1. The Government of the Commonwealth of Australia hereby notifies the CONTRACTING PARTIES that it reserves the right, for the duration of the three-year period beginning 1 January 1967, to modify its schedule in accordance with the provisions of paragraph 5 of Article XXVIII.

2. In making this notification, the Australian Government wishes to draw the attention of the contracting parties to the following considerations.

3. On 1 July 1965 Australia introduced a new tariff in the form of the Brussels Tariff Nomenclature.

4. The Australian Government has decided to invoke paragraph 5 of Article XXVIII in order that, acting in accordance with the procedures of paragraphs 1 to 3 of that Article, it may modify its existing Schedule so that the commitments expressed therein in terms of the nomenclature of its former tariff can be replaced by commitments expressed in terms of the Brussels Tariff Nomenclature.

5. Two guiding principles were adopted by the Australian authorities in the conversion from the old tariff to the new tariff, namely, that all existing commitments would be maintained and that the levels of duties chargeable under the old tariff would also be preserved.

6. One result of adhering to these principles is that in the new Australian tariff there is a proliferation of tariff sub-divisions providing much scope for subsequent rationalization and simplification. Another result is that Australia now has a tariff in which many bindings, expressed in terms of the former tariff, apply to relatively small parts of the new tariff items. This situation if maintained could lead to considerable difficulties in future tariff negotiations. It would not be practicable, for example, to supply trade statistics for many of these part items.

7. It is the intention of the Australian Government to endeavour, as provided in paragraph 2 of Article XXVIII and subject to the provisions of paragraph 3 of that Article, to maintain a general level of concessions not less favourable to trade than the concessions included in its Schedule on 31 December 1966. It envisages that this would be achieved as the result of the broadening of some of the commitments in its Schedule and the narrowing of others, when the new commitments are expressed in terms of its new tariff.
8. The new commitments which the Australian Government proposes to negotiate in accordance with the provisions of paragraph 5 of Article XXVIII would both facilitate and, in part, reflect the process of rationalizing and simplifying the new Australian tariff. Some rationalization and simplification has already been made or is in process as a result of reports on an industry basis by the Australian Tariff Board.

9. In view of the purpose for which it has invoked paragraph 5 of Article XXVIII the Australian Government decided that it should make a separate notification to the contracting parties in regard to those concessions in its present Schedule which it may need to modify or withdraw during the current "open season".

10. Any modifications or withdrawals which, in the absence of its election under paragraph 5 of Article XXVIII, the Australian Government would have sought the authority of the CONTRACTING PARTIES to make under the provisions of paragraph 4 of that Article during the so-called "closed season" beginning on 1 January 1967, will instead be made in accordance with the procedures laid down in paragraphs 1 to 3 of that Article. It is the Australian Government's intention to continue to limit such modifications or withdrawals to those necessitated by the kind of special circumstances relevant to paragraph 4 of Article XXVIII.

11. Since the Australian Government's purpose in invoking paragraph 5 of Article XXVIII is to enable it to modify its existing Schedule so that all of its future commitments will be expressed in terms of its new tariff, it is not the Australian Government's intention that its action in invoking that paragraph should affect its participation in the Kennedy Round. Tariff commitments entered into by Australia in these negotiations would be expressed in terms of its new tariff.

12. Accordingly the Australian Government's invocation of paragraph 5 of Article XXVIII will not apply to concessions granted by or accorded to Australia in the Kennedy Round.