivalent to 85 per cent of their imports under the Handicraft Concession in the twelve months to March 1980.
 - A quota was established on 1 September 1980 covering hand-made towelling and towelling products. Only importers who had imported these products duty free in the period 1 July 1979 to 30 June 1980 were eligible for quota allocations. The annual quota will be 100 per cent of the base year imports.
12. Brazil has been excluded from the developing country preference applicable to orange essential oil with effect from 27 August 1980.
13. The developing country preference margin applicable to menthol was withdrawn on 27 August 1980.

Market advisory services to developing countries by Australia

The Market Advisory and Preferences Section within the Australian Department of Trade and Resources provides assistance to exporters and trade promotion organizations in developing countries through product and market analysis, assistance in finding market contacts and advice on promotional opportunities and techniques in Australia.

One of the major activities of the Section has been to undertake research and prepare market studies on both a continuing basis and in response to specific requests. A substantial number of product enquiries from exporters and export promotion organizations in developing countries were processed during 1979/80 and assistance has been given over the same period to a number of visiting businessmen and trade missions from developing countries.

The Section is also responsible for the training of officials and businessmen from developing countries through export development courses, trainee trade commissioner courses, attachments to the department and workshops on various aspects of export promotion and marketing.

Two experienced Australian trade commissioners have been appointed, in Sydney and Melbourne, the major centres of the Australian market, to maintain contact with the Australian commercial sector and to provide direct practical assistance to developing country exporters.

The publication "Australia: A Guide to the Market" has been produced to assist businessmen in understanding the commercial requirements of the Australian market. It has been distributed to ministries and export promotion organizations in developing countries. A new edition of this publication is scheduled for release early in 1981 and will be available for distribution through Australian trade commissioner posts in developing countries.

A second ASEAN Trade Fair was held in Melbourne in August 1980. This Fair, which was organized by the Department and financed by the Australian Government, featured displays by 170 exhibitors covering a wide selection of industrial and consumer products.

During 1979/80 Australia has conducted several seminars in Asia on export marketing and on the Australian System of Tariff Preferences, and has participated in similar UNCTAD-UNDP sponsored projects in the South Pacific and China.

An international trade development centre sponsored by the Australian Government is expected to open in Sydney in 1981. Facilities will be provided for developing country exporters to display their products, and advice and assistance on marketing and promotion techniques will be available at the centre from market advisory staff. In addition, the centre will provide an on-going training programme for businessmen and officials from developing countries.

Tariffs

During the period April 1980 to August 1980, the Australian Government announced the following decisions, most of which involve reductions in levels of protection, after consideration of reports by the Industries Assistance Commission:

1. On 16 April 1980 the Government announced its decision that, with effect from 1 July 1981 all British preferential tariff margins still remaining at that time will be removed.

2. The Government announced on 1 May 1980 that the long-term rate of duty for gearboxes, gears and shaft couplings would be 25 per cent. Certain of these goods would continue to be dutiable at 35 per cent for two years, then reduce to 30 per cent for one year, after which the long-term rate of 25 per cent would apply.
3. On 4 June 1980 the Government announced that it had decided that the duties applying to fresh apples, pears and quinces would be removed. The 2 per cent revenue duty would apply.
4. On 9 June 1980 the duties on certain pharmaceuticals were phased down.
5. On 1 July 1980 temporary duties on ceramic insulators were removed and duty rates on certain travel goods were phased down.
6. On 23 July 1980 the Government announced that the rate of duty for polymeric plasticizers would be raised from minimum rates to 15 per cent and the duty rates for certain polyester polyols would be increased to 20 per cent. Polyester polyols of the alkyd type would continue to be dutiable at a general rate of 30 per cent.
7. On 26 August 1980 the Government announced that duties on certain chemical products would range from minimum rates to 30 per cent.

Import restrictions

The Government announced on 17 April 1980 that it had decided to extend import restraints on double edged safety razor blades. The restriction on imports of double edged safety razor blades would be increased to 20 million units a year on and from 21 April 1980, pending the implementation of the Government's decision on long-term assistance for the cutlery, industrial knives and handtools industry.

On 16 April 1980 the Government announced that import licensing arrangements applying to sheet steel would terminate on 30 April 1980.

On 4 May 1980, the Government announced details of additional import quota allocations for footwear and foundation garments for the period 1 July 1980 to 31 December 1980. The levels remained the same as for the previous six-month period except in the case of thong sandals which were decreased from 3,842 million pairs to 3,502 million pairs.

On 10 June 1980 the Government announced that the final global quota level for passenger motor vehicle imports in 1980 would constitute the 90,970 quotas allocated to date.

The Government announced on 17 July 1980 import quota allocations for textiles and clothing for the period 1 September 1980 to 28 February 1981. The levels in general were slightly higher than those applying in the previous period.

On 9 September 1980 the Government announced that import licensing would apply to battery electric fork lift trucks, stackers and pallet trucks with effect from 1 April 1980. Imports will be restricted to \$3.0 million in the period 1 April 1980 to 31 March 1981.

Assistance for textiles, clothing and footwear industries

On 15 August 1980 the Government announced a new programme of assistance for the textiles, clothing and footwear industries for a period of seven years from 1 January 1982. The main features of the new programme are as follows:

- bounties will be provided on the production of most yarns. These yarns will be quota free and subject only to minimum duties;
- most fabrics will be quota free and subject to duties;
- all lightweight woven fabrics less than 120 grams per square metre, other than pocketings and linings, will be admitted duty free provided they are used in a clothing factory in the production of garments;
- tariff quotas will continue on a range of woven man-made fibre fabrics and bedsheeting;
- tariff quotas will apply to clothing and footwear products and some finished textiles.

Developing countries will benefit from the introduction of a new preference scheme.

The current programme of assistance will be extended to the end of 1981. As part of that assistance programme tariff quotas will be introduced on waist encircling foundation garments, handicraft towels and a small range of other products to ensure the effectiveness of current arrangements. Duties on carpets will be increased by 10 percentage points with a further additional duty of 10 percentage points to apply until 31 December 1981 on carpets with less than 80 per cent wool.

For further information refer to the details provided to the Sub-committee on Protective Measures.