WORKING PARTY ON STRUCTURAL ADJUSTMENT
AND TRADE POLICY

Exchange of Information on the Experience of all Contracting Parties with Regard to Structural Adjustment

Supplement

Attached as Annex to this document are responses to the questions following from Australia's submission to the Working Party on Structural Adjustment and Trade Policy.

These responses are circulated at the request of the Australian delegation.
BRAZIL

Q. 1 Australia has noted, in paras 65-69, a seven-year assistance plan to the textiles, clothing and footwear industries. What will be the assistance regime to be applied to these industries at the end of the seven-year period?

The assistance program for the textile, clothing and footwear industries will be reviewed by the Government prior to its expiry in 1987 and the Government will then determine what assistance regime should apply to these industries.
Q.1 Have there been arrangements made for greater involvement by industry and trade unions in planning for structural adjustment (following on from Jackson Committee Report)? If so, has this affected transparency?

In recent years Government policy has been aimed at measures to improve consultation between government, employers and employees regarding, amongst other things, structural adjustment.

The Australian Government has established an Australian Manufacturing Council and a number of Industry Advisory Councils to improve consultation between government/industry/unions. The Councils provide advice to Government on changes occurring in manufacturing and assist in the further development of industry policy.

The Australian Manufacturing Council established in 1977, is comprised of representatives drawn from industry, trade unions, commerce, agriculture, mining, consumers and State Governments, and is concerned with policy matters germane to the whole of manufacturing industry, including production and cost patterns, trends in development and change in the sector, the overall performance of industry, and industry's interface with society generally. The Industry Advisory Councils, of which there are eleven, consider issues as they relate to a particular industry sector and include industry representatives, unions, retailers, consumers and other interested groups.

The Australian Government has not established consultative mechanisms to specifically examine and plan for structural change; however, the Australian Manufacturing Council and the Industry Advisory Councils are free to examine and advise the Government on any matter that is of significance to manufacturing. The
Australian Manufacturing Council as well as a number of the Industry Advisory Councils have, respectively, advised the Government on structural adjustment in manufacturing generally and the changes occurring in particular industry sectors.

In addition, the Australian Government has an open inquiry system of examining changes in assistance to industries. All interested parties can give evidence to the Industries Assistance Commission, including evidence on structural adjustment in particular industry sectors.

The National Labour Consultative Council (NLCC), established in 1977, can also look at aspects of structural adjustment. Its function as defined by an Act of Parliament:

".... is to provide, in the public interest, a regular and organised means by which representatives of the Government of the Commonwealth, of employers and employees may consult together on industrial relations matters, and manpower matters, of national concern".

A recent example of NLCC consideration of structural adjustment issues involved a sub-committee of the NLCC which was established, inter alia, to update guidelines concerning notification and consultation by employers when technological change is to occur. The establishment of the sub-committee was a result of the Government's response to the recommendations of the Committee of Inquiry into Technological Change in Australia (CITCA).

The sub-committee's consideration of this matter was suspended in July 1981 pending a Job Security "test case" which has been brought before the Arbitration Commission by the Australian Council of Trade Unions (ACTU). The "test case" is aimed at establishing minimum standards with regard to notice and consultation on introduction of any structural change, period of notice of redundancy and redundancy payments. The "test case" thus constitutes an attempt to develop legally enforceable requirements on industries introducing structural change.
There is no evidence that any measures leading to greater involvement by industry and trade unions in planning for structural adjustment have led to increased barriers to trade or a movement to less visible means of protection.
Q.2 What specific structural features are planned to increase the complementarity of Australia's economy with that of other countries in its region (as recommended in the Crawford Report)? What will be the consequences for commercial policy and the GATT if any?

The Australian Government is not planning specific structural changes in order to increase the complementarity between Australia's economy and that of other countries. Rather these structural changes are taking place by and large in response to market forces (as indicated in the body of the Australian paper on Structural Adjustment presented to this Working Party).

Complementarity is encouraged through the free trade arrangement operated with New Zealand, The Papua New Guinea Trade and Commercial Relations Agreement (which establishes a free trade area) and the South Pacific Regional Trade and Economic Cooperation Agreement. All of these arrangements have been notified to the GATT. In addition, Australia operates a generalised system of tariff preferences which has assisted developing country neighbours of Australia to increase their exports to Australia. This has also contributed to complementary structural change in Australia.

These policies have been notified to the CONTRACTING PARTIES and are subject to regular consultations under the General Agreement. It is notable that these measures have been trade creating rather than trade diverting.
Q. 3 Australian experience with SAA and SANMA appears to illustrate difficulties of facilitating adjustment by compensatory payments. What alternatives, if any, are being used or considered?

The issue of whether an income maintenance scheme for retrenchedes such as the Structural Adjustment Assistance Scheme (SAA) should be re-introduced was examined in the Report of the Study Group on Structural Adjustment (the Crawford Report) in 1979 and the Report of the Committee of Inquiry into Technological Change in Australia (the CITCA Report) in 1980.

The Crawford Report concluded that measures of this type are not desirable because of their negative nature - namely they do not provide an incentive for labour to move back into employment in new industries or occupations - and because of the substantial equity, administrative and effectiveness drawbacks involved in such schemes. The Crawford Report saw the use of active manpower policies as a better means of facilitating structural adjustment.

The CITCA Report on the other hand saw the need for additional income support to be provided to retrenchedes, both to redress the concentration of the costs of change borne by retrenchedes and also to reduce resistance to change.

In its response to the CITCA recommendation in favour of income maintenance the Government noted that temporary income maintenance raises complex and major issues and stated that before taking final decisions on the matter it would seek full consultation with employers and the union movement.
Q.1 It is necessary to look at the degree of commitment in quantitative and qualitative terms made by individual developed countries since 1947. Could Australia consider increasing the number of its tariff bindings in the GATT and adhering to more MTN Codes, in particular the Codes on Technical Barriers to Trade, Government Procurement, Customs Valuation and Anti-dumping?

Australia continues to be prepared to negotiate further tariff bindings in return for reciprocal concessions on products of interest to Australia. We note however the reluctance of other countries to negotiate meaningful concessions on products in which it has a substantial trade interest.

The effect of this is clearly reflected in our bilateral trade balances with countries like the EC, the US and the EFTA countries. The question of equity in respect of action on non-bound tariffs is therefore a matter for reciprocity in trade negotiations.

