Chapter 7

AUSTRALIA

TARIFFS

High Tariff Products

*** This particular case was included in light of the following concerns despite it being a trade or investment policy or measure that does not expressly violate the WTO Agreements or other international rules.**

<Outline of the measure>

The current simple average bound tariff rate for non-agricultural products in Australia is at a relatively high 11.0%. Among the higher bound products are: clothing (maximum 55%), automobiles (maximum 40%) and electrical appliances (maximum 45%). However, some of the applied tariff rates on these products are lower, including on: some clothing (maximum 10%), automobiles (maximum 27.5%) and electrical appliances (maximum 5%). In terms of predictability, it is desirable to reduce as much as possible the gap between the applied and bound rates. The binding coverage is 96.5 % in Australia, with unbound items including some textiles (applied tariff rate 5.0-10.0 %) and some clothing (applied tariff rate 17.5%), *etc*.

<Concerns>

High tariff rates themselves do not, *per se*, conflict with WTO Agreements unless they exceed the bound rates. However, in light of the spirit of the WTO Agreements of promoting free trade and enhancing economic efficiency, it is desirable to increase predictability by eliminating tariff peaks (see "Tariff Rates" in 1. of Chapter 5, Part II) in the bound tariff rates, as mentioned above, and to reduce applied tariff rates as much as possible.

<Recent developments>

Market access negotiations in the DDA for non-agricultural products are ongoing and include negotiations on reducing and eliminating tariff rates.

Meanwhile a decision was made to lower the applied tariff rates on clothing to 5% in 2015.

Furthermore, with the aim of increasing the number of items subject to elimination of tariffs on IT products, ITA expansion negotiations have been taking place since May 2012 outside the Doha Round negotiations (see (2) "Information Technology Agreement (ITA) Expansion Negotiation" in 5. of Chapter 5, Part II for details).