

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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## AUSTRALIA - ARTICLE XIX NOTIFICATION

### Action in Respect of Motor Vehicles

The following communication dated 29 January 1975 has been received from the Government of Australia.

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The Australian Government wishes to advise the Contracting Parties that, in accordance with the provisions of Article XIX of the General Agreement it has decided to introduce quantitative restrictions on imports of completely assembled passenger and light commercial motor vehicles for a period of one year with effect from 1 February 1975.

The restrictions are being applied as a temporary measure to prevent damage difficult to repair to the Australian motor vehicle manufacturing industry. Global quotas will apply to imports of passenger vehicles, also light commercial vehicles up to 2,722 kgs. gross vehicle weight. However, four wheel drive vehicles falling within these categories will be exempted from the restrictions.

During 1974, imports of completely assembled new passenger motor vehicles totalled 151,042 compared with 65,697 in the previous year. Over the last three months of 1974, the rate of imports accelerated sharply to 16,719 units a month as against an average of 5,740 a month over the same period of 1973. The increase in imports has been in excess of market growth, resulting in a heavy build-up of unsold stocks of which about 60,000 are the output of Australian producers. Employment in Australian motor vehicle manufacturing has already been reduced and further large-scale retrenchments will take place shortly unless stocks of unsold vehicles can be reduced.

The Australian Government proposes to introduce measures which will permit entry against global quotas as follows over 1975. For each of the months of February, March and April 1975, imports of passenger vehicles up to a maximum of 5,500 units will be permitted. Thereafter, quotas will be issued to enable imports at a maximum level of 7,500 a month for the remainder of the twelve months period. However, after the first six months period, the situation will be reviewed.

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In regard to light commercial motor vehicles up to 2,722 kgs. gross vehicle weight, the arrangements will permit imports in 1975 up to the level experienced in 1974.

Simultaneously with the introduction of the measures outlined above, the Australian Government has taken fiscal measures to stimulate demand within Australia for motor vehicles. These fiscal measures, which apply to vehicles both domestically produced and imported, include a temporary reduction in sales tax and the repeal of a recently introduced income tax provision which had the effect of dampening demand by fleet owners.

Contracting parties with a substantial interest in the exportation of these goods to Australia have been advised of the proposed action.