

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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WORKING PARTY ON AUSTRALIAN REQUEST TO GRANT TARIFF  
PREFERENCES FOR LESS-DEVELOPED COUNTRIES

Additional Information Supplied by the  
Delegation of Australia

The texts annexed to this document have been received from the delegation of Australia. Annex A contains the text of Customs Tariff (No. 2) Bill 1965, introduced into the Australian House of Representatives on 24 August 1965. This Bill sets out the proposed tariff preference scheme. Annex B contains the text of Customs Bill (No. 2) 1965 introduced on the same date. This Bill is complementary to the first and is to provide the machinery necessary to put the preferences into effect; it deals mainly with rules of origin. Annexes C and D contain the speeches made by the Australian Deputy Prime Minister when introducing these measures in the House of Representatives.

ANNEX A

A BILL FOR AN ACT

RELATING TO DUTIES OF CUSTOMS

Be it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:

1. - (1.) This Act may be cited as the Customs Tariff (No. 2) 1965.

(2.) The Customs Tariff 1965\* is in this Act referred to as the Principal Act.

(3.) The Principal Act, as amended by this Act, may be cited as the Customs Tariffs 1965.

2. This Act shall come into operation on a date to be fixed by Proclamation.

3. Section 5 of the Principal Act is amended by inserting in sub-section (1.), after the definition of "duty", the following definition:

"'less-developed country' means a country specified in an order under sub-section (1.) of section 9A of this Act;".

4. After section 9 of the Principal Act the following section is inserted:

"9A. - (1.) The Minister may, by order published in the Gazette, declare that a country specified in the order is a less-developed country for the purposes of this Act.

"(2.) The Minister may, in an order under the last preceding sub-section, direct that a country that is a less-developed country by virtue of the order shall not be treated as a less-developed country in relation to a class of goods specified in the direction.

"(3.) An order under sub-section (1.) of this section has effect, or shall be deemed to have had effect, from and including such date (which may be a date earlier than the date of publication of the order in the Gazette) as is specified in the order.

"(4.) The Minister may, by order published in the Gazette, revoke an order under sub-section (1.) of this section.

"(5.) An order under the last preceding sub-section has effect from and including such date (which shall not be a date earlier than the date of publication of the order in the Gazette) as is specified in the order."

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\*Act No. 28, 1965.

5. After section 20 of the Principal Act the following section is inserted:

"20A. - (1.) The Minister may, by instrument in writing, direct that, subject to such conditions, if any, as are specified in the instrument, goods that -

- (a) are included in a class of goods specified in the instrument;
- (b) are the produce or manufacture of a country that, at the time the goods are entered for home consumption, is a less-developed country;
- (c) are imported into Australia by or on behalf of such person as is specified in the instrument; and
- (d) are imported into Australia during such period as is specified in the instrument,

shall be treated as if they were specified in item 38, item 39, item 40, item 41, item 42, item 43 or item 44 in Part I of the Second Schedule.

"(2.) An instrument under the last preceding sub-section has effect, or shall be deemed to have had effect, from and including such date (which may be a date earlier than the date of the instrument) as is specified in the instrument.

"(3.) An instrument under sub-section (1.) of this section does not have effect in relation to goods that -

- (a) are the produce or manufacture of a country that, by virtue of a direction under sub-section (2.) of section 9A of this Act, is not to be treated as a less-developed country in relation to a class of goods specified in the direction; and
- (b) are included in that class of goods.

"(4.) An instrument under sub-section (1.) of this section may provide that it has effect only in relation to goods not exceeding, in the aggregate, such quantity or such value as is specified in the instrument.

"(5.) The Minister may, by instrument in writing, revoke a direction under sub-section (1.) of this section.

"(6.) An instrument under the last preceding sub-section has effect from and including such date (which shall not be a date earlier than the date of the instrument) as is specified in the instrument.