The Australian Government has accepted the Anti-Dumping Code and the Customs Valuation Code and has announced its intention to accept the Code on Technical Barriers to Trade as soon as a number of technical and administrative matters are resolved. At the conclusion of the MTN, Australia decided not to accept the Government Procurement Code at that time. The Government continues to monitor its position with respect to all the Codes including membership of the Code on Government Procurement.
Q. 2 Could supplementary information be provided on the development of the mining sector and its role in the overall process of adjustment in Australia?

The discovery of extensive new mineral deposits in the 1960s and 1970s, and expanding overseas demand for raw materials (particularly iron ore, coal and bauxite, and particularly from Japan), has resulted in the mining sector's share of GDP increasing from about 2% in the late 1950s to 4.5% at the present time. This is in contrast to trends in most other developed countries. Because of the capital intensive nature of mining, and the increasing adoption of labour-saving techniques over the years, the mining sector's share of employment has remained virtually unchanged at 1% over the same period.

Over 50% of the output of the minerals industry is exported, and exports of minerals now account for a third of Australia's total exports, compared with one-tenth in the 1950s. When this fact is considered together with the fact that 45% of Australia's total export earnings are accounted for by rural commodities, the susceptibility of Australia's trade to fluctuations in commodity prices, overseas agricultural protection policies, and changed purchasing strategies on the part of major raw material importers, is readily understandable.

Although still comprising a small proportion of Australian GDP and employment, the rapid development of the mining sector has caused a number of significant pressures and adjustments in the Australian economy.

Firstly, the fast pace of development, considered against the relatively small size of the Australian economy, has placed considerable strain upon Australia's available financial resources for investment. The relative attractiveness of investment in raw materials extraction (at least when world
prices and buyers' policies are favourable and predictable) has
in the last decade or so drawn financial resources from other
sectors of the economy (as well as from overseas). Investment in
the other sectors has probably been less than it would otherwise
have been. Recently, poor world prices, stagnant international
economic activity and uncertainty surrounding buyers' intentions,
have contributed to a slowing-down of investment in the mining
sector.

Secondly, the fast expansion of the mining sector in some past
years has contributed, from time to time, to increased wage
pressures. These wage rises have been a significant element
behind structural adjustment in the manufacturing sector, with
many labour-intensive firms closing down, or adopting more capital-
intensive techniques of production. Rationalisation
of industry structures has occurred as firms strive for economies
of scale. Adoption of labour-saving techniques has also been
quite rapid in the tertiary industries (finance, commerce, etc.)

Thirdly, in some periods increases in minerals exports of a
substantial magnitude have contributed to appreciations of the
Australian dollar. A leading Australian economist (Dr R.G.
Gregory) has attributed much of the $A appreciations in the early
1970s (1971-74) to the rapid expansion of minerals exports in the
late 1960s and early 1970s. Gregory estimated that the growth in
mineral exports was, from the viewpoint of the import-competing
manufacturing sector, equivalent to the removal of all Australian
tariffs and the introduction of an import subsidy. (Source:
Sector", Australian Journal of Agricultural Economics, August
1976).

Of course, at other times, slowdowns in mineral exports have
contributed to depreciations of the $A, and hence to structural
pressures of a different kind in the manufacturing and rural
sector. However, there is considerable evidence that the $A
revaluations of the early 1970s were the watershed for many of
Australia's more labour-intensive factories*. 
Fourthly, the growth of the Australian minerals industry has spawned growth in the Australian minerals-processing industries. However, overseas policies protecting local processing industries have deprived Australia of realising its full potential in minerals processing, based on its comparative advantage in raw material and energy-intensive industries.

*In research on the economic consequences of development of the mineral sector, the Department of Trade and Resources has estimated that the prospective expansion of the industry may cause the value of the Australian real exchange rate to be 10% - 12% higher by 1990 than would otherwise be the case. This would be because of increases in minerals exports, and because of capital inflows which contribute finance to the mining sector's expansion. That is, further structural adjustment pressures are likely to be exerted upon the manufacturing and rural sectors due to developments in the mining sector. (Source: Department of Trade and Resources, Resource Investment in Prospect and the Balance of Payments - Some Implications for the Economy).
Q. 3 How successful are the measures described in para 22 in encouraging innovation and competitiveness and in promoting the process of structural adjustment? Is there a danger of these measures leading to a return to policies of import replacement?

Para 22 describes the Government's major policy objectives for manufacturing industry, that is, to make industry more "internationally competitive, innovative and export oriented".

Specific measures have been introduced to achieve these objectives. These policy measures are embodied in a broader policy framework designed to assist the Australian economy in adjusting to the prevailing pressure towards change

- by creating an environment in which structural change can take place without undue economic and social disruption.

The Government has acknowledged that technological innovation and the development of new and improved products are fundamental to Australian industry's efficiency and competitiveness

- however, conscious of Australia's historical reliance on overseas industrial technology, and aware that Australian industry is not always price competitive using existing technology, the Australian Government encourages greater effort on industrial research and development to assist Australian industry to gain a sound technological base

- this encouragement is presently in the form of an industrial research and development incentives scheme.

The scheme has been a useful policy instrument since its introduction in 1967 and was recently upgraded and extended for a further five years as from 1 July 1981
while the scheme has in many cases led to the development of individual products or processes which have enjoyed market success, the achievement of the more general objectives of the "development of Australian industry" is more difficult to assess.

The Government recently announced following a review of certain budgetary assistance measures to industry that the Australian Industrial Research and Development Incentives Scheme would continue largely unchanged.

The Government also believes that Australian industry must increase production for exports to fully exploit the benefits of scale economies and overcome the limitations imposed on industry by a small domestic market.

- in 1978 an export development package was introduced which was designed to encourage promotion expenditure and improved export performance.

- the package encompasses a range of export development activities including a system of export incentives and intensive trade promotion, a publicity program in overseas markets across the whole range of Australia's exports, a strengthening of the Trade Commissioner Service to improve operational effectiveness in key markets, and the establishment of the Australian Overseas Projects Corporation to support exporters, contractors and consultants in developmental projects abroad.

The Industries Assistance Commission (IAC) has recently completed a review of the existing export incentive schemes. Following consideration of this report the Government has decided to allow the Export Expansion Grants (EEG) scheme to lapse from 30 June 1983 and to upgrade and extend the Export Market Development Grants (EMDG) scheme until 30 June 1988.
In addition measures have been introduced to encourage increased investment and replacement of outdated capital equipment

- these include the investment allowance and accelerated depreciation for plant.

