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## Customs Tariff Amendment Bill (No. 1) 2003

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Customs Tariff Amendment Bill (No. 1) 2003

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# Customs Tariff Amendment Bill (No. 1) 2003

**Date Introduced:** 15 May 2003

**House:** Representatives

**Portfolio:** Justice and Customs

**Commencement:** On the day on which the Act receives the Royal Assent except for the Schedule 1 amendment relating to East Timor<sup>1</sup> which is made retrospective to 1 April 2003 and the Schedule 2 amendments relating to Least Developed Countries (LDCs) and which commence on 1 July 2003. Schedule 3 relates to the Singapore-Australia Free Trade Agreement (SAFTA) and the amendments commence on the day on which SAFTA enters into force.

## Purpose

The purpose of the Bill is to amend the *Customs Tariff Act 1995* to allow preferential duty treatment (i.e. duty free) for the importation of goods that are the produce or manufacture of LDCs and East Timor, and from Singapore under trade liberalisation initiatives.

## Background

The background to the Bill is found in the accompanying Bills Digest No. 159, 2002–03 for the Customs Amendment Bill (No. 1) 2003.

## Main Provisions

The *Customs Tariff Act 1995* imposes Customs duties on goods imported into Australia utilising an international harmonised tariff classification system.

### Schedule 1—East Timor

**Item 1** amends the *Customs Tariff Act 1995* to insert 'East Timor' in Schedule 1 to that Act. The schedule sets out the countries and places to which special rates of duty apply under the Australian system of tariff preferences. The reference to 'ETIM' is the country

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abbreviation for East Timor. This amendment has a retrospective commencement to 1 April 2003. As from that date, goods from East Timor will be given a preference of five percentage points below the general tariff rate, where applicable.

It is noted that the country abbreviation for East Timor in the separate revision of Schedule 1 (see **Item 13**, below) lists East Timor as 'TL' reflecting East Timor's preference for the name Timor-Leste.

## Schedule 2—Least Developed Countries

On 25 October 2002, the Prime Minister, the Hon. John Howard MP, announced at the APEC Leaders CEO Summit in Los Cabos that Australia will grant tariff and quota free access for 50 of the world's poorest countries.<sup>2</sup> These are referred to as Least Developed Countries (LDCs) and they include countries such as Bangladesh, Cambodia and many parts of sub-Saharan Africa. Preferential access assists LDCs to integrate with the world economy.

Schedule 2 amends the *Customs Tariff Act 1995* to give effect to the Government's commitment to LDCs. The proposed amendments are to commence on 1 July 2003 consistent with Australia's public commitment to assist LDCs.

**Items 1 to 12** deal with definitional matters and cross-referencing within the Tariff.

**Item 13** replaces Parts 1, 2 and 3 of existing Schedule 1 to the Tariff with four new Parts. Schedule 1 is a list of countries by name and abbreviation to which special preferential rates of tariff apply. The existing Part 1 lists the Forum Island Countries in the Pacific, such as the Cook Islands, Nauru and Fiji. Existing Parts 2 and 3 list Developing Countries throughout the world to which separate rates of tariff, respectively, apply. Included within the listing is some 'places' treated as Developing Countries, such as the Falkland Islands and Dependencies.

The revision of Schedule essentially adds the list of LDCs and East Timor (treated as an LDC— i.e. the proposed Division 2 of Part 2 of the proposed revised list). Taken overall, the proposed amendments revise and update the lists in Schedule 1 to the Tariff.

**Items 17 to 34** make adjustments to Schedule 3 of the Tariff to apply a Customs rate equivalent to the Australian domestic *excise* rate for alcohol, tobacco and petroleum on products imported from LCDs. Otherwise, the duty free rate of entry for these products from LDCs would be inconsistent with the treatment of the domestic product. Likewise, **item 42** applies a duty rate to goods to which the Product Stewardship Oil Levy applies. The levy is imposed on certain petroleum based oils and greases and their synthetic equivalents to fund a recycling program for waste oil.

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## Schedule 3—Singapore–Australia Free Trade Agreement

The Singapore–Australia Free Trade Agreement (SAFTA) is a bilateral agreement that provides Singapore and Australia with more liberal access to each other's goods, services and investment markets. SAFTA was signed on 17 February 2003 and tabled in Parliament on 4 March 2003. SAFTA is expected to come into force in the financial year 2003-04, subject to Australia's treaty process and the exchange of diplomatic letters.

Schedule 3 amends the *Customs Tariff Act 1995* to give effect to Australia's treaty obligations under SAFTA. Schedule 3 commences the day on which SAFTA enters into force.

**Items 1 to 12** deal largely with the revision of definitional matters and cross-referencing within the Tariff.

**Item 13** adds a proposed new Part 5 to Schedule 1 to the Tariff. This proposed amendment enables goods of Singapore origin to be recognised for preferential tariff purposes.

**Items 14 to 31** make adjustments to Schedule 3 of the Tariff to apply a Customs rate equivalent to the Australian domestic *excise* rate for alcohol, tobacco and petroleum products imported from Singapore. Otherwise, the duty free rate of entry for these products from LDCs would be inconsistent with the treatment of the domestic product. Likewise, **item 38** applies a duty rate to goods to which the Product Stewardship Oil Levy applies. The levy is imposed on certain petroleum based oils and greases and their synthetic equivalents to fund a recycling program for waste oil.

## Concluding Comments

The same concluding comments as are found in the accompanying Bills Digest No. 159, 2002–03 for the Customs Amendment Bill (No. 1) 2003 apply to this related Bill.

## Endnotes

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- 1 As a courtesy, it is noted that the nation of East Timor prefers the name Timor L'Este (also expressed as Timor-Leste). See the comments of Mr K. W. Wilkie MP, Second Reading debate in the House of Representatives, *Debates*, 5 March 2003, p. 12299.
- 2 The Hon. John Howard MP, Prime Minister, 'Tariff-Free Access for the World's Poorest Countries', *Media Release*, 25 October 2002.

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