"(7.) Where the tariff classification in the First Schedule that applies to goods is specified in Part II, III, IV, V, VI, VII or VIII of the Second Schedule, those goods shall, for the purposes of the Second Schedule, be deemed to be referred to in that Part of the Second Schedule."

6. Section 28 of the Principal Act is amended by inserting in sub-section (1.), after the figure "9," the figure and letter "9A,".

7. Part II of the First Schedule to the Principal Act is amended as set out in the Schedule to this Act.

8. - (1.) The Second Schedule to the Principal Act is amended by inserting before the heading -

"SPECIAL RATES OF DUTY"

the heading -

"PART I".

(2.) The Second Schedule to the Principal Act is amended by inserting after item 37 the following items:

"38	Goods that are referred to in Part II of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	Free	Free
39	Goods that are referred to in Part III of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	5%	5%
40	Goods that are referred to in Part IV of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	10%	10%
41	Goods that are referred to in Part V of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	15%	15%
42	Goods that are referred to in Part VI of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	20%	20%
43	Goods that are referred to in Part VII of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	25%	25%
44	Goods that are referred to in Part VIII of this Schedule and, by virtue of a direction under section 20A of this Act, are required to be treated as if they were specified in this item	27½%	27½%".

(3.) The Second Schedule to the Principal Act is amended by adding at the end thereof the following Parts:

PART II

Goods Referred to in Item 38 of Part I of this Schedule

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Tariff classification	Tariff classification
Sub-item 25.23.1	Paragraph 84.45.12
Sub-item 32.01.1	Sub-paragraph 84.45.139
Item 40.07	Sub-paragraph 84.45.149
Sub-item 41.02.1	Paragraph 84.45.15
Sub-item 44.24.9	Sub-paragraph 84.45.219
Sub-item 45.03.1	Sub-paragraph 84.45.229
Sub-item 45.04.1	Sub-paragraph 84.45.231
Paragraph 48.01.11	Sub-paragraph 84.45.232
Paragraph 48.01.12	Sub-paragraph 84.45.233
Sub-item 48.01.3	Sub-paragraph 84.45.234
Sub-item 50.04.2	Sub-paragraph 84.45.319
Sub-item 50.05.2	Sub-paragraph 84.45.329
Sub-item 50.06.2	Sub-paragraph 84.45.339
Sub-item 50.07.2	Sub-paragraph 84.45.419
Paragraph 57.09.99	Sub-paragraph 84.45.429
Sub-paragraph 57.10.999	Sub-paragraph 84.45.431
Paragraph 57.11.99	Paragraph 84.45.49
Sub-item 58.01.1	Paragraph 84.45.59
Paragraph 58.01.91	Paragraph 84.45.99
Sub-item 58.02.1	Sub-item 84.47.1
Sub-item 58.02.7	Sub-item 84.47.2
Sub-item 59.05.1	Sub-item 84.47.3
Paragraph 70.10.91	Sub-item 84.47.4
Paragraph 70.10.99	Sub-paragraph 84.47.612
Sub-paragraph 70.13.911	Sub-paragraph 84.47.622
Sub-paragraph 70.13.919	Sub-paragraph 84.47.632
Sub-paragraph 70.13.993	Sub-item 92.02.1
Sub-paragraph 70.13.999	Sub-item 92.02.9
Paragraph 82.09.21	Sub-item 92.05.1
Sub-paragraph 82.09.992	Sub-item 92.05.9
Paragraph 82.10.21	Sub-item 92.06.2
Sub-paragraph 82.10.992	Sub-item 92.06.9
Sub-item 82.12.9	Sub-item 92.08.9
Sub-item 84.41.3	Item 92.09
Sub-paragraph 84.45.119	

