

# GENERAL AGREEMENT ON

RESTRICTED

## TARIFFS AND TRADE

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### CHANGES TO AUSTRALIAN INDUSTRY ASSISTANCE MEASURES

#### Statement by Australia

The following text of the statement by Australia at the special Council meeting on 15 June 1988 is being circulated at the request of that delegation.

On 25 May 1988, the Australian Government announced a comprehensive programme of micro-economic reforms. The programme included a number of changes to assistance for manufacturing and primary industries.

The changes to assistance will hasten the process of structural change taking place in Australian industry. They reflect the Government's strategy of requiring that Australian industry becomes more internationally competitive and outward-looking.

A key element of the assistance changes is a programme to reduce tariffs. The importance of this programme stems from the broad coverage of the changes and the fact that the tariff is by far the dominant form of industry protection used by Australia.

The tariff reductions are equivalent to a cut of around 20 per cent in average protection levels for manufacturing industry.

Some highlights of these changes are:

- tariffs greater than 15 per cent on 1 July 1988 will be reduced in five stages to 15 per cent by 1 July 1992;
- tariffs greater than 10 per cent but at or below 15 per cent will be phased down to 10 per cent by 1 July 1992;
- the 2 per cent revenue duty on imports will be abolished from 1 July 1988.

There are a few exceptions to these changes. In some cases, the phasing of protection to the maximum level of 15 per cent has already been achieved or will be achieved before July 1992.

For two industry sectors, protection will remain above the general maximum tariff level of 15 per cent. They are passenger motor vehicles and textiles, clothing and footwear.

These sectors are almost universally sensitive. However, they will also bear further substantial reductions in protection.

Specifically:

- The abolition of tariff quotas on passenger motor vehicles and the reduction of the maximum tariff rate from 57.5 per cent to 45 per cent was announced in April 1988. The tariff rate will now be reduced to 35 per cent by 1 January 1992.
- The previously announced phased removal of tariff quotas on textiles and clothing and footwear will now be completed on 1 July 1995 instead of March 1996. Base quota general duty rates of 60 per cent for clothing and 50 per cent for footwear were to apply in the industry plan to commence in 1989. These rates will be reduced to 55 per cent and 45 per cent respectively.

The Government has also decided to reduce assistance provided to a number of agricultural industries. These are the sugar, dried vine fruits, tobacco and citrus industries. The phase down of assistance will be in line with the reduction of tariffs on manufactured goods.

It is estimated that as a result of these changes, effective rates of assistance for manufacturing will fall from 19 per cent in 1986/87 to 14 per cent in 1992/93. For the agricultural section, the average effective rate of assistance will be reduced from about 16 per cent in 1986/87 to 11 per cent in 1992/93.

These changes are evidence of Australia's commitment to the cause of trade liberalization. They also reaffirm our commitment to the Uruguay Round Negotiations.