Many factors influence the rate of investment and it is difficult to assess the extent to which provision of the allowance and the associated lowering of the relevant cost of capital has contributed to higher investment

- similarly it is a complex matter to determine whether existing measures constitute a fair depreciation regime and one that is adequate to encourage firms across the broad range of industries to undertake the level of capital investment necessary for strong balanced growth.

The reference to the IAC on budgetary assistance measures last year required the Commission to provide advice on the effectiveness of such measures and whether any changes, redirections or alternative means, including improvements in depreciation provisions and the investment allowance, would be more effective.

Following detailed consideration of the IAC Report on this matter recently, the Government decided to improve significantly the depreciation provisions provided to industry, in particular

- accelerated depreciation over either 5 or 3 years
- new non-residential income-producing buildings and structures depreciable at an annual rate of 2½%.
- retention of the investment allowance
- improved depreciation provisions for the primary and mining sectors.

The Government's industrial development measures are aimed at encouraging those activities that are more suited to our economic environment and have the best prospects for expansion without the need for excessive support from the community in the long term. Import replacement is also subject to these considerations.

Structural change has also been promoted by a deliberate reduction in the levels of assistance provided to certain industries which receive relatively high protection. Several methods have been used to achieve this, such as an across the board 25% cut in tariffs. The tariff review program which examined, over a 10 year period, assistance provided to a wide range of industries, together with individual IAC industry reviews have also contributed substantially to structural adjustment. This is shown through two measures both of which include all forms of assistance (including tariffs, quotas and bounties). The first is the nominal rate of assistance which refers to the assistance provided to an activity's output and is expressed as a percentage of the value of output. Between 1968-69 and 1980-81 the average nominal rate of assistance to the manufacturing sector was reduced from 24% to 14% a reduction of 42%. There was a similar reduction in the second measure, the average effective rate of assistance from 36% to 24%. The effective rate of assistance is a net measure of assistance to an activity, taking into account assistance measures affecting both inputs and outputs, and is expressed as a proportion of value added.

The combination of these measures and gradual reductions in protection represent an irreversible shift from import replacement policies per se.
Q. 4 How can preferences granted by State Governments to producers in their own state (described in paras 49 and 50) be reconciled with a positive structural adjustment policy?

Under the Australian Federal system of Government, the Commonwealth does not have the constitutional power to compel State Governments to abandon their purchasing preference schemes. State Government schemes however, do not have a major quantitative impact and are unlikely to impede structural adjustment.

Nevertheless there have been steps taken in the context of Commonwealth and State Industry Ministers and officials meeting to secure State Government agreement to abandon their preference schemes. Some progress has been made and two States (Victoria and South Australia) have agreed to drop purchasing preferences against each other.
Question 5

Is it possible to quantify or to give more indications concerning the influence, in the area of structural adjustment, of the states in Australia, as opposed to the Federal Government (reference: para 19, page 5)?

We are not aware of any published report which specifically deals with the role of State Governments in structural adjustment of the rural sector. Nevertheless, State Governments have Constitutional responsibility for a variety of functions in agriculture, e.g. extension services, general education, substantial research activities, soil and water conservation services, etc.
EEC (Supplementary Question)

"Market is the main indicator of consumers' requirements and the economy's ability to satisfy those requirements".

How does this square with a publicly stated policy of retaining 80% of the domestic car market for domestic producers? 45% + 12½% after 82, within quota. (Outside quota - '85 '86 '87 - 150% - 125% 1992). Use of Article XIX for 6 and 7 years - footwear, cars?

The market mechanism, operating through the decisions of consumers and of public and private enterprises is the principal determinant of the allocation of resources within the Australian economy. The Government, however, recognises that a few industries which are significant in terms of employment and with important inter-relationships with the rest of the economy may, from time to time, require special support measures to alleviate particular problems and to insulate them from the full force of the market while desirable structural adjustments are made. This is the case with the motor vehicle and textile, clothing and footwear industries.

The sectoral policies adopted by the Australian Government have been designed to maintain pressure for adjustment by gradually reducing the level of protection and increasing market access to imports at pre-determined rates.
Q.1 Does Australia believe the dependence on foreign markets for agricultural products leads to the policies of trading partners having a great influence on domestic structural adjustment?

The domestic policies of many of Australia's trading partners have shaped international trade in agriculture. The organization of markets, price support schemes, domestic and export subsidies, high levels of production and non-tariff barriers in other countries have had an adverse effect on efficient, export-oriented Australian producers. Much of the structural adjustment which has taken place in the Australian agricultural sector has been made necessary by these policies which have flourished in the absence of equitable GATT rules on trade in agriculture. For example the U.S. Section 22 waiver has adversely affected the development of the Australian dairy industry, as have the production and export subsidies of the EC. Other products adversely affected by the EC system of subsidies include wheat, sugar, meat, canned and dried vine fruit. Refer also to Question I asked by N.Z.
Q.2 Can the Australian delegation quantify the effects on its economy of policies followed by other countries?

It would not be possible to quantify precisely the total effect on Australia's economy of policies followed by other countries. However, the impact of other countries policies is documented for some sectors of the Australian economy. The Australian Bureau of Agricultural Economics has estimated, for example, that the European Community's sugar subsidy system has cost the Australian sugar industry some $US83 million to $US131 million a year. The impact on the Australian dairy industry of policies adopted abroad is documented in paragraph 7 of Australia's submission. The dominance of agricultural products in the composition of Australia's exports and the predominance of barriers to agricultural trade suggest that the effect of other countries policies on the Australian economy is significant.
HUNGARY

Q.3 The Australian submission states that international trade in agricultural products is significantly influenced by the organization of markets, national support schemes and high levels of production. Can the Australian delegation elaborate what it means by high levels of production?

High levels of production, in this context, refers to a level of production which as a result of support schemes is considerably higher than that which would exist if production decisions were based on prices determined by open markets.
Concerning trade restraints especially in the field of agriculture:

(a) How does Australia determine the way to adjust in the light of these restraints?

(b) Which factors are taken into account in order to minimise their damage?

Australian agricultural industries have historically had to cope with both short-term fluctuations and major long-term changes in market conditions, largely reflecting their heavy dependence on overseas markets. A major factor has been the need to develop new export markets to replace former traditional markets in the United Kingdom (UK) and other European countries, particularly following the formation and enlargement of the European Economic Community (EEC) and the application of its Common Agricultural Policy. In this climate many industries have faced quite severe international trading constraints.