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PART III

Goods Referred to in Item 39 of Part I of this Schedule

Tariff Classification

Sub-item 82.11.9

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PART IV

Goods Referred to in Item 40 of Part I of this Schedule

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Tariff classification

Tariff classification

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Sub-item 34.01.1

Sub-paragraph 58.01.991

Sub-item 34.01.9

Sub-paragraph 58.01.999

Sub-item 41.02.9

Sub-paragraph 58.02.991

Sub-item 41.03.9

Sub-paragraph 58.02.999

Sub-item 41.04.9

Sub-item 62.04.1

Sub-item 41.05.9

Paragraph 84.40.31

Sub-item 45.02.9

Sub-paragraph 84.47.611

Paragraph 45.03.99

Sub-paragraph 84.47.621

Paragraph 45.04.99

Sub-paragraph 84.47.631

Paragraph 54.05.91

Paragraph 84.47.69

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Part V

Goods Referred to in Item 41 of Part I of this Schedule

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Tariff classification	Tariff classification
Paragraph 42.02.91	Sub-item 85.06.1
Sub-item 42.04.9	Paragraph 94.01.12
Item 42.05	Paragraph 94.01.13
Sub-item 58.02.4	Sub-paragraph 94.01.191
Paragraph 59.04.93	Sub-paragraph 94.01.199
Paragraph 59.04.99	Paragraph 94.01.22
Paragraph 59.05.99	Paragraph 94.01.29
Sub-item 59.06.9	Sub-item 94.03.9
Paragraph 62.05.61	Sub-item 97.06.1
Sub-paragraph 70.13.994	Sub-item 97.06.9
Sub-item 82.13.4	

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Part VI

Goods Referred to in Item 42 of Part I of this Schedule

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Tariff classification	Tariff classification
Sub-item 17.04.9	Sub-item 62.05.9
Sub-item 20.04.9	Paragraph 84.40.11
Sub-paragraph 58.02.911	Paragraph 84.19.91
Sub-paragraph 58.02.919	Sub-paragraph 84.59.992

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Part VII

Goods Referred to in Item 43 of Part I of this Schedule

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Tariff classification

Tariff classification

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Sub-item 17.04.01	Sub-paragraph 84.45.321
Sub-paragraph 84.45.111	Sub-paragraph 84.45.322
Sub-paragraph 84.45.112	Sub-paragraph 84.45.323
Sub-paragraph 84.45.113	Sub-paragraph 84.45.324
Sub-paragraph 84.45.131	Sub-paragraph 84.45.331
Sub-paragraph 84.45.132	Sub-paragraph 84.45.332
Sub-paragraph 84.45.133	Sub-paragraph 84.45.333
Sub-paragraph 84.45.134	Sub-paragraph 84.45.411
Sub-paragraph 84.45.141	Sub-paragraph 84.45.412
Sub-paragraph 84.45.142	Sub-paragraph 84.45.421
Sub-paragraph 84.45.211	Sub-paragraph 84.45.439
Sub-paragraph 84.45.212	Paragraph 84.45.51
Sub-paragraph 84.45.213	Paragraph 84.45.52
Sub-paragraph 84.45.214	Paragraph 84.45.53
Sub-paragraph 84.45.221	Paragraph 84.45.91
Sub-paragraph 84.45.239	Paragraph 84.45.92
Sub-paragraph 84.45.311	

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Part VIII

Goods Referred to in Item 44 of Part I of this Schedule

Tariff classification

Paragraph 45.03.91  
Paragraph 45.04.91  
Paragraph 82.09.29  
Paragraph 82.10.29

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THE SCHEDULE

Section 7

AMENDMENTS OF PART II OF THE FIRST SCHEDULE TO THE PRINCIPAL ACT

1. Omit sub-item 42.02.9, insert the following sub-item:

"42.02.9 - Other:

42.02.91	- - Of leather	.. .. .	45%	17 $\frac{1}{2}$ %
42.02.99	- - Of other materials	.. .. .	45%	17 $\frac{1}{2}$ %".

2. Omit sub-item 84.19.9, insert the following sub-item:

"84.19.9 - Other:

84.19.91	- - Bottling machines; bagging machines	.. .. .	55%	27 $\frac{1}{2}$ %
84.19.99	- - Other	.. .. .	55%	27 $\frac{1}{2}$ %".

