

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

RESTRICTED

L/5449/Add.15  
12 July 1983

Limited Distribution

Original: English

SUBSIDIES

Notification Pursuant to Article XVI:1

AUSTRALIA

In accordance with the Decision of the CONTRACTING PARTIES at their Twentieth Session, Australia has submitted the following notification of subsidy measures for 1983.

This notification covers new measures and changes introduced since the previous full notification in 1981 (L/5102/Add.8) and supplementary notification in 1982 (L/5282/Add.3).

Page 2    I ADP Equipment

1(c) - add to list:

"1980/82        2,171.6        5,984"

1(d) - insert "29 March 1977 to 28 March 1980 - 20 per cent"

Page 3    II Agricultural Tractors

1(c) - add to list:

"1981/82        6,856.8        2,490        66,994"

1(d) - delete entire sub-section and insert:

"The amount of bounty per tractor varies between \$366 and \$3,480 according to the output of the engine of the tractor and is adjusted quarterly by a factor in line with import price movements. The factor at 1 April 1983 was 1.798913. This figure is then reduced according to the percentage of local content in order to arrive at the nett bounty payable."

Page 7    IV Bed Sheeting

1(c) - add to list:

"Nov. 1981 -        287.8        1.439"  
June 1982

Page 8    V Books

1(c) - add to list:

"1981/82      15,704              58,413,079

- . 1(d) - delete entire sub-section and insert

"Bounty is payable to the manufacturer at a percentage of the total cost of producing the book. The rate varies over the life of the Act as follows:

1 June 1969	-	31 December 1982	: 33%
1 January 1983	-	31 December 1983	: 30%
1 January 1984	-	31 December 1986	: 25%

Page 16    VIII Metal Working Machine Tools

- . 1(c) - add to list:

"1981/82      14,470 "

Page 17    IX Nitrogenous Fertilizers

- . 1(a) - Line 5 - add after "Australia"  
the words "as a fertilizer"

- Line 6 - delete "bounty"  
- insert "subsidy"

- . 1(b) - Line 3 - insert after "and on"  
the words "non dumped"

- . 1(c) - add to list:

"1981/82              5264              739"

Page 18    X Phosphatic Fertilizers

- . 1. - Heading change "bounty" to "subsidy"

- . 1(a) - first line : change "Bounty" to "Subsidy"

- . 1(b) - delete entire sub-section and insert:

"Subsidy is payable on all phosphatic fertilizers produced which are sold for use as fertilizers in Australia or used in production of a

fertilizer mixture. Since 1 July 1982 the subsidy also applies to imports that are similarly used"

- . 1(c) - add to list:

"1981/82      43,395              3,594"

- . 1(d) - heading : change "bounty" to "subsidy"  
- line 1 : change "bounty" to "subsidy"

- . 2(a) - line 1 : change "bounty" to "subsidy"

Page 20 XI Shipbuilding

- . 1(c) - add to list:  
"1981/82            3.1            23.74"

Page 24 XIV. Paper

- . 1(c) - change first column to read:  
"Feb 1979 - Jan 1980  
Feb 1980 - Jan 1981  
Feb 1981 - Jan 1982"  
  
- add to list:  
"Feb 1982 - June 1982    623            8,232"

Page 25 XV Injection Moulding Equipment

- . 1(c) - add to list:  
"1981/82            1,848"
- . 1(d) - delete entire sub-section and insert:  
"The present and final rate of bounty is 5 percent  
of the value added in Australia"

XVI Polyester Cotton Yarn

- 1. 1(a) - add at end of sub-section:  
"However the Bounty (Textile Yarns) Act pays  
bounty since this date at the rate of  
52 percent of the value added"

Page 26

- 1(c) - add to list:  
"1981/82            215            187"

Page 27 XVII Commercial Motor Vehicles

- 1. 1(c) - add to list:  
"1981/82            6,368"

XVIII Penicillin Bounty

- 1. 1(c) - add to list:  
"1981/82            982.9            25,531"
- . 1(d) - add after "Regulation" the words "to take account  
of world prices and local cost charges"

Page 28 XIX Refined Tin

- . 1(c) - add to list:  
"1981/82            103            2,067"

