

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/4569

12 October 1977

Limited Distribution

Original: English

ARTICLE XIX - ACTION BY AUSTRALIA

Brandy

The following communication, dated 3 October 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 temporary duties on imports of brandy, with effect from 5 p.m. on 23 September 1977. This action will increase the margin between customs and excise rates which existed at the time of the rate binding concession on brandy in 1947 and which Australia had maintained up till now.

The measures are being applied following an investigation by the Temporary Assistance Authority (TAA) of the possible need for urgent action to be taken to protect the Australian industry in relation to the importation of brandy, whisky, gin and vodka. Although these are distinct and separate products, they are major components of the total Australian potable spirits industry.

Pending a review of the long-term assistance needs of the potable spirits industry by the Industries Assistance Commission (IAC), the following measures will apply to brandy:

- a temporary additional duty raising customs duties to dollars 12.50 per litre of alcohol (1.AL)
- tariff quotas to apply to clearances of imports of brandy for the six-months' period commencing 22 August 1977 at a level equivalent to 40 per cent of imports entered for home consumption during 1975-76 and
- goods entered for home consumption in excess of the tariff quotas will be dutiable at dollars 12.50 per 1.AL plus a further temporary additional duty of dollars 20.00 per 1.AL.

./.

Tariff quotas will be allocated on the basis of clearances of imports for home consumption during the twelve months ended 31 August 1977. Identical measures will be applied to imports of whisky but, although the TAA had proposed that similar short-term assistance be applied to other potable spirits, including gin and vodka, the Australian Government has decided that these goods should not be subject to the above assistance measures at this time.

Brandy is defined in Australia for customs purposes as spirit which has been:

- distilled wholly from wine, the fermented juice of fresh grapes, and
- matured by storage in wood for a period of not less than two years.

This definition applies to both Australian and imported brandy.

The total apparent demand for potable spirits (i.e. the sum of import clearances and domestic production cleared from bond) has decreased in Australia in recent years and the market share occupied by brandy has decreased from 30 per cent to less than 25 per cent. Production of brandy in Australia fell from 4,240,000 l.AL in 1971-72 to 1,613,000 l.AL in 1975-76, a decline of 62 per cent and, during the same period, total stocks of brandy fell from 15,951,000 l.AL to 11,872,000 l.AL. There was a decline in the apparent market for brandy from a peak of 4,541,000 l.AL in 1972-73 to 3,321,000 l.AL in 1975-76, a drop of 27 per cent but, although imports of brandy fell from 779,000 l.AL to 647,000 l.AL in this period the apparent market share held by imports actually rose from 17.2 per cent to 19.5 per cent.

A declining trend in domestic sales and production of Australian brandy of the order indicated above, if it continues uncorrected, will also have disruptive consequences in the grape-growing industry.

The IAC will be asked for an interim report by 30 November 1977 on whether short-term assistance should be accorded the potable spirits industry including the brandy industry beyond 21 February 1978 and, if so, the nature and level of such assistance.

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.

