

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - ACTION BY AUSTRALIA

Passenger Motor Vehicles

The following communication, dated 14 July 1977, has been received from the Permanent Mission of Australia.

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 assembled passenger vehicles with effect from midnight on 12 July 1977.

The restrictions are being applied as a temporary measure to prevent further serious disruption to the Australian motor vehicle manufacturing industry, in conditions of a declining domestic market.

Landed imports of completely assembled new passenger motor vehicles totalled 54,677 in the first five months of 1977, nearly 40 per cent above the level in the corresponding period of 1976 when import quotas were previously in force. In the most recent months, imports have increased to high levels despite a marked fall in domestic demand. Moreover, forward import orders indicate that, in the absence of corrective measures by the Government, this situation would continue in the foreseeable future.

Total registrations of passenger motor vehicles have shown a sharp decline from 464,076 last year to an annual rate of about 412,000 in the first five months of 1977 with imports increasing their share of the available market. As well, the ratio of imports to total registrations has accelerated sharply this year, despite the overall market decline, resulting in a heavy build up of both imported and locally manufactured vehicles of which about 80,000 are from domestic production. There has already been a reduction in employment in the Australian motor vehicle manufacturing industry in recent months. Further large-scale retrenchments with

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widespread effects in associated industries are projected unless the stockpile of unsold vehicles can be reduced. It has been decided, therefore, that it is necessary to reduce imports through global import quotas from their present disruptive levels.

A reference has been forwarded to the Industries Assistance Commission seeking advice, within sixty days, as to what action should be taken in respect of imports of assembled passenger motor vehicles. To allow time for the Government to receive and consider the report of the Industries Assistance Commission, global import quotas for the next six months will be based on a total annual quota level of 90,000 vehicles and allocation of quota entitlements will be on a three monthly basis.

The Government of Australia is prepared to enter into consultations under Article XIX:2 with Contracting Parties having a substantial interest in the exportation of the product concerned to Australia.