Page 29 XX Drilling Bits

- . 1(a) - Line 2 - delete "will terminate"  
- insert "terminated"
- . 1(b) - Line 1 - delete "provides"  
- insert "provided"
- . 1(c) - change list to read:

"Oct 1979 - Sep 1980	Nil
Oct 1980 - Dec 1981	69,055
Jan 1982 - Jun 1982	Nil"
- . 1(d) - delete entire sub-section and insert  
"The rate of bounty was determined by the diameter of the bits, and varied between A\$20 to A\$160, subject to local content provisions"
- . 2(b) - change list to read:

"Oct 1979 - Sep 1980	Nil
Oct 1980 - Dec 1981	786
Jan 1982 - Jun 1982	Nil

Page 30 XXI Non Adjustable Wrenches

- . 1(c) - add to list:

"1981/82	339.9"
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- . 1(d) - Line 2 - change "11 cents" to "5.5 or 11 cents"  
- delete all reference after "per unit"
- . 2(b) - add to list:

"1981/82	3,700"
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XXIII Textile Yarns

- . 1(c) - delete section  
- insert:

" <u>Year</u>	<u>A\$000</u>
1981/82	22,961.9"

Insert:" XXIV Berry Fruits

- 1. Nature and Extent of Bounty
  - (a) Background and Authority

The Bounty (Berry Fruits) Act 1982 came into effect on 1 July 1982 following a report by the Industries Assistance Commission on Fruit and Fruit Products. The Act is due to terminate on 30 June 1987.

(b) Incidence

Bounty is payable upon production in Australia of certain kinds of soft, edible, stoneless berry fruits

(c) Amount of bounty paid:

No details of payments are available at this time

(d) Rate of bounty

Bounty is payable to the producers of bountiable fruit at the rate of A\$100 per tonne when delivered to processors for processing.

2. Effect of Bounty

(a) Effect of Bounty

The bounty is intended to help the industry achieve improved efficiency at a time when competition from imports is inhibiting development of local berry fruit growing.

(b) Statistics

No statistics are available at this time."

## PAGE 4 III APPLE AND PEAR STABILISATION AND UNDERWRITING SCHEMES

1. Nature and extent of the subsidy(a) Background and Authority

From 1971 to 1980, the Commonwealth Government operated an Apple and Pear Stabilisation Scheme, under the Apple and Pear Stabilisation Act of 1971, and the complementary Export Duty and Export Duty Collection Acts.

In 1981 the Government introduced an Underwriting Scheme to separately cover apples and pears for the seasons 1981 to 1985. The stabilisation scheme for apples is being phased out over the four years 1981 to 1984 while the scheme for pears was terminated at the end of the 1980 season.

The aim of the Apple and Pear Underwriting Scheme is to give the apple and pear industries security against sharp and rapid declines in prices in export markets without masking from the industry any underlying price trends. The scheme will provide financial assistance for only a limited period after a significant export price decline. While there are no prescribed limits on the level of any underwriting payments, by comparison with the stabilisation arrangements, the assistance is not expected to be paid every year or to be as substantial over a period of years.

The change in market support arrangements to a reliance on underwriting is expected to create further adjustment pressures for the apple industry, both generally and in specific regions. To ensure that adjustment proceeds on an orderly basis, the stabilisation arrangements for apples are being phased out over the four seasons, ending in 1984.

(b) Incidence

The export underwriting arrangements apply to all exports of apples and pears. The Government guarantees, separately for apples and pears, a minimum return of 95% of the weighted average returns for all exports over the preceding 4 seasons. Any underwriting payment will reduce any stabilisation payout by a corresponding amount during the period stabilisation is being phased out.

The stabilisation scheme covers prescribed varieties of fresh apples exported to Europe at some degree of risk to the owner, ie. other than apples sold before export. If the average return for a particular variety is less than the support price (specified in the legislation at the beginning of the scheme and adjusted annually in subsequent years in the light of certain cost movements), payment is made to the owner of the fruit from the varietal stabilisation fund, subject to certain limits.

(c) Amount Paid

Export Underwriting

In 1981 underwriting payments were made on apple exports totalling \$4.8m. There were no payments on pear exports.