**Dairy Industry**

The industry in Australia at both the producer and processor levels has contracted substantially in size over the last ten years (see table below) as a direct reaction to trading constraints, mainly from the EEC. The accession of the UK to the EEC from the beginning of 1973 resulted in a total suspension of exports of Australian dairy products to that market. This market collapse coincided to some extent with a general downturn in the world market for dairy products, particularly skim milk powder, and created the conditions for rationalisation and restructuring of the Australian industry during the seventies. Rationalisation and restructuring occurred through a variety of means; the industry concentrated operations in the more 'climatically suitable' south-east regions (Victoria), remaining dairy farmers in the other States concentrated on supplying liquid milk locally, the total numbers of both dairy farms and processing establishments declined (through amalgamations etc.), and there was emphasis on overseas market diversification (Japan, Middle East, South-East Asia) and negotiation of long-term contracts.
CHANGES IN THE AUSTRALIAN DAIRY INDUSTRY: 1970-71 TO 1980-81

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<th>1970-71</th>
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<td>Milk Output (ML)</td>
<td>7249</td>
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<td>Cow Numbers ('000)</td>
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<td>Dairy Factory Numbers</td>
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</table>

(a) Not strictly comparable with earlier figure which includes on-farm use of milk.

Sugar Industry

For many years Australian sugar was sold in two markets (the UK and the United States) under special arrangements which ensured security of sales and relatively stable prices. Following accession of the UK to the EEC the Australian industry negotiated long-term contracts with other established overseas buyers (in excess of 50% of Australian export sugar is now marketed under these arrangements) as well as maintaining the US as an important outlet. Since 1970 the Australian industry has had a good deal of success in terms of market diversification but it has now come under considerable pressure from the EEC following rapid increases in Community export sugar subsidies (and consequent larger volumes of subsidised exports onto the world free market) in the post-1975 period. Another form of constraint accepted by Australian industry is the regulation of world sugar supply as determined by the International Sugar Agreement (ISA). The mechanism of control involves the manipulation of export quotas and special stocks, thus placing the main burden on exporting countries such as Australia. The most important restraint on the effective operation of the ISA is the fact that the EEC is not a member and can, therefore, continue to place surplus sugar on the world market.
Meat Industry

Australian meat exports are highly dependent on developments in countries of the Pacific basin, in particular the USA and Japan. The present uncertainty of these markets and the relative stability of the wheat and wool industries is expected to result in some degree of diversification. Another important developing market is the Middle East although competition from subsidised EEC beef may limit opportunities. The Australian Government is responsible for negotiating bilateral trade agreements which may assist in gaining access for Australian exporters in the face of trade constraints. Furthermore, bilateral settlements in the context of the MTN have also given the Australian industry additional guarantees in supplying beef and veal to the markets of USA, Japan, EEC and Canada. More recently, the Australian Government has agreed to strengthen the powers of the Australian Meat and Livestock Corporation (AMLC) with regard to trading in meat. The new legislation will permit the AMLC, subject to Ministerial approval, to be the sole trader or restrict the number of licensed exporters where there is a single buyer which controls all or substantially all of the imports into a country. The new legislation has yet to come into effect.

Dried Fruit

The EEC has been the destination for about 40% of Australian dried fruit exports for many years but this market is now presenting serious problems, following Greece's accession in 1981. Because of an oversupply of dried fruit now existing within Greece arising from EC's subsidies and marketing policies there is concern within the industry in Australia that the proposed 'EEC' sales onto world markets may seriously affect Australian markets.

Canned Peaches and Pears

Production subsidies introduced recently by the EEC for its canned peach industry (1978) and canned pear industry (1979) have encouraged substantial increases in output in Italy and more recently Greece,
and severely depressed Australian export prospects in traditional markets (UK and Federal Republic of Germany). As a consequence the Australian industry has been forced to reduce both production and the prices paid to growers. There has also been a major rationalisation of the associated processing industries. In Victoria the number of canning outlets has been reduced from three to two and canneries in South Australia and New South Wales are facing operating difficulties due to reduced throughput.

Following the release of an Industries Assistance Commission report on the Canning Fruit industry, the Australian Government announced in January 1983 a number of measures intended to facilitate the continuing process of structural adjustment in the canning fruit industry in response declining export opportunities.
NEW ZEALAND

Q. 2 Do the Australian authorities have a clear picture of how investment, employment, inflation and purchasing power are quantitatively affected by the trading conditions faced by Australia?

Levels of investment, employment, inflation and purchasing power in Australia are, of course, affected by the trading conditions we face. While in some cases the effects of trading conditions on those indicators will be clear, in most cases it will not be possible to give a meaningful quantitative estimate of the effects of a particular change in trading conditions. Due to the large number and complexity of the factors involved it will often be only possible for a qualitative assessment of such changes to be made.

What is clear is that the trading policies of foreign countries particularly those relating to tariff and other barriers to trade, can stave off structural adjustment in their own country but force it upon another. The effects of such trading policies are therefore reflected in the investment, employment, inflation and purchasing power of the affected country.
NEW ZEALAND

Q.3 What percentage of total Australian GNP is accounted for by external trade?

The ratio of exports of goods and services to Australia's Gross Domestic Product is of the order of 16%-19% (16% in 1978/79, 19% in 1979/80, 16.6% in 1980/81). Rural exports account for around 45% of total merchandise export earnings, fuels and minerals for around one-third, and manufactures for about 20%. (Merchandise exports accounted for 85.3% of exports of goods and services in 1980/81).

Imports of goods and services were equivalent to 17.3% of GDP in 1978/79, 18.4% in 1979/80, and 18.5% in 1980/81. A large proportion of Australia's merchandise imports comprise capital goods and other manufactures. 'Food and beverages' account for about 4-5% of merchandise imports; 'fuels and lubricants' for around 14%; 'capital goods' for around 25%; 'industrial supplies', 28%; 'transport equipment', 13%; and 'consumer goods', 15%. (Merchandise imports accounted for 75.9% of imports of goods and services in 1980-81).
NEW ZEALAND

Q.4 Has Australia encountered trading problems as a result of rigidities elsewhere in the world economy?

Rigidities in the world economy impede the free flow of goods and services. Rigidities are particularly prominent in world agricultural trade and they have caused serious, long-standing trading problems for Australia.

Refer to Question 1 asked by Hungary and N.Z.
### QUESTION NO 5(i): FROM NEW ZEALAND: AGRICULTURAL EMPLOYMENT

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<tr>
<th>YEAR</th>
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<th>Share of Total (%)</th>
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(a) At August: from 1978 the basis of estimation was changed and may have affected the level of the series.