3. After sub-item 84.41.2 insert the following sub-item:

"84.41.3 - Sewing machine heads .. .. . 7 $\frac{1}{2}$ % Free".

4. After sub-paragraph 84.59.991 insert the following sub-paragraph

"84.59.992 - - - Plastic processing machines .. 55% 27 $\frac{1}{2}$ %".

ANNEX B

ANNEX B

A BILL FOR AN ACT TO AMEND  
THE CUSTOMS ACT 1901-1963, AS AMENDED  
BY THE CUSTOMS ACT 1965

Be it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:

1. (1) This Act may be cited as the Customs Act (No. 2) 1965.
- (2) The Customs Act 1901-1963,\* as amended by the Customs Act 1965,<sup>+</sup> is in this Act referred to as the Principal Act.
- (3) Section 1 of the Customs Act 1965 is amended by omitting sub-section (3).
- (4) The Principal Act, as amended by this Act, may be cited as the Customs Act 1901-1965.
2. This Act shall come into operation on a date to be fixed by Proclamation.
3. Section 4 of the Principal Act is amended by inserting in sub-section (1), after the definition of "Justice", the following definition:

" 'Less-developed country' has the same meaning as in the Customs Tariffs 1965."
4. Sections 151 and 151A of the Principal Act are repealed and the following sections inserted in their stead:

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\* Act No. 6, 1901, as amended by No. 21, 1906; Nos. 9 and 36, 1910; No. 19, 1914; No. 10, 1916; No. 19, 1922; No. 12, 1923; No. 22, 1925; No. 6, 1930; Nos. 7 and 45, 1934; No. 7, 1935; No. 85, 1936; No. 54, 1947; No. 45, 1949; Nos. 56 and 80, 1950; No. 56, 1951; No. 108, 1952; No. 47, 1953; No. 66, 1954; No. 37, 1957; No. 54, 1959; Nos. 42 and 111, 1960; and No. 48, 1963.

<sup>+</sup> Act No. 29, 1965.

"151. (1) For the purposes of this Act and the Customs Tariffs 1965 (other than section nineteen of the Customs Tariffs 1965), goods shall be treated as the produce of a country if they are unmanufactured raw products of the country.

"(2) For the purposes of this Act and the Customs Tariffs 1965 (other than section nineteen, or a direction under section twenty A, of the Customs Tariffs 1965), goods shall be treated as the manufacture of a country -

(a) if the goods were wholly manufactured in the country from materials of one or more of the following classes:

- (i) unmanufactured raw products;
- (ii) materials wholly manufactured in the country or in Australia, or in the country and in Australia; and
- (iii) imported materials that the Minister has, in relation to the country, determined, by notice published in the Gazette, to be manufactured raw materials; or

(b) if the goods were partly manufactured in the country, the process last performed in the manufacture of the goods was performed in the country and -

- (i) not less than three quarters, or, in a case where the country is New Zealand, one half, of the factory or works cost of the goods is represented by the value of labour or materials, or of labour and materials, of the country or of the country and Australia;
- (ii) in a case where the goods are goods of a class or kind not commercially manufactured in Australia, not less than one quarter of the factory or works cost of the goods is represented by the value of labour or materials, or of labour and materials, of the country or of the country and Australia; or
- (iii) in a case where the country is New Zealand, not less than three quarters of the factory or works cost of the goods is represented by the value of labour or materials, or of labour and materials, of New Zealand and the United Kingdom or of New Zealand, Australia and the United Kingdom.

"(3) For the purposes of a direction under section twenty A of the Customs Tariffs 1965, goods shall be treated as the manufacture of a country if -

(a) the process last performed in the manufacture of the goods was performed in the country; and

(b) not less than one half of the factory or works cost of the goods is represented by the value of labour or materials, or of labour and materials, of the country or of the country and one or more of the following countries, that is to say, Australia and countries that, at the time the goods are entered for home consumption, are less-developed countries, other than a country that, by virtue of a

direction under sub-section (2) of section nine A of the Customs Tariffs 1965, is not to be treated as a less-developed country in relation to the class of goods in which the goods are included.

