

## *Chapter 7*

# AUSTRALIA

## TARIFFS

### *High Tariff Products*

#### <Outline of the measure>

The simple average bound tariff rate for non-agricultural products in Australia as a result of the Uruguay Round Agreement is at a relatively high rate of 11.0%. Among the higher bound products are: clothing (maximum 55%), automobiles (maximum 40%) and electrical appliances (maximum 23%). However, some of the applied tariff rates on these products are lower, including on: some clothing (5-17.5%), automobiles (10%) and electrical appliances (0-10%). In terms of predictability, it is favorable to reduce as much as possible the discrepancy between the applied and bound rates. The binding ratio is 96.5 % in Australia, with unbound items including some clothing (applied tariff rate 7.5-17.5 %), some textiles (applied tariff rate 17.5 %) and footwear (applied tariff rate 10%), *etc.* Australia decided to reduce the applied tariff rates for automobiles, automobile parts, textiles, clothing, and footwear to 5% by 2010 (by 2015 only for clothing).

#### <Problems under international rules>

Higher tariff rates themselves do not, *per se*, conflict with the WTO Agreements unless they exceed the bound rates. However, from the viewpoint of promoting free trade and enhancing economic welfare, it is desirable to reduce tariffs to the lowest possible rate and to eliminate the high bound rates detailed above.

#### <Recent developments>

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