

WORLD TRADE ORGANIZATION

G/SCM/N/25/AUS

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**Committee on Subsidies
and Countervailing Measures**

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SUBSIDIES

Updating Notifications Pursuant to Article XVI.1 of the GATT 1994
and Article 25 of the Agreement on Subsidies and Countervailing Measures

AUSTRALIA

The following communication, dated 2 July 1997, has been received from the Permanent Mission of Australia.

TABLE OF CONTENTS

	<u>Page</u>
I. Bed Sheeting	2
II. Books	2
III. Citric acid	3
IV. Computers	3
V. Dairy products	3
VI. Machine tools and robots	4
VII. Printed fabrics	5
VIII. Shipbuilding	5
IX. Textile yarns	6

I. BED SHEETING

1. Nature and Extent of Bounty(c) Amount of Bounty Paid

Year*	\$A'000
1994/95	880.2
1995/96	67.4

*Unless otherwise indicated financial years throughout this notification begin on 1 July and finish on 30 June.

II. BOOKS

1. Nature and Extent of Bounty(a) Background and Authority

The Bounty (Books) Act 1986, which commenced on 1 January 1987, was due to expire on 31 December 1997, however, the Australian Government has announced an early expiry date of 30 June 1997. Legislation for the early expiry date has yet to be finalised.

(c) Amount of Bounty Paid

Year	\$A'000
1994/95	23,998
1995/96	21,935

2. Effect of Bounty(b) Statistics

Year	Imports (A\$ million)	Exports* (A\$ million)
1994/95	510	85
1995/96	509	100

*Australian produce - these figures refer to trade in books, to all of which would have been subject to bounty.

III. CITRIC ACID

1. Nature and Extent of Bounty

As foreshadowed in G/SCM/N/3/AUS, there have been no further payments under this programme.

IV. COMPUTERS

1. Nature and Extent of Bounty

(a) Background

The Bounty (Computers) Act 1984 has been amended to extend this programme which is now due to terminate on 30 June 1997.

(c) Amount of Bounty Paid

Year	A\$'000
1994/95	74,760
1995/96	64,053
1996/97	56,499*

*Appropriation figure under the Bounty (Computers) Act 1984 in the 1996 Budget.

(d) Rate of Bounty

Before 6 July 1990 the bounty was payable to the manufacturer at the rate of 20% of the in-house value added (the rate progressively reducing to 5% by 1997) of the manufacturer's eligible production costs and on certain sub-contracted activities such as research and development and operating software development. The bounty will not be payable for research and development on production completed on or after 30 June 1997. The bounty rate is reducing as follows:

17% in 1990/91
 14% in 1991/92
 12% in 1992/93
 10% in 1993/94
 8% in 1994/95 and until 31 December 1996
 5% from 1 January 1997 until 30 June 1997

V. DAIRY PRODUCTS

1. Nature and Extent of Assistance

(a) Background and Authority

On 1 July 1995, the Australian Government introduced new domestic market support arrangements for the dairy industry. The arrangements constitute a domestic support scheme which delivers a domestic support payment to producers of milk used in manufacturing. The arrangements

are scheduled to terminate on 30 June 2000. The export support payment provided under the previous scheme, the 1992 Dairy Plan, was completely abolished from 30 June 1995.

The purpose of the subsidy is to increase the return to producers of manufacturing milk through a domestic consumer transfer created through a levy mechanism, to provide an equivalent level of domestic support to that which would have been provided had the previous Dairy Plan continued and, at the same time, enable Australia to meet its commitments under the Uruguay Round.

The following Acts of Parliament give effect to Australia's Domestic Market Support arrangements:

Dairy Produce Act 1986 (as amended)

Dairy Produce Levy (No.1) Act 1986 (as amended)

Dairy Produce Levy (No.2) Act 1986 (as amended)

(b) Incidence

The subsidy is in the form of a consumer funded payment made directly to farmers who produce manufacturing milk. Support is delivered to farmers who produce manufacturing milk through increases in the price of manufactured dairy products to domestic consumers created by the levy paid on milk used in the manufacture of dairy products. Levy rates are determined according to legislated maximum rates of support which are reduced annually according to a fixed reduction schedule with the arrangements to terminate in the year 2000.

(c) Amount of Subsidy

The milk levy raised \$A147.986 million in 1995/96. This is equivalent to a per unit level of support of 2.15 cents per litre on manufacturing milk production of 6,878 million litres.

2. Effects of Subsidy

(a) Trade Effects

Manufacturers export at world parity prices without any export subsidisation. Hence there are no trade effects resulting from this domestic subsidy.

VI. MACHINE TOOLS AND ROBOTS

1. Nature and Extent of Bounty

(a) Background and Authority

The Bounty (Machine Tools and Robots) Act 1985 came into effect on 1 July 1985 (under the title of Bounty (Metal-Working Machines and Robots) 1985. Its purpose is to assist certain sections of the Australian machine tool industry and is in lieu of tariff assistance. The Act was last amended in June 1991.

(b) Incidence

The Act provides for payment of bounty on domestically produced metal working machines, machines for working advanced materials, robots and certain parts and accessories. Certain modifications to existing machines also attracts bounty.

The bounty is paid at two rates; a higher rate for advanced machinery and a lower one for standard machinery.

(c) Amount of Bounty Paid

Year	\$A'000
1994/95	8,357
1995/96	6,475.6

2. Effect of Bounty(a) Trade Effects

The bounty is designed to encourage local production of machine tools by improving competitiveness against imports, without increasing the cost structure of user industries.

VII. PRINTED FABRICS1. Nature and Extent of Bounty(c) Amount of Bounty Paid

Year	\$A'000
1994/95	-412.7*
1995/96	80.3

*The minus sign is in relation to the receipt of an overpayment to a company in the previous financial year.

VIII. SHIPBUILDING1. Nature and Extent of Bounty(a) Background and Authority

On 7 May 1997 the Australian Government announced its intention to further extend bounty assistance to 30 June 1999. The bounty will apply for commitments entered into by 31 December 1997, defined as either financial contracts or commitments reflected in the business or financial plans of the companies concerned. Legislation to implement this decision is still in the drafting stage.

(c) Amount of Bounty Paid

Year	\$A million
1994/95	22.96
1995/96	23.73

IX. TEXTILE YARNS

1. Nature and Extent of Bounty(c) Amount of Bounty Paid

Year	\$A'000
1994/95	15,629
1995/96	5.9