"(4) For the purposes of the last two preceding sub-sections, the Minister may, by notice published in the Gazette -

- (a) specify the manner in which the factory or works cost of goods is to be determined; and
- (b) specify the manner in which the value of labour, the value of materials or the value of labour and materials is to be determined.

"(5) For the purposes of sub-paragraph (ii) of paragraph (b) of sub-section (2) of this section, the Minister may, by notice published in the Gazette, determine that goods specified in the notice, or goods included in a class of goods so specified, shall be deemed to be goods of a class or kind not commercially manufactured in Australia.

"(6) The Minister may, by notice published in the Gazette, determine that the reference in sub-paragraph (ii) of paragraph (b) of sub-section (2) of this section to one quarter shall, in relation to goods specified in the notice, or goods included in a class of goods so specified, be read as a reference to one half.

"(7) For the purposes of sub-paragraph (iii) of paragraph (b) of sub-section (2) of this section, material that, under the laws of New Zealand relating to duties of Customs, is treated as having been wholly produced or manufactured in the United Kingdom shall be deemed to be material of the United Kingdom.

"(8) Notwithstanding anything contained in this section -

- (a) the Minister may, subject to the next succeeding paragraph, direct that, for the purposes of this Act and the Customs Tariffs 1965 (other than section nineteen, or a direction under section twenty A, of the Customs Tariffs 1965), a cinematograph film that is, under the laws of the United Kingdom relating to the registration of cinematograph films, certified by the Board of Trade of the United Kingdom to be registered as a British film shall be treated as the manufacture of the United Kingdom; and
- (b) a cinematograph film printed in the United Kingdom shall not, for the purposes of this Act or the Customs Tariffs 1965 (other than section nineteen, or a direction under section twenty A, of the Customs Tariffs 1965), be treated as the manufacture of the United Kingdom unless it was printed from a negative the manufacture of the United Kingdom.

"(9) This section does not apply for the purposes of determining whether goods are the produce, or the manufacture, of Australia.

"(10) In this section, 'unmanufactured raw products' means natural or primary products that have not been subjected to an industrial process, other than an ordinary process of primary production, and includes, without limiting the generality of the foregoing -

- (a) animals, and parts of animals obtained by killing, including bones, hides and skins (raw or sun-dried);
- (b) greasy wool;
- (c) plants, and parts of plants, including raw cotton, bark, fruit, nuts, grain, seeds (in their natural state) and unwrought logs;
- (d) minerals in their natural state and ores; and
- (e) crude petroleum.

"151A. (1) For the purposes of this Act and the Customs Tariffs 1965 (other than section nineteen, or a direction under section twenty A, of the Customs Tariffs 1965), goods shall not be treated as the produce or manufacture of the United Kingdom, Canada, New Zealand, Ireland, Malawi, Southern Rhodesia, Zambia, the Territory of Papua or the Territory of New Guinea unless they have been shipped from that country to Australia and, except where the Collector is satisfied that the intended destination of the goods when originally shipped from that country was Australia, have not been transshipped.

"(2) The last preceding sub-section does not apply -

- (a) to goods the produce or manufacture of a country other than New Zealand that are imported into Australia from New Zealand; or
- (b) to goods the produce or manufacture of a country other than the Territory of Papua or the Territory of New Guinea that are imported into Australia from the Territory of Papua or the Territory of New Guinea.

"(3) For the purposes of a direction under section twenty A of the Customs Tariffs 1965, goods shall not be treated as the produce or manufacture of a country unless they have been shipped from that country to Australia and, except where the Collector is satisfied that the intended destination of the goods when originally shipped from that country was Australia, have not been transshipped.

"(4) For the purposes of this section -

- (a) goods may be treated as having been shipped from the Territory of Papua or the Territory of New Guinea if they have been shipped from either of those territories; and
- (b) goods may be treated as having been shipped from Malawi, Southern Rhodesia or Zambia if they have been shipped from any of those countries or from Lourenço Marques or Beira in Mozambique."