In the 1982 season there was no payout on either apples or pears. The average return on the 1.8m boxes of apples exported was \$8.34 per box which was well above the guaranteed minimum price of \$5.20. The 1.1m boxes of pears exported averaged \$11.18 per box compared with the guaranteed minimum price of \$8.10.

Stabilisation

In 1981 stabilisation payments were made totalling \$0.52m on 1.9m boxes of apples exported "at risk" to Europe. In 1982 payments totalled \$0.55m on 600,000 boxes, with payments per box varying from 25.5 cents to \$1.52.

(d) Rate of Subsidy

Underwriting

The rate of payment is determined by the difference between the guaranteed minimum price and the average export return, when the average return is below the guaranteed minimum.

Stabilisation

The amount of payment per box varies according to the variety of apple exported as each variety has a different support price, which is determined annually on the basis of movements in growers' cash costs. Payment will be made on a maximum 1.5m boxes at a maximum per box rate of \$1.10 in 1983 and \$0.55 in 1984.

2. Effect of Subsidy

(a) Underwriting

Underwriting serves to protect growers against sudden downturns in returns from the market place. It does not shield the grower from the effects of changes in the market, including downward trends in returns from exports.

(b) Stabilisation

Stabilisation operates as an income support scheme. The original aim of the scheme was to bring export returns from "at risk" markets in Europe to target levels considered sufficient to provide an adequate income to growers. As stabilisation is phased out in the four years up to 1984 the importance of the scheme in supporting growers' incomes is diminishing.

(c) Statistics of Production, Consumption, Imports and Exports

Fresh Apples and Pears  
Production, Consumption, Exports  
('000 tonnes)

Year	Production (a)	Australian Fresh Consumption (e)	Exports (a)
<u>Apples</u>			
1978/79	345	176	44
1979/80	299	186	53
1980/81	307	199	39
1981/82	300	187	48
1982/83	305 (s)	195	30 (s)
<u>Pears</u>			
1978/79	135	32	32
1979/80	124	33	33
1980/81	146	35	36
1981/82	110	30	23
1982/83	130 (s)	35	25 (s)

(a) Australian Bureau of Statistics

(e) Estimated by Department of Primary Industry and does not include fruit sent for juicing or canning.

(s) Estimated by Bureau of Agricultural Economics.

NOTE: Imports of fresh apples and pears into Australia do not occur due to plant quarantine regulations.



PAGE 14 VII DRIED VINE FRUITS

1. Nature and Extent of Subsidy

(a) Background and Authority

For sultanas the Australian Government has introduced an underwriting arrangement for the 1982 to 1986 seasons to replace stabilization arrangements which operated for the 1978 to 1980 seasons.

(b) Incidence

The underwriting arrangement is based on the Government guaranteeing minimum returns per tonne from production in the 1982, 1983 and 1984 seasons equal to 90% of the average of net returns at packing houses in the preceding two seasons and the estimated net return for the current season. In the 1985 and 1986 seasons the guaranteed minimum return is to be 95% of the three year average net return. If the net return for a season is less than the guaranteed level, an underwriting payment equal to the difference will be made on the total production in that season.

Underwriting does not insulate producers from significant market trends.

(c) Amount of Subsidy

Little, if any, underwriting assistance is expected to be required for the 1982 season; and on the basis of current estimates no payments are likely to be made in the following two seasons.

2. Effect of Subsidy

(a) Effect of Underwriting Scheme

The aim of the sultana underwriting scheme is to give sultana producers a measure of security against sudden large falls in world prices without insulating the industry from underlying price trends. The scheme will provide financial assistance only after a significant export price decline. There is no specific trend to the amount of underwriting payments; however, as the arrangement provides for underwritten levels to reflect world prices the scheme is therefore inherently self-limiting. In addition, the arrangement provides for the guaranteed minimum return to be set at only 90% in the first three seasons which reflects the relatively high export prices prevailing in recent seasons. For the foregoing reasons it is expected that the underwriting arrangement will have little or no effect on the quantity exported.