Source: The Labour Force, ABS 6203.0, 6204.0
QUESTION NO 5(ii) FROM NEW ZEALAND: CAPITAL FORMATION

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<td>8465</td>
<td>15.8</td>
</tr>
<tr>
<td>79-80</td>
<td>na</td>
<td>9035</td>
<td>na</td>
</tr>
<tr>
<td>80-81</td>
<td>na</td>
<td>11576</td>
<td>na</td>
</tr>
</tbody>
</table>

Source: Australian National Accounts, National Income and Expenditure, ABS 5204.0
### QUESTION NO 5(iii) FROM NEW ZEALAND: OUTPUT PER UNIT OF LABOUR

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Farm Product at Market Prices (GFP) ($ million)</th>
<th>Gross Value of Farm Production GVP ($ million)</th>
<th>Total Employed Persons in Agriculture and Services to Agriculture (a) ('000)</th>
<th>GFP per Employed Person ($)</th>
<th>GVP per Employed Person ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>2137</td>
<td>3730</td>
<td>398.7</td>
<td>5360</td>
<td>9355</td>
</tr>
<tr>
<td>70-71</td>
<td>1943</td>
<td>3580</td>
<td>413.3</td>
<td>4701</td>
<td>8662</td>
</tr>
<tr>
<td>71-72</td>
<td>2217</td>
<td>3968</td>
<td>390.1</td>
<td>5683</td>
<td>10172</td>
</tr>
<tr>
<td>72-73</td>
<td>3085</td>
<td>4957</td>
<td>421.8</td>
<td>7314</td>
<td>11752</td>
</tr>
<tr>
<td>73-74</td>
<td>4200</td>
<td>6412</td>
<td>401.5</td>
<td>10461</td>
<td>15970</td>
</tr>
<tr>
<td>74-75</td>
<td>3724</td>
<td>5876</td>
<td>383.1</td>
<td>9721</td>
<td>15338</td>
</tr>
<tr>
<td>75-76</td>
<td>3765</td>
<td>6173</td>
<td>380.3</td>
<td>9900</td>
<td>16232</td>
</tr>
<tr>
<td>76-77</td>
<td>4191</td>
<td>6757</td>
<td>370.5</td>
<td>11312</td>
<td>18238</td>
</tr>
<tr>
<td>77-78</td>
<td>3933</td>
<td>6972</td>
<td>383.3</td>
<td>10261</td>
<td>18189</td>
</tr>
<tr>
<td>78-79</td>
<td>6490</td>
<td>10225</td>
<td>353.0</td>
<td>18385</td>
<td>28966</td>
</tr>
<tr>
<td>79-80</td>
<td>7442</td>
<td>11764</td>
<td>375.7</td>
<td>19808</td>
<td>31312</td>
</tr>
<tr>
<td>80-81</td>
<td>7123</td>
<td>11610</td>
<td>378.3</td>
<td>18829</td>
<td>30690</td>
</tr>
<tr>
<td>81-82</td>
<td>7412</td>
<td>12420</td>
<td>384.7</td>
<td>19267</td>
<td>32285</td>
</tr>
</tbody>
</table>

(a) At August; from 1978 the basis of estimation was changed and may have affected the level of the series.

Source: Australian National Accounts, National Income and Expenditure, ABS 5204.0
The Labour Force, ABS 6203.0, 6204.0
**QUESTION NO 5(iv) FROM NEW ZEALAND: AGRICULTURAL EXPORTS**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Total Exports of Merchandise ($ million)</th>
<th>Principal Exports of Rural Origin - Value ($ million)</th>
<th>Share of Total Merchandise (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>3998</td>
<td>2061</td>
<td>51.6</td>
</tr>
<tr>
<td>70-71</td>
<td>4242</td>
<td>2075</td>
<td>48.9</td>
</tr>
<tr>
<td>71-72</td>
<td>4773</td>
<td>2362</td>
<td>49.5</td>
</tr>
<tr>
<td>72-73</td>
<td>6073</td>
<td>3200</td>
<td>52.7</td>
</tr>
<tr>
<td>73-74</td>
<td>6758</td>
<td>3427</td>
<td>50.7</td>
</tr>
<tr>
<td>74-75</td>
<td>8541</td>
<td>3780</td>
<td>44.3</td>
</tr>
<tr>
<td>75-76</td>
<td>9399</td>
<td>4119</td>
<td>43.8</td>
</tr>
<tr>
<td>76-77</td>
<td>11489</td>
<td>5057</td>
<td>44.0</td>
</tr>
<tr>
<td>77-78</td>
<td>12050</td>
<td>4960</td>
<td>41.2</td>
</tr>
<tr>
<td>78-79</td>
<td>14073</td>
<td>5717</td>
<td>40.6</td>
</tr>
<tr>
<td>79-80</td>
<td>18604</td>
<td>8054</td>
<td>43.3</td>
</tr>
<tr>
<td>80-81</td>
<td>18949</td>
<td>8072</td>
<td>42.6</td>
</tr>
<tr>
<td>81-82</td>
<td>19306 (p)</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Source: Overseas Trade Australia, Part 2. Comparative and Summary Tables. ABS 5410.0

(p) preliminary
### QUESTION NO 5(v) FROM NEW ZEALAND: CAPITAL/LABOUR INPUTS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Depreciation of Farm Capital (excludes land) ($ million)</th>
<th>Wages, Salaries and Supplements (WSS) Paid to Farm Sector ($ million)</th>
<th>Depreciation/WSS Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>445</td>
<td>364</td>
<td>1.22</td>
</tr>
<tr>
<td>70-71</td>
<td>417</td>
<td>374</td>
<td>1.11</td>
</tr>
<tr>
<td>71-72</td>
<td>417</td>
<td>366</td>
<td>1.14</td>
</tr>
<tr>
<td>72-73</td>
<td>441</td>
<td>404</td>
<td>1.09</td>
</tr>
<tr>
<td>73-74</td>
<td>418</td>
<td>512</td>
<td>0.82</td>
</tr>
<tr>
<td>74-75</td>
<td>472</td>
<td>607</td>
<td>0.78</td>
</tr>
<tr>
<td>75-76</td>
<td>518</td>
<td>659</td>
<td>0.79</td>
</tr>
<tr>
<td>76-77</td>
<td>616</td>
<td>644</td>
<td>0.96</td>
</tr>
<tr>
<td>77-78</td>
<td>626</td>
<td>713</td>
<td>0.88</td>
</tr>
<tr>
<td>78-79</td>
<td>725</td>
<td>777</td>
<td>0.93</td>
</tr>
<tr>
<td>79-80</td>
<td>799</td>
<td>863</td>
<td>0.93</td>
</tr>
<tr>
<td>80-81</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>81-82</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

**Source:** Australian National Account, National Income and Expenditure, ABS 5204.0
Q. 1 Are the four industrial sector policies mentioned in the Australian contribution the only sectoral policies in the industrial field?