ANNEX C

HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF (NO. 2) BILL, 1965

Second Reading Speech by the Deputy Prime Minister and  
Minister for Trade and Industry, The Rt. Hon. J. McEwen

I move:

that the Bill be now read a second time.

This is the first of two bills which the Government is bringing forward to make provision in Australia's customs and tariff legislation for tariff preferences in favour of less-developed countries.

Honourable members will recall that, in May last, I informed the House of the Government's decision to provide for the admission of selected products from less-developed countries at preferential rates of duty. I also explained that the creation of new preferences would normally be contrary to the General Agreement on Tariffs and Trade. So that, in order to introduce the preferences, the Government would be seeking a waiver - or dispensation - from the relevant provisions of that Agreement.

Australia's application for a waiver is now before the CONTRACTING PARTIES to the GATT. The Government wishes to be in a position to bring the preferences into operation as soon as the waiver is granted. It therefore requests the Parliament to pass the necessary legislation. Because Australia's freedom to operate the preferences depends on the granting of the waiver, Clause 2 of the Bill proposes that the date of operation of the Act be fixed by Proclamation.

In my statement to the House during the last session, I set out in some detail both the nature of the Government's proposal and its background. Broadly, the proposal envisages preferential reductions in duties on specified manufactured products from the less-developed countries. The products have been selected from lists nominated to the GATT by the less-developed countries themselves. The list of less-developed countries for preference purposes will be determined after consultation in the GATT. Certain countries will be excluded from the preferences on some of the selected products because they are already competitive in those products at existing rates of duty. Imports at the preferential rates will be limited by tariff quotas as a safeguard against disruption of the Australian market.

I will now deal with the Government's proposal in the terms of the Bill.

Clause 8 inserts in the Second Schedule of the Customs Tariff, the proposed preferential rates of duty and the tariff classifications of the products on which less-developed countries will receive preferences. Except that one item has been deleted following consultations with India, the products and the rates are identical with those which were set out in the schedule which I tabled in the House on 19 May. However, Clause 7 of the Bill re-numbers some of the relevant Tariff Classifications. A revised schedule is being circulated to honourable members.

The products referred to in Clause 8 have been selected after careful examination of the lists of products which the less-developed countries have themselves nominated to the GAIT as being of special export interest to them. The selection from those lists has been made on the basis that preferential reductions in the duties on imports from less-developed countries should not result in the removal of protection required by Australian industry.

As it always does, the Government has kept very firmly in mind Australia's continuing need to be able to use the tariff to protect its industries and foster its own development. In this regard Australia's situation is quite different from that of the highly industrialized countries of the northern hemisphere.

Australia's industrial development is comparatively recent and still incomplete. Many of the older countries, on the other hand, have long-established large-scale industries covering the whole spectrum of production. Their secondary industries have for years been competitive exporters to world markets. But Australian industries are only now starting to develop exports of manufactured products. Indeed, Australia faces many of the same problems as do less-developed countries in establishing secondary industries and developing exports of manufactured products in the face of the often strenuous competition from established exporters in the mature industrial countries.

The system of preferential tariffs proposed in this Bill recognizes that Australia cannot act in ways that would frustrate its own development or negate well-tried tariff policy.

This does not mean that Australia cannot or need not take tariff action to help the less-developed countries. On the contrary, we simply cannot ignore that almost all the younger countries are much less fortunately placed than Australia. We cannot ignore their need for both industrial development and a considerable expansion in both the volume and the range of their exports if they are to achieve economic and social progress.



The difficulties associated with the production of industrial products in less-developed countries inevitably affect costs in the industries concerned. In many cases, the result is that such industries are not competitive in international markets. As a result, the duties which Australian industries need for protection against competition from less-developed countries can often be lower than the protective duties already established in the Australian tariff on the basis of competition from the highly industrialized countries. Moreover, the less-developed countries would derive little advantage from duty reductions which applied equally to imports from all countries. It would be the industrialized countries that would benefit most from duty reductions on that basis.

