

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - ACTION BY AUSTRALIA

Parts for Refrigerating Appliances

The following communication, dated 27 July 1962, has been received from the delegation of Australia:

"The Australian Government wishes to advise the CONTRACTING PARTIES that, in accordance with the provisions of Article XIX it is withdrawing the following tariff concession listed in Part 1 of Schedule I to the extent indicated hereunder.

EX 175 (C) (Present classification)

"Parts for refrigerating appliances, viz: Compressors, including sealed unit compressors not exceeding 5 horsepower, whether or not imported with evaporators or metal pressings for cabinets or with cabinets, provided any such combinations do not constitute a complete or substantially complete refrigerating appliance.

"The most-favoured-nation duty rate of $47\frac{1}{2}$ per cent ad valorem was bound to the United States in 1947. Action, to be announced on 30 July will be taken as from 31 July 1962 to impose the following additional temporary duties:

- (a) not exceeding a quarter per cent horsepower - £1.10.0 per unit;
- (b) exceeding a quarter per cent horsepower but not exceeding 5 horsepower - 10 per cent ad valorem.

However, goods in direct transit on 22 June, which are entered for home consumption on arrival, will not be subject to these duties.

"The question of the longer term protective needs of the Australian industry has been referred to the Tariff Board for study and report. The temporary duties will remain in force only until such time as the Government can receive and act on the Tariff Board's report. Should the Board recommend, and the Government accept a recommendation for, increased normal duties, the Australian Government will at that time enter into appropriate consultations under Article XXVIII.

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"In accordance with the provisions of the Tariff Board Act 1921 - 1962 relating to urgent temporary protection, an independent advisory authority conducted an inquiry into the necessity for urgent action in this case. The authority found urgent action was necessary and recommended the imposition of the duties listed in the second paragraph above.

"Information was supplied at this inquiry to show that there had been progressive reduction in the landed prices of imported compressors over recent years. The Australian industry, to compete with imports, had been forced to reduce prices, in some cases below cost of production, to a level which resulted in unprofitable operation. Some compressor manufacturers, unable to continue selling at current price levels had been forced to discontinue production. The industry was suffering damage from import competition and faced the threat of serious damage from possible further reductions in the landed prices of imports.

"As imports of compressors of the size affected by the action are not separately recorded, relevant import statistics are not available. The special advisory authority's report states that the main overseas competition in recent years has been from the United Kingdom. However, available information indicated that, if action were taken solely against imports from the United Kingdom, there could be a substantial diversion of import competition to most-favoured-nation sources.

"The United States, the recipient of the concession, and the only substantial most-favoured-nation supplier, has been informed of the proposed action. Australia is willing to consult, as provided in paragraph 2 of Article XIX, with those contracting parties having a substantial interest as exporters in respect of the proposed action."