Four industries have had sectoral policies applied to them.

At present only two industries are subject to sectoral policies

- the textile, clothing and footwear industries and
  the passenger motor vehicle industry.

The whitegoods industry and shipbuilding which were previously subject to sectoral policies are no longer considered to be in this category. In both cases significant adjustment has occurred resulting in a rationalisation of production facilities and an improvement in industry efficiency and competitiveness.
Q. 2 With reference to "nominal assistance" in para 35, could Australia provide information on the percentage of that assistance provided by tariffs as opposed to other forms of assistance?

Paragraph 35 referred to an average nominal rate of assistance to the manufacturing sector of 15 per cent in 1978/79. The Industries Assistance Commission (IAC) has estimated that the average nominal rate of assistance was 15 per cent in each of the years from 1977/78 to 1980/81 inclusive.

In its Information Paper No. 1 (Trends in the Structure of Assistance to Manufacturing, May 1980), the IAC estimated that in the absence of quotas, the average nominal rate of assistance for the sector would have been about two percentage points lower than the 15% recorded in 1977-78. The IAC found that less than 1 per cent of manufacturing production in 1977-78 was affected by subsidies, and that the value of direct subsidies was almost insignificant compared with subsidy equivalents of tariffs and quotas. Furthermore, export incentives contributed 0.4 percentage points to the overall nominal rate of assistance in 1977-78 (Source: IAC, Annual Report, 1978/79, pp. 80-81)

The analysis indicates that tariffs accounted for about 12.5/15ths of the total nominal assistance to the manufacturing sector in 1977/78; i.e. about 83%. It is unlikely that this ratio has changed markedly since 1977/78.
USA

Q. 3 How does Australia respond to increased international competition in any given line of industry? While Australia notifies measures under Article XIX, it may be that due to the very low percentage of bound tariffs in Australia, that many measures are never notified to contracting parties as they affect unbound rates.

The Australian system of setting tariff rates and determining industry assistance levels is very open. Before the level of assistance to any primary or secondary industry can be changed the Government generally must first refer the matter to either the Industries Assistance Commission (IAC) or the Temporary Assistance Authority (TAA) for report - the IAC on long term industry assistance matters and the TAA on urgent temporary assistance needs.

Approaches by industry for a reference to either the IAC or TAA are made in the first place to the relevant Commonwealth industry department, such as the Department of Industry and Commerce in the case of manufacturing industries and the Department of Primary Industry in the case of rural industries.

Both the IAC and TAA provide independent advice to the Government on the nature and extent of assistance to be given to Australian industries. Both bodies are established by and operate under the IAC Act which requires that they hold inquiries in public, with interested parties, including local producers, importers, consumers and unions, being invited to submit evidence.

The Government is not bound to accept the recommendations made by the IAC and TAA, although in practice it usually does.

With reference to the issue of bindings, see the answer to question on bindings asked by the EC.

Further, it is noted that the trend in decisions on industry assistance levels has resulted in a significant reduction in these levels in
This situation is in marked contrast to that in many of Australia's trading partners where the trend is to apply automatic safeguard measures, such as variable levies, or a range of non-tariff measures, including voluntary export restraints, and subsidies, which are often not notified under Article XIX.
Q. 4 How have the trade flows correlated with trends in nominal assistance mentioned in Table 1.1 of the Australian submission?

The table below provides the real value of Australian imports (which are predominantly manufactures) over the 1968/69 to 1980/81 period.

### AUSTRALIAN IMPORTS OF MERCHANDISE

<table>
<thead>
<tr>
<th>1974-75 $A Million</th>
<th>PRICES ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968/69</td>
<td>6,081</td>
</tr>
<tr>
<td>1969/70</td>
<td>6,552</td>
</tr>
<tr>
<td>1970/71</td>
<td>6,453</td>
</tr>
<tr>
<td>1971/72</td>
<td>5,922</td>
</tr>
<tr>
<td>1972/73</td>
<td>6,032</td>
</tr>
<tr>
<td>1973/74</td>
<td>7,879</td>
</tr>
<tr>
<td>1974/75</td>
<td>7,964</td>
</tr>
<tr>
<td>1975/76</td>
<td>7,326</td>
</tr>
<tr>
<td>1976/77</td>
<td>8,186</td>
</tr>
<tr>
<td>1977/78</td>
<td>7,732</td>
</tr>
<tr>
<td>1978/79</td>
<td>8,615</td>
</tr>
<tr>
<td>1979/80</td>
<td>8,560</td>
</tr>
<tr>
<td>1980/81</td>
<td>9,303</td>
</tr>
</tbody>
</table>


Table 1.1 of the Australian submission indicates that the overall nominal rate of assistance to the manufacturing sector experienced a significant decline over the same period (and Table 1.2 indicates that such a decline also occurred in effective rates). The fact that real imports experienced "ups and downs" over the same period is evidence of the fact that the level of imports is influenced not only by rates of assistance to domestic industries, but also by such factors as changes in the exchange rate, changes in overall economic activity, and changes in
activity in particular sectors of the economy. For example, it has been estimated that:

"Over the two years 1973 and 1974 the rapid rise in gross national expenditure, appreciations of the Australian exchange rate and shortages of Australian supplies contributed in equal proportions to the increase in total and dutiable imports. The 25 per cent tariff cut (the general tariff reduction of 19 July 1973) was of minor importance". "Over the 18 months from 19 July 1973 to December 1974 exchange rate changes have had a much greater effect on the flow of total imports than the general reduction of tariffs. In terms of their effects on the total import flow, the exchange rate changes were approximately four times more important than the general tariff reduction" (Source: R.G. Gregory and L.D. Martin, "An Analysis of Relationships Between Import Flows to Australia and Recent Exchange Rate and Tariff Changes", Economic Record, March 1976).

The IAC has estimated that the 1973 general tariff reduction was equivalent to a revaluation of 6% (IAC, Annual Report, 1973/74, p. 127).