(b) Statistics of Production, Consumption and  
Exports of Dried Sultanas (a)  
(tonnes)

<u>Season (b)</u>	<u>Production</u>	<u>Consumption</u>	<u>Exports</u>	<u>End of Season</u> <u>Stocks</u>
1978	58,800	16,600	42,200	-
1979	51,100	20,600	30,500	-
1980	85,700	21,300	57,700	6,700
1981	51,800	19,500	31,300	7,700
1982 (c)	81,300	25,400	51,000	12,600

Source: Australian Dried Fruits Corporation

Notes: (a) Imports have been negligible during this period  
(b) Season commencing 1 March  
(c) Preliminary

1(a) Delete entire sub-section and insert:

Guaranteed Minimum Price Arrangements

The current wheat marketing and pricing arrangements commenced operation for the five seasons from 1 October 1979. These arrangements operate within the provisions of the Commonwealth Wheat Marketing Act 1979 and complementary State legislation. The arrangements incorporate a Guaranteed Minimum Price..

Shortly after delivery of wheat to the Australian Wheat Board or wheat coming under the Board's control, a delivery payment equal to the Guaranteed Minimum Delivery Price (GMP) less certain costs is payable to wheatgrowers. Under the 1982 amendments to the Wheat Marketing Act 1979, growers have the option to receive payment at the time of delivery or to defer all or part of that payment until later in the season. The GMP is determined annually by the Minister for Primary Industry, based on the advice of the Board and the Bureau of Agricultural Economics at 95% of the average of the (estimated) net pool returns of three seasons, being the season for which the GMP is determined and the previous two seasons. Movements in the GMP between seasons are subject to a limit of 15%. The GMP is guaranteed by the Commonwealth Government with any deficiency between the actual net pool return and the GMP for that season being met by the Government.

Australian Wheat Board - Wheat Finance Cost Reimbursements

To finance the payment to growers of the guaranteed minimum delivery price, the AWB borrows moneys from the Rural Credits Department of the Reserve Bank of Australia and/or from commercial institutions. Traditionally, Australian statutory marketing boards have had the facility of Reserve Bank monies.

In the past, the Commonwealth Government met additional costs, including additional interest, associated with the commercial borrowings from domestic sources over and above those associated with Reserve Bank loans. These additional costs were reimbursed to restore AWB borrowing costs to what they would have been had the AWB borrowed all its monies from the Reserve Bank. However, as from 1 July 1983, the Commonwealth interest reimbursement arrangements will be abolished to take into account the AWB's allowance to borrow overseas to help finance its advance payments to growers.

The cost of the interest reimbursement programme to the Government for each financial year (July/June) since its inception has been:

1979/80	\$ 7.7 million
1980/81	\$23.2 million
1981/82	\$22.2 million
1982/83	\$28.7 million (estimate as at May 1983)

The extent of government subsidy involved in these arrangements is not known because of the difficulty of determining the AWB's borrowing costs in an unregulated borrowing situation.

1(c) Delete entire sub-section and insert:

The level of Government assistance to the wheat industry in any season depends on the relationship between the GMP and net pool returns from the sale of wheat. The level of subsidy is a function of the quantity of wheat in the season's pool and the determined deficiency per tonne. There have been no Government payments required since the current arrangements commenced in 1979. Tentative estimates indicate that there will be no requirement for Government payments for the 1982/83 season. The GMP for wheat was \$114.71 per tonne in 1979/80, \$131.92 per tonne for 1980/81, \$141.51 per tonne for 1981/82 and is \$141.32 per tonne for the 1982/83 season.

2(b) Add following column to list

1981/82

16.3

2.1

11.3

PAGE 20 XII SUGAR

. 1(c) Add to list:

1980/81 549

1981/82 30

. 1(d) Delete entire sub-section and insert:

The export sugar rebate was nil from November 1979 through to September 1981. In October a rebate of \$4.60 applied and since then the rebate has fluctuated reaching a peak of \$142.30 in February 1983. The rate has subsequently declined to \$102.20 for the month of May 1983.

