Australian Customs Notice 1997 72

**CUSTOMS TARIFF PROPOSAL No. 7 (1997) CHANGES TO AUTOMOTIVE INDUSTRY ARRANGEMENTS**

On 5 June 1997, at a joint press conference with the Treasurer and the Minister for Industry, Science and Tourism, the Prime Minister announced the following changes to automotive industry policy:

The current tariff phasing regime to the year 2000 for all passenger motor vehicles (PMV) and certain PMV components is to remain and the 15% rate extended to 31 December 2004. From 1 January 2005, the rate of duty will be reduced to 10%;

Four wheel drive vehicles and light commercial vehicles will remain at a rate of duty of 5%; The 15 % duty-free allowance will continue to be available to vehicle producers;

A World Trade Organization-consistent programme will be introduced to replace the Export Facilitation Scheme when it expires in 2000. It will run to 2005;

There will be a review in 2005 which will take account of our APEC commitments and progress on market access; and

There will also be an environmental strategy including measures to phase out the use of leaded fuel by 2010 and the development of an industry code on environmental performance.

Customs Tariff Proposal No. 7 (1997) was introduced into the House of Representatives on 3 September 1997 to legislate the reduction of tariffs to 10% on 1 January 2005. Additional initiatives have been implemented in these changes -

The completion of the phase-out of the Developing Country margin of preference for Hong Kong, Republic of Korea, Singapore and Taiwan Province. This initiative was announced in the "Building a Competitive Australia" Statement on 12 March 1991;

The continuation of the phase-out of the DCS margin of preference which commenced on 1 July 1993 and was further extended on 1 July 1994. DCS countries and places are listed in Part 2 of Schedule 1 of

the *Customs Tariff Act 1995*;

The maintenance of the Canadian margins of preference negotiated under the "CANATA" trade agreement; and

Subheadings 8483.60.10 and 9032.89.11 are encompassed by this decision. Both subheadings are the subject of WTO phase-downs on 1 January 1999 to 13%.

Further, an end date of 31 December 2004 has been inserted in item 53 in Part III of Schedule 4. A new item 53A has been created to provide a similar phase-down to item 53 for non-PMV components from 10% to 5% on and from 1 January 2005.

The tariff reprint pages containing these changes are being prepared and will be despatched within the next month.

Any queries regarding this Proposal should be made to Ray Banvill on 02 6275 6516. J H Jeffery

Acting National Director Commercial Services

For the CHIEF EXECUTIVE OFFICER

September 1997

(C97/05013 - Tariff Legislation)