As another example, there occurred a marked downturn in real merchandise imports between the September quarter of 1974 and the June quarter of 1975, which probably can be attributed significantly to the 12% devaluation of the Australian dollar in September 1974. Economic activity in Australia was only moderate in that period with real GDP increasing by 1.6% in the 1974/75 financial year (year ending 30 June 1975). This sluggish activity would have contributed to the downturn in imports.

The Australian currency depreciated further over the 1975 to 1977 period, which would have contributed to the downturn in real merchandise imports in 1975/76 and 1977/78. Economic activity was moderate from 1975/76 to 1977/78, particularly in 1977/78 when real GDP increased by 0.8%. This moderate activity would have impacted upon import levels.

Real imports have increased strongly since 1978/79. A number of factors would have contributed to this trend, including:
Quite strong real consumption and GDP growth in this period;

Overall appreciation of the Australian dollar between June 1979 and June 1981;

Strong investment in the minerals sector, contributing to a surge in imports of capital equipment.

Table 1.1 of the Australian submission provides figures on nominal rates of assistance over the 1968/69 to 1980/81 period for ASIC industry groups. The IAC has estimated that between 1968/69 and 1977/78, imports as a proportion of total market supplies increased in each of the industry groups, except ASIC Industry 26 (Paper, paper products, etc). The IAC's results are summarised in the table below. (More recent figures on import penetration are not available).

<table>
<thead>
<tr>
<th>Industry Code</th>
<th>Description</th>
<th>1968/69</th>
<th>1973/74</th>
<th>1977/78</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-22</td>
<td>Food, beverages and tobacco</td>
<td>4.8</td>
<td>6.1</td>
<td>7.7</td>
</tr>
<tr>
<td>23</td>
<td>Textiles</td>
<td>32.8</td>
<td>40.3</td>
<td>40.3</td>
</tr>
<tr>
<td>24</td>
<td>Clothing and Footwear</td>
<td>7.3</td>
<td>17.0</td>
<td>22.8</td>
</tr>
<tr>
<td>25</td>
<td>Wood, wood products and furniture</td>
<td>8.1</td>
<td>10.7</td>
<td>10.9</td>
</tr>
<tr>
<td>26</td>
<td>Paper, paper products, etc</td>
<td>17.1</td>
<td>16.3</td>
<td>17.0</td>
</tr>
<tr>
<td>27</td>
<td>Chemical, petroleum &amp; coal products</td>
<td>24.8</td>
<td>28.4</td>
<td>33.2</td>
</tr>
<tr>
<td>28</td>
<td>Non-metallic mineral products</td>
<td>9.0</td>
<td>9.3</td>
<td>10.4</td>
</tr>
<tr>
<td>29</td>
<td>Basic metal products</td>
<td>7.7</td>
<td>9.2</td>
<td>8.2</td>
</tr>
<tr>
<td>31</td>
<td>Fabricated metal products</td>
<td>8.7</td>
<td>8.4</td>
<td>11.3</td>
</tr>
<tr>
<td>32</td>
<td>Transport equipment</td>
<td>28.2</td>
<td>29.3</td>
<td>30.3</td>
</tr>
<tr>
<td>33</td>
<td>Other machinery &amp; equipment</td>
<td>33.1</td>
<td>35.1</td>
<td>45.4</td>
</tr>
<tr>
<td>34</td>
<td>Miscellaneous manufacturing</td>
<td>20.7</td>
<td>23.0</td>
<td>27.0</td>
</tr>
<tr>
<td></td>
<td>Total Manufacturing</td>
<td>17.6</td>
<td>19.5</td>
<td>22.9</td>
</tr>
</tbody>
</table>

Source: IAC, Information Paper No. 1 op.cit page 118
These figures indicate that import penetration increased quite strongly in most industry groups, including those which experienced increases in their nominal rates of assistance over this period (ASIC industries 23 (Textiles) and 24 (Clothing and Footwear)).
Q. 5 With respect to para 41 (which refers to EEG and EMDG schemes) what are the costs and the effects on structural adjustment?

Expenditures under the Export Market Development Grants (EMDG) Scheme and Export Expansion Grants (EEG) scheme have been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>EMDG Scheme $A million</th>
<th>EEG Scheme $A million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-76</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>1976-77</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>1977-78</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>1978-79</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td>1979-80</td>
<td>45</td>
<td>170</td>
</tr>
<tr>
<td>1980-81</td>
<td>60</td>
<td>200</td>
</tr>
<tr>
<td>1981-82 (Budget provision)</td>
<td>84</td>
<td>197</td>
</tr>
</tbody>
</table>

Source: IAC Report, Export Incentives, 28 February 1982; Budget Speech, 1981-82

Following an inquiry by the IAC, the Australian Government recently decided to strengthen the EMDG scheme, involving an estimated additional expenditure of $A36 million in 1982/83. The EEG scheme is to be wound down, and will lapse on 30 June 1983.

The IAC estimated that the two export incentive schemes contributed 0.4 percentage points to the nominal rate of assistance to the manufacturing sector in 1977-78 (15%), and 1 percentage point to the effective rate (26%).* (Source: IAC, Annual Report, 1978/79, pp. 80-81). Export incentive payments for goods exported in 1978/79 were about $A100 million higher than in the previous year; the IAC estimates that this increased the effective rate of assistance to the manufacturing sector by 0.25 percentage points. Later estimates of the schemes' impact
upon assistance rates are not available. These measures indicate that the EMDG and EEG schemes would have had only a marginal impact upon structural adjustment in the manufacturing sector.

However, the two schemes were implemented in response to the Government's commitment, increasingly recognised in the second half of the 1970s (and made official policy in the 1977 White Paper on Manufacturing Industry), to encourage a more outward-looking manufacturing industry (one in which the concept of import replacement of the 1950s and 1960s was no longer a part of policy). As the White Paper stated, the Government "endorses the view that it is desirable to give encouragement to new investment that will be efficient, internationally competitive and export-oriented". The White Paper also stated that "as a long-term objective the community will be best served by a manufacturing structure which requires minimum levels of Government support".

As discussed in the original Australian submission, overall Australian assistance rates have fallen substantially over the last decade or so.

Since 1977/78, Australian exports of specialised manufactures have increased quite strongly, partly in response, it is believed, to the EMDG and EEG schemes. However, other factors have also played a role - it is difficult to isolate the various influences on manufactured exports performance.