. 2(b) Delete entire sub-section and insert:

Raw Sugar: Production, Consumption and Exports  
( '000 tonnes raw value)

<u>Year</u>	<u>Production</u>	<u>Consumption</u>	<u>Exports</u>
1978	2978.3	785.8	2002.1
1979	2960.8	797.9	2002.9
1980	3415.0	783.5	2410.6
1981	3508.6	793.1	2982.1
1982	3652.2	782.7	2503.8

Source: ISO Year Books and ISO Statistical Bulletins

Note: Australia does not import raw sugar."

PAGE 9 VI DAIRY PRODUCTS

GOVERNMENT UNDERWRITING OF EQUALISED VALUES OF BUTTER, CHEESE,  
SKIM MILK POWDER, CASEIN AND WHOLE MILK POWDER

1(b) Delete entire sub-section and insert:

In 1975-76, when underwriting was first introduced, it applied only to skim milk powder. The Government extended the underwriting arrangements in 1976-77 to also include butter, cheese and casein, and again in 1977-78, to cover whole milk powder.

Under arrangements introduced on 1 July 1981, the Government agreed for each of the two seasons (1981-82 and 1982-83) to underwrite gross equalised pool returns for the production of butter, skim milk powder, casein, certain cheeses (see under) and whole milk powder at 95 per cent of a three year moving average of gross equalised pool returns. The gross equalised pool returns taken into consideration in determining the underwritten values are the return forecast for the year in which underwriting is to be determined and the return in the previous two years. \*

The underwriting values determined for the 1981-82 and 1982-83 seasons were as follows:

Underwriting Values: \$ Per Tonne

	<u>1981-82</u>	<u>1982-83</u>
Butter	1,655	1,850
Skim milk powder	835	875
Casein	2,085	2,155
Cheese (a)	1,490	1,575
Whole milk powder	1,110	1,150

(a) Types of cheese covered are Cheddar, Stirred Curd, Granular, Colby, Cheedam and Monterey. Gouda was covered by the underwriting arrangements until the 1981-82 season but was removed from the arrangements for the 1982-83 season.

The underwriting scheme forms part of the dairy marketing arrangements which include certain statutory provisions. Legislation was passed by the Australian Parliament in June 1977 to provide for a levy/disbursement scheme to replace the voluntary equalisation scheme previously operated by the industry. Levies are payable by manufacturers on the production of the prescribed products sold on the domestic market. The major purpose of the levies is to help protect the domestic price structure for prescribed products and, through their disbursement, to provide manufacturers with equalised returns from domestic and export sales.

\* On 15 June 1983, the Government announced that the underwriting of dairy products would continue in 1983-84 on the same basis as in the two previous years.  
1(c) Delete entire sub-section and insert:

Improved market returns in 1981-82 and 1982-83 have resulted in equalised returns from the various product pools for these seasons being higher than the underwritten values. As a result, no Government commitment for the underwriting of the various product pools for these years has been necessary.

2(b) Delete entire sub-section and insert:

Production, Consumption, Exports and Imports

Casein

	<u>1975-76</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	('000 tonnes)			
Production	15.5	15.1	15.1	8.4
Apparent consumption in Australia	1.8	1.0	1.6	1.4
Exports (including ships' stores)	15.4	14.2	10.5	9.2
Imports	n/a	0.3	0.4	0.3

Production, Consumption, Exports and Imports

Skim Milk Powder, Buttermilk Powder and Mixtures

	<u>1975-76</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	('000 tonnes)			
Production	159.8	60.1	70.0	87.4
Apparent consumption in Australia	53.1	54.1	45.1	42.5
Exports (including ships' stores)	95.1	16.7	9.0	31.9
Imports	n/a	0.5	0.6	0.6

Production, Consumption, Exports and Imports

Factory Butter

	<u>1975-76</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	('000 tonnes)			
Production	147.6	84.3	79.4	76.4
Apparent consumption in Australia	93.5	66.4	63.7	64.6
Exports (including ships' stores)	76.2	24.2	15.7	7.0
Imports	-	1.3	2.5	0.3

Note: Figures include butter and the butter equivalent of direct butteroil.

