

Chapter 7

Australia

Tariffs

Tariff Structure

* 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 Measures>

As of 2019, the simple average bound tariff rate for non-agricultural products is at a high level, 10.7%, and there are high tariffs, especially on some clothing (maximum 55%), electric appliances (maximum 45%), passenger cars (maximum 40%), etc. However, the applied tariff rate for all items is 5% or lower.

The existence of a gap between the applied tariff rates and the bound tariff rates with the applied tariff rates being lower is not a problem under WTO Agreements, but since it makes it possible for authorities to set arbitrary applied tariff rates, it is desirable that bound tariff rates be lowered from the point of view of increasing predictability. The binding coverage on non-agricultural products is 96.7% in Australia, with unbound items including some of textiles (applied tariff rate 5%) and some of clothing (applied tariff rate 5%).

<Concerns>

High tariff rates themselves do not, per se, conflict with WTO Agreements unless they exceed the bound tariff rates. However, in light of the spirit of the WTO Agreements of promoting free trade and enhancing economic welfare, it is desirable to reduce tariffs to their lowest possible rate, and eliminate the tariff peaks in bound tariff rates (see “Tariff Rates” in 1. (1) (iii) of Chapter 5, Part II) described above.

<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. 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 II for details). As for Australia, elimination of tariffs started in January 2017. For example, high tariff items 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 in 2021.

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

In terms of the impact of the new coronavirus, on May 1, 2020, in accordance with Schedule 4, No. 57 of the Customs Tariff Act 1995, and for the purpose of facilitating the importation of goods necessary for the control of the new coronavirus infection, Australia announced that it would temporarily eliminate the applied tariff rates (reduced from maximum 5% to 0%) on hygiene and medical related goods (face masks, gloves, gowns/clothing, goggles, disinfectant preparations (other than hand sanitizers), soaps, test kits, reagents, and virus transport media) for the period from February 1 to July 31, 2020, and refunded the tariffs paid on the applicable goods after February 1, 2020. This measure was extended to December 31, 2020.

