

CHAPTER 5

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. For definitions of tariffs, tariff rates, binding ratio, and bound tariff rates, see Part II, Chapter 5.1.

<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, etc. 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 2022, the simple average bound tariff rate for non-agricultural products in Australia is at a high level, 10.5%, 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 applied tariff rate of non-agricultural products in 2022 was 2.6%. The binding ratio for non-agricultural products was 96.8%. 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.

<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 in July 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 response to the impact of the spread of COVID-19, in May 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 COVID-19, the Australian Border Force (ABF) took a measure to temporarily exempt 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) from tariffs (reduced from maximum 5% to 0%) for the period from February to July 2020, and the tariffs that had been paid on these goods since February 2020 were refunded. This measure was extended to June 2022 after three extensions. Subsequently, the measure was not extended further and expired. It was also announced that the tariff concessions will be made permanent in the budget for the period from 2022 to March 2023. In addition, the scope of the tariff concession was expanded to provide “duty-free” tariff rate on the materials and primary containers used in the production of COVID-19 vaccines and therapeutic medicines.