Production, Consumption, Exports and Imports

Factory Cheese

	<u>1975-76</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	('000 tonnes)			
Production	112.6	154.2	134.8	153.3
Apparent consumption in Australia	79.2	100.3	97.6	104.9
Exports (including ships' stores)	31.5	61.1	54.1	57.5
Imports	9.7	11.9	13.3	16.8

Processed Milk Products

Infants' and Invalids' Food

	<u>1975-76</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	('000 tonnes)			
Production	25.2	26.9	29.3	29.5
Apparent consumption in Australia	20.0	16.0	n/a	n/a
Exports (including ships' stores)	10.2	12.6	13.6	12.9
Imports	-	-	-	-

Processed Milk Products

Powdered Milk (Full Cream)

	<u>1975-76</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	('000 tonnes)			
Production	42.0	79.9	69.4	59.7
Apparent consumption in Australia	19.1	13.1	12.7	13.3
Exports (including ships' stores)	24.0	69.8	44.4	43.3
Imports	0.7	0.4	1.4	1.4



Processed Milk Products  
Condensed, Concentrated and Evaporated Milk (Full Cream)

	<u>1975-76</u>		<u>1979-80</u>		<u>1980-81</u>		<u>1981-82</u>	
	<u>S</u>	<u>U</u>	<u>S</u>	<u>U</u>	<u>S</u>	<u>U</u>	<u>S</u>	<u>U</u>
Production	18.0	35.7	17.9	40.9	15.1	43.	n/a	39.1
Apparent consumption in Australia	14.6	31.4	9.6	32.1	12.8	40.6	9.7	36.9
Exports (including ships' stores)	5.3	2.7	7.1	6.9	7.0	7.1	6.5	3.6
Imports	0.1	-	0.4		0.4		0.4	

S = Sweetened; U = Unsweetened.  
n/a = not available.

Sources: Australian Dairy Corporation and Australian Bureau of Statistics.

APPENDIX  
AUSTRALIAN SUBSIDIES NOTIFICATION PURSUANT TO  
ARTICLE XVI:1

AMENDMENTS TO L/5102/Add.8 and L/5282/Add.3

Page 2 - I ADP Equipment

- . 2(b) - add to list:

1981/82	409,607	1,990
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Page 3 - II Agricultural Tractors

- . 2(b) - add to list:

1981/82	16,294	252,789	81	2,035
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Page 8 - V Books

- . 2(b) - add to list:

1981/82	181,765	25,152
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Page 16 - VIII Metal Working Machine Tools

- . 2(b) - delete 1980/81 figure and add to list:

1980/81	183,676
1981/82	185,767

Page 17 - IX Nitrogenous Fertilisers

- . 2(b) - add to list:

1981/82	16.2	108	4.1	18.5	395
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Page 18 - X Phosphatic Fertilisers

- . 2(b) - add to list:

<u>Year</u>	<u>Production</u> <u>'000 tonnes</u>	<u>Consumption</u> <u>'000 tonnes</u>
1981/82	3,568	2,874

- delete existing table and insert:

<u>Year</u>	<u>Imports</u> <u>'000 tonnes</u>	<u>\$A'000</u>	<u>Exports</u> <u>tonnes</u>	<u>\$A'000</u>
1978/79	66	7,889	2,105	275
1979/80	Neg.	33	1,441	222
1980/81	Neg.	3	890	211
1981/82	107	116	979	222

Page 25 - XV Injection Moulding Equipment

- . 2(b) - delete 1980/81 figure and add to list:

1980/81	4,911
1981/82	13,287

Page 25 - XVI Polyester Cotton Yarn

- . 2(b) - add to list:

1981/82	18,122
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Page 27 - XVIII Penicillin

- . 2(b) - insert:

<u>Year</u>	<u>Imports</u> <u>\$/A'000</u>	<u>Exports</u> <u>\$/A'000</u>
1980/81	304	43
1981/82	219	111

Page 28 - XIX Refined Tin

- . 2(b) - add to list:

1981/82	12,750	11,038	948	877	69
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Page 29 - XX Drilling Bits

- . 2(b) - delete 1980/81 import figure and add to import column:

1980/81	11,118
1981/82	16,588

Page 29 - XXI Non-Adjustable Wrenches

- . 2(b) - delete 1980/81 import figures and add to import columns:

1980/81	11,289	10,469
1981/82	10,202	12,842