

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 is at a high-level of 11.0%. Among the higher bound products are: a part of clothing (maximum 55%), automobile (maximum 40%) and electrical appliances (maximum 45%). However, the applied tariff rate for all items is 5% or lower. In terms of predictability, it is desirable to reduce as much as possible the gap between the applied and bound rates. The binding coverage on non-agricultural products is 96.6% in Australia, with unbound items including some of textiles (applied tariff rate 5.0-10.0%) and some of clothing (applied tariff rate 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>

With the aim of expanding the number of items subject to elimination of tariffs on IT products, ITA expansion negotiations were launched in May 2012, and an agreement was reached in December 2015. Elimination of tariffs on 201 items started gradually in July 2016, and elimination of approximately 90% of tariffs on the subject items is planned to be completed by July 2019. By January 2024, tariffs on all 201 items will have been completely eliminated for 55 members (see 2.(2) “Information Technology Agreement (ITA) Expansion Negotiation” in Chapter 5 of Part 2 for details). As for Australia, elimination of tariffs started in January 2017. For example, high tariff items for which tariffs are to be eliminated by Australia include polishing pads (23%), switching devices (23%), parts for static converters and other products (19%), etc. Tariffs on all subject items including the above items will be eliminated gradually and will have been completely eliminated by 2021.

Since the Japan-Australia Economic Partnership Agreement came into effect in January 2015, tariffs have been removed on general machinery and electric machinery (excluding automobile parts) exported from Japan, and market access has improved with the immediate or gradual elimination of tariffs on automobiles and automobile parts. Tariffs will be eliminated from approximately 99.8% of exports from Japan by 2025.