

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>

The Customs Act, the Customs Tariff Act, and related legislation provide for tariff rates, etc. MFN or EPA (the Japan-Australia Economic Partnership Agreement (Japan-Australia EPA), the Regional Comprehensive Economic Partnership (RCEP) Agreement, or the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP)) tariff rates are applied to imports from Japan. In addition, tariff preferences (tariff refund system, tariff exemption system, etc.) are applied to imports intended for re-export or for which no substitutes are produced domestically.

In 2020, 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%), engines (maximum 50%), electric appliances (maximum 45%), passenger cars (maximum 40%), etc. However, the simple average of applied tariff rate of non-agricultural products in 2020 was 2.6%. The binding ratio for non-agricultural products was 96.7%. Unbound items include some textiles (applied tariff rate 5%), some clothing (applied tariff rate 5%), etc.

<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.

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 from the point of view of increasing predictability that unbound products be bound and the bound tariff rates be lowered.

<RECENT DEVELOPMENTS>

With regard to the ITA expansion negotiations concluded in December 2015 to promote greater market access for IT products (see 2. (2) “Information Technology Agreement (ITA) Negotiation” in Chapter 5 of Part II for details), Australia began eliminating tariffs on 201 subject items 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 the subject items including these were eliminated on July 1, 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 been improved. Tariffs will be eliminated from approximately 99.8% of exports from Japan by 2025. In June 2020, Japan and the Australian Department of Foreign Affairs and Trade (DFAT) initiated work to review and renegotiate trade performance under the Japan-Australia EPA in light of the CPTPP and the RCEP Agreement that was to be signed on November 15, 2020, and publicly solicited opinions on the operational status of the Japan-Australia EPA from May to August 2021.

In response to the impact of the spread of the COVID-19, on May 1, 2020, in accordance with the Customs Tariff Act 1995 Schedule 4, No. 57, and for the purpose of facilitating the importation of goods necessary for the control of the COVID-19, the Australian Border Force (ABF) took a

measure to temporarily exempt from tariffs (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 the tariffs that had been paid on these goods since February 1, 2020 were refunded. This measure was extended to June 30, 2022 after three extensions.