GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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Committee on Subsidies and
Countervailing Measures

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AUSTRALIA - NOTIFICATION OF SUBSIDIES UNDER ARTICLE 7

Request by the EEC

The delegation of the EEC has requested that the following communication be circulated to the Committee.

I am writing to you in relation to certain subsidy schemes which the Government has in place for a number of industrial sectors, and which constitute a cause of renewed concern for my authorities and for certain industries in the European Community, due to recent statements from official Australian sources which suggest the opportunity to maintain and enlarge the application of such schemes.

My authorities understand that in the latest Economic and Industrial Government ("Building a Competitive Australia") your Government has announced the intention to grant a package of aids to the textile, clothing and footwear industries; whereas a number of such aids (such as assistance to displaced workers and various tax measures) could be legitimate domestic subsidies, their potential effects on international trade deserve some clarification; furthermore the application of the Import Credit Scheme to this sector has been dubbed by Australian sources as a straightforward export subsidy, and this too deserves clarification.

Secondly, it would appear that your Government intends to expand the Export Facilitation Scheme for the motor vehicle industry, a scheme which is, in the words of the Australian Industry Commission, "now virtually identical in its effects to a straight export subsidy" (Industry Commission, the Automotive Industry, December 1990).

The European Community therefore requests information on the nature and extent of the above-mentioned subsidy schemes, under the provisions of Article 7 of the Agreement on Interpretation and Application of Article VI, XVI and XXIII of the General Agreement on Tariffs and Trade.