

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## ARTICLE XIX - ACTION BY AUSTRALIA

### Non-Electrical Domestic Refrigerators and Freezers

The following communication, dated 8 August 1983, has been received from the Permanent Mission of Australia.

The Australian Government wishes to advise contracting parties that it has introduced, with effect from 5 August 1983, increased tariffs on imports of non-electrical domestic refrigerators and freezers of a kind falling within tariff item 84.15.9.

The advice is provided in accordance with the provisions of Article XIX of the GATT since this action requires that Australia suspend part of a binding in its GATT schedule. The binding concerned specifies that a rate in excess of 25 per cent ad valorem shall not be applied to ex 84.15 refrigerators and refrigerating equipment (whether electrical or other) except:

- domestic electrical refrigerators and freezers
- air-conditioning equipment
- condensers
- evaporators

The part of the binding which is being suspended covers non-electrical domestic refrigerators and freezers and parts therefor.

Complete domestic electrical refrigerators/freezers currently are subject to a most-favoured nation rate of 35 per cent ad valorem phasing to 30 per cent on 6 July 1984. Following inquiry by the Industries Assistance Commission (IAC), it has been found, however, that importers are avoiding paying this rate by importing dual purpose gas/electric absorption type refrigerators without their electrical fittings, thus qualifying for a lower rate of 25 per cent applying to non-electrical refrigerators, then adding electrical components at minimal cost and selling them in Australia as what are regarded for tariff purposes as electrical refrigerators. There is no commercial market in Australia for gas refrigerators as such; and the import of dual purpose gas/electric type refrigerators is a means of using a loophole in the Australian Customs Tariff to circumvent the assistance arrangements applying to domestic electrical refrigerators. This loophole was unforeseen at the time the binding on electrical refrigerators was negotiated.

In its report, the IAC noted that imports of absorption refrigerators and freezers are not separately recorded as such. However, confidential information available to the Commission showed that, in recent years, imports of these items under tariff sub-item 84.15.2 have decreased substantially with a corresponding increase in imports of non-electrical absorption refrigerators and freezers under tariff sub-item 84.15.9. The Commission stated that this would suggest that, although the overall level of imports of absorption units has remained relatively stable in recent years, there has been a shift in imports from the "electrical" tariff sub-item 84.15.2, where a 35 per cent duty currently applies, to the "other" tariff sub-item 84.15.9 where a 25 per cent duty applied on the relevant goods until the recent announcement by the Australian Government.

In the light of the findings in the report of the Industries Assistance Commission on non-electrical absorption type refrigerators and freezers and parts, the Government decided to take action to prevent the circumvention in duties referred to above. This is being achieved, in line with the IAC's recommendation, by making non-electric domestic refrigerators and freezers dutiable at the same rate as domestic electric refrigerators and freezers (currently 35 per cent).

Under the provisions of paragraph 2 of Article XIX, the Australian Government is prepared to enter into consultations on this matter with relevant contracting parties. However, contracting parties are asked to note that this action is being taken under Article XIX until a more permanent solution in relation to the binding can be effected.