The Government therefore sees both a need, and an opportunity, for duty reductions on a preferential basis. There is need on the part of the less-developed countries, and opportunity for Australia to do something to meet that need without damage to its basic policy of reasonable protection for economic and efficient Australian industry.

The preferential duties proposed in the Bill are therefore intended to help less-developed countries compete more effectively for a share of Australia's trade.

As I have indicated, it is not the Government's intention to undermine the tariff protection needed by economic and efficient Australian industries. The new rates will therefore be subject to the normal processes of tariff revision, for example, by Tariff Board inquiry, if imports develop to the point where they seriously affect the position of Australian industry.

As an additional safeguard for Australian industry it is proposed to place quotas on the volume of imports at the proposed preferential rates. This will also prevent the preferences having any undue impact on the trade of third countries. The quotas proposed for the Tariff Classifications specified in Clause 8 are shown in the schedule which is being distributed to honourable members. Provisions necessary for the administration of the quotas are contained in Clause 5.

The countries and territories which will be treated as less-developed countries for preference purposes are not specified in the Bill. Honourable members will recall my earlier explanation, that the Government believes this to be a matter for international consideration, and that the list for purposes of this legislation would be determined after the question had been considered in the GATT. Clause 4 of the Bill therefore provides for the countries to be determined by the Minister and the list published in the Commonwealth Gazette. Clause 4 also makes provision for the exclusion from particular preferences of individual less-developed countries which are already competitive suppliers of the relevant products to the Australian market.

As honourable members are aware, the less-developed countries have been pressing for some time for international action to give them preferential treatment for their exports of manufactured and semi-manufactured products. In this, they have had the active support of the Australian Government. I have myself argued the case for tariff preferences for less-developed countries at a meeting of Commonwealth Trade Ministers as long ago as May 1963. I argued it again at a ministerial meeting of the GATT and also at the United Nations Conference on Trade and Development.

This question of preferences has, in fact, been the subject of a whole series of international meetings over the last two years. There is now a wide measure of acceptance of the general case for such preferences. However, a few of the more highly industrialized countries are still firmly opposed. Whilst these countries maintain their opposition, the negotiations for international agreement on a general system of preferences for less-developed countries are virtually deadlocked.

Australia's initiative in applying for a GATT waiver to cover the introduction of new preferences has demonstrated our willingness and ability to give practical assistance to the trade of less-developed countries. But, equally important, it has pointed to the possibility of using the existing provisions of the GATT to cover the introduction of preferences for the benefit of less-developed countries. This, in itself, may well contribute to breaking the present impasse in international negotiations on the issue of preferences.

Irrespective of whether or not this proves to be the case, the Government's initiative has been warmly received by most of the less-developed countries. In fact, when Australia's application for a waiver was first introduced in the GATT, there was a whole series of supporting statements from spokesmen for less-developed countries.

Mr. Manubhai Shah, India's Minister of Commerce, has hailed our action as "a bold and imaginative move" on which Australia was to be congratulated. He has also called for all other less-developed countries to support Australia's application for a GATT waiver. Similarly Mr. Kaissouni, Deputy Prime Minister for Economic and Financial Affairs in the United Arab Republic, and President of the United Nations Conference on Trade and Development, has expressed appreciation of Australia's move. And Mr. Cornelio Balmaceda, Philippines Secretary of Commerce and Industry, and a vice-president of the Trade and Development Conference, is reported to have hailed the decision, saying that Australia had given the lead to the industrialized countries.

The Government derives considerable satisfaction from these expressions of support.

There are, of course, some aspects of Australia's proposals on which more information is being sought by other GATT members. And on some points, questions of principle have been raised.