* The first EEG payments were made in 1978-79, but related to increases in exports achieved during 1977-78.
Q. 6 Are industries for which sectoral policies are in operation required to submit plans for structural adaption in order to obtain assistance?

The Australian Government does not require industries operating under sectoral policies to submit restructuring plans to the Government or prove that they are restructuring in order to receive assistance. The sectoral policies adopted by the Government have been designed to maintain pressure for adjustment on these industries by gradually reducing the level of protection and increasing market access to imports.
Q. 7 Could Australia provide an estimate of the cost and expenditure involved in structural adjustment policies?

The Australian Government no longer provides structural adjustment assistance to the manufacturing sector. Between 1974 and 1976 the Australian Government had two structural adjustment assistance programs viz:

- the Structural Adjustment Assistance (SAA) Program,
and

- the Special Assistance to Non-Metropolitan Areas (SANMA) Program.

Payments to firms and individuals under these programs totalled $65.7 million ($60.6 under SAA and $5.1 under SANMA).

Assistance to the rural sector is detailed in the table "Progress of Rural Adjustment Assistance Schemes up to 30 June 1981" in Appendix B of Australia's submission.
Q 8. What have been the circumstances and basis on which Australia's Industries Assistance Commission (IAC) has decided to support the four industries mentioned in para. 13, as well as the agricultural products listed in para 20?

The I.A.C. has since its inception reported on the following matters. The basis of the various recommendations made by the Commission on these reports have varied with the circumstances of the industry concerned.

Copies of these reports may be obtained directly from the Commission.

Commodities

Almonds - TAA Report (30 September 1981)
Almonds - By-law (7 February 1975)
Apples and Pears (28 March 1980)
Australian Citrus Industry (2 June 1978)
Beef Cattle Industry (30 September 1975)
Brandy and Whisky - Interim Report (30 November 1977)
Short Term Assistance to Brandy (26 June 1978)
Short Term Assistance to Canned Ham (2 February 1981)
Canning Fruit - Interim Report (25 March 1982)
Cheese (15 March 1979)
Dairy Industry (23 October 1975)
Dairy Industry Marketing Arrangements (9 September 1976)
Fisheries and Fish Processing Industry (20 September 1978)
Fruit and Fruit Products (24 August 1981)
Ginger and Ginger Products (15 June 1981)
Grapes and Wine (31 July 1979)
Manufactured Tobacco (23 January 1981)
Mushrooms - TAA Report (5 April 1974)
Mushrooms (16 December 1974)
Mushrooms - NAFTA (15 November 1977)
Australian Olive Industry (3 December 1976)
Orange Juice Imports - TAA Report (15 July 1976)
Orange Juice (Australian Citrus Industry) Interim Report (28 February 1977)
Orange Juice (Australian Citrus Industry) Further Interim Report (23 May 1978)
Plywood - TAA Report (28 July 1976)
Plywood and Veneer - Interim Report (10 March 1977)
Polyunsaturated Margarine (2 December 1981)
Potatoes and Processed Potato Products (17 June 1977)
The Sugar Industry (31 March 1979)
Spirits, Spirituous Beverages Etc (8 June 1979)
Timber and Timber Products and Plywood and Veneer (12 May 1978)
Tomatoes, Tomato Paste, etc - By-law (13 November 1974)
Vegetable Oils and Fats: Animal Oils and Fats, etc (27 October 1978)
Wheat Stabilization (30 June 1978)

General
Bovine Brucellos and Tuberculosis Eradication Campaign
(28 January 1982)
Brucellosis and Tuberculosis (10 April 1975)
Financing Promotion of Rural Products - Interim Report on Export
Inspection (12 December 1975)
Financing Promotion of Rural Products - Final Report (30 August 1976)
Financing Rural Research (25 June 1976)
Fruit growing - Interim Report (30 October 1975)
Fruit growing - Final Report (16 January 1976)
Miscellaneous Edible Foodstuffs (7 September 1981)
New Land Farms in WA (21 May 1975)
Nitrogenous Fertilizers Subsidy (5 September 1975)
Phosphatic Fertilizers Bounty - Interim Report (31 July 1975)
Phosphatic and Nitrogenous Fertilizers (26 February 1982)
Rural Income Fluctuations - Certain Taxation Measures (30 June 1975)
Rural Income Fluctuations (10 February 1978)
Rural Reconstruction (13 January 1976)
Para 13 notes that Australian adjustment support in the industrial sector has generally taken the form of import restraints; support in the rural sector (see paras 19-31 on pages 31-34) has only been in the form of orderly marketing schemes and price stabilization arrangements.

Have any import restraint actions in the agricultural (or rural) sector taken place under the former Australian Rural Reconstruction Scheme (RRS) on the current Rural Adjustment Scheme (RAS)?

No import restraints in the rural sector had taken place either under the former Rural Reconstruction Scheme or the present Rural Adjustment Scheme. Neither Scheme provides for such intervention.

Briefly the main provisions of the Rural Adjustment Scheme (which are very similar to those under the Rural Reconstruction Scheme) are to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved; to provide carry-on assistance to farm enterprises in rural industries which are suffering short term difficulties and to facilitate the adjustment out of farming of those without prospects of achieving long term viability. Assistance is only available to bona fide farmers who have sound prospects to maintain viability but are unable to obtain finance on reasonable terms from any other normal source. Those who do not have sound prospects and will suffer personal or family hardship if not assisted qualify for assistance to adjust out of farming.

Assistance under the Scheme is provided in the form of: debt-reconstruction to allow more time for payment and reduction in interest charges; farm build-up to encourage amalgamation of small properties; farm-improvement and carry-on finance. For non-viable producers assistance is provided for rehabilitation purposes. Household support is also provided whilst farmer is considering leaving farming to enter another occupation.
Question 10

What was the nature of the "short-term emergency relief" recommended by the IAC in para. 41 on page 36?

The short term emergency relief recommended by the I.A.C. and mentioned in para 41 of our paper entitled Agricultural Adjustment in Australia relates to carry-on finance.

The carry-on finance provisions of the Rural Adjustment Scheme enable loans to be made for essential carry-on purposes in times of severe market down turn or similar situation in those rural industries that the Commonwealth and States agree from time to time require such assistance. It is designed to ensure that farmers are not forced to make inappropriate adjustments which may not be warranted in view of longer term prospects. Assistance takes the form of loans at concessional interest rates. To date, carry-on assistance has been provided to dairy farmers, to beef producers, to wine grape and canning fruit growers.