Some countries, for example, have suggested that all the preferences should apply equally to all less-developed countries. That is, that we should not exclude even a competitive less-developed country from individual preferences. Others would like us to give preferences on a longer list of products and to set bigger quotas or no quotas at all. Then again, there are countries not included in our initial list of preference countries who want to be added to the list.

It is, of course, inevitable that a novel and far-reaching proposal like the one the Government has put forward will give rise to a number of questions of this kind; that some aspects of the proposal should be misunderstood at the outset. It is inevitable that some countries would want us to do more or to do it differently and that others would want us to do less. I have already mentioned that some of the affluent countries would prefer that we did not give preferences at all.

Naturally, we are expected to discuss and explain our proposal internationally. We are, in fact, doing this already, both in the GATT and in bilateral discussions. Such discussion is, of course, the only way to resolve the issues that have been raised and to remove any misconceptions about our proposals.

Quite frankly, we agree that there are additional countries which should be treated as less-developed countries for purposes of the preferences. We agree also that Australia might be able to give preferences on additional items or make adjustments to some quotas. But first priority must be given to getting the principle established. We would only make this more difficult if we allowed ourselves to be sidetracked into arguments about particular products, or the size of quotas, or the eligibility of individual countries. This question of whether individual countries should get preferences is in any event a matter for international consideration.

The questions of principle cannot, of course, be put to one side, but must be settled during the discussions on our waiver application. On these, we must convince other countries by the strength of our argument.

We must, for instance, get it accepted that Australia's economic situation is not on all fours with the situation of the mature industrial countries. We must get it accepted that we cannot reduce tariffs without regard to the situation of our own industries and our own need for development.

We must show that just as there are differences between the affluent and the poorer countries, so there are differences between the less-developed countries themselves. That just as less-developed countries would derive little benefit from tariff reductions that were also available to the industrialized countries, so some less-developed countries would derive little benefit from preferences on products in which their more advanced fellows were already competitive unless the latter are excluded.

The principal reason why these issues have not yet been cleared up is that the GATT has been pre-occupied with such things as the Kennedy Round, and has not yet considered Australia's proposal in detail. Its members have, however, established a working party which is charged with doing this. This working party will hold its first substantive meeting in Geneva towards the middle of next month. This meeting will afford our representatives an opportunity to explain our proposal in greater detail. The Government is confident that this will result in greater understanding and acceptance of the proposal.

Many countries have hailed the Australian proposal as a bold and imaginative initiative to deal with an urgent problem. The proposal is important. It will enable Australia to increase its practical help to the trade of less-developed countries, thus assisting their development and the achievement of higher living standards for their people. It will do this without impeding our own development.

I commend the Bill to Honourable Members.

ANNEX D

HOUSE OF REPRESENTATIVES

CUSTOMS BILL (NO. 2) 1965

Second Reading Speech by the Deputy Prime Minister and  
Minister for Trade and Industry, the Rt. Hon. J. McEwen

I move:

that the Bill be now read a second time.

This Bill is complementary to the Customs Tariff Bill which has just been introduced. It is a machinery measure which sets out the conditions to determine the eligibility of goods from less-developed countries for entry at the preferential rates proposed in the Customs Tariff Bill. Although some consequential re-wording has been necessary in the existing provisions for determining the origin of goods from other preference countries, the Bill makes no substantive change in those provisions.

Broadly, the Bill provides that imports from less-developed countries will, subject to the provisions of the Customs Tariff Bill, qualify for entry at the preferential rates if 50 per cent or more of the labour and material cost of the imported product has been incurred in less-developed countries and if the last processing before export has taken place in the exporting less-developed country. In addition, the imported product must normally be shipped direct from the exporting less-developed country to Australia. Alternatively the goods may be transshipped en route but, in this event, entry at preferential rates will be dependent upon the Collector of Customs being satisfied that Australia was the intended destination of the goods when they were exported from the less-developed country in which they were produced.

These provisions are designed to avoid making it unduly difficult for goods from less-developed countries to qualify for preference, whilst providing safeguards against abuse of the proposed preferences.

I commend the Bill to Honourable Members.

