



© Commonwealth of Australia 2001

**ISBN 1 74037 070 8**

This work is subject to copyright. Apart from any use as permitted under the *Copyright Act 1968*, the work may be reproduced in whole or in part for study or training purposes, subject to the inclusion of an acknowledgment of the source. Reproduction for commercial use or sale requires prior written permission from AusInfo. Requests and inquiries concerning reproduction and rights should be addressed to the Manager, Legislative Services, AusInfo, GPO Box 1920, Canberra, ACT, 2601.

**Inquiries:**

Media and Publications  
Productivity Commission  
Locked Bag 2  
Collins Street East Post Office  
Melbourne Vic 8003

Tel: (03) 9653 2244  
Fax: (03) 9653 2303  
Email: [maps@pc.gov.au](mailto:maps@pc.gov.au)

**An appropriate citation for this paper is:**

Productivity Commission 2001, *Trade & Assistance Review 2000-01*, Annual Report Series 2000-01, AusInfo, Canberra, December.

***The Productivity Commission***

The Productivity Commission, an independent Commonwealth agency, is the Government's principal review and advisory body on microeconomic policy and regulation. It conducts public inquiries and research into a broad range of economic and social issues affecting the welfare of Australians.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Information on the Productivity Commission, its publications and its current work program can be found on the World Wide Web at [www.pc.gov.au](http://www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244.

---

# Foreword

The Productivity Commission is required to report annually on industry assistance and its effects on the economy. This review of trade and assistance issues and developments over the past year contains the Commission's latest estimates of assistance to the manufacturing, agriculture and mining sectors. It also presents estimates of barriers to trade in selected services for Australia and its trading partners. And it discusses some recent international policy developments affecting Australia's trade and economic prospects.

*Trade & Assistance Review 2000-01* forms part of the Commission's annual report series. Its companion volumes are the Commission's *Annual Report 2000-01*, and *Regulation and its Review 2000-01*.

Gary Banks  
Chairman

11 December 2001



---

# Contents

<i>Foreword</i>	iii
<i>Abbreviations</i>	ix
<b>Overview</b>	xiii
<b>1 Introduction</b>	1
<b>2 Manufacturing, agriculture and mining</b>	3
2.1 Production and trade: a snapshot	3
2.2 Scope of the Commission's assistance estimates	5
2.3 Assistance to manufacturing	7
2.4 Assistance to agriculture	16
2.5 Assistance to mining	31
2.6 Anti-dumping and countervailing activity	32
<b>3 Services</b>	39
3.1 Production and trade: a snapshot	40
3.2 Estimates of regulatory restrictions on selected services	41
3.3 Budgetary assistance to Australian services	46
<b>4 Budgetary assistance</b>	47
4.1 Scope of the Commission's estimates	47
4.2 Commonwealth budgetary assistance	49
4.3 Recent developments	56
<b>5 Trade policy developments</b>	95
5.1 Multilateral trade negotiations	95
5.2 Regional trading agreements	103
<i>References</i>	107

---

## **Boxes**

2.1	Definitions of assistance measures	6
3.1	The index-based methodology (for estimating restrictions on trade in services)	42
5.1	The key Doha outcomes at a glance	96
5.2	Developing countries issues in the WTO	99

## **Figures**

2.1	Proportion of tariff line items for selected general rates, 1989-90 to 2005-06	8
2.2	Average effective rates of assistance to manufacturing, TCF and PMV, 1989-90 to 2005-06	8
2.3	Average effective rates of assistance for agriculture, 1970-71 to 1999-2000	17
2.4	Nominal rates of assistance to agricultural commodities, 1998-99 and 1999-2000	19
2.5	Effective rates of assistance to agricultural commodities, 1998-99 and 1999-2000	19
2.6	Anti-dumping and countervailing activity, 1991-92 to 2000-01	33
4.1	Forms of budgetary assistance	48
4.2	Commonwealth budgetary assistance to industry, 1991-92 to 2001-02	50
4.3	Major programs and tax expenditures, 2000-01	51
4.4	Budgetary assistance, by activities, 2000-01	52
4.5	Budgetary assistance by sector, 2000-01	54

---

## **Tables**

2.1	Manufacturing, agriculture and mining sectors' shares of total gross product and employment, 2000-01	4
2.2	Tariff and budgetary assistance net subsidy equivalents, by manufacturing industry subdivision, 2000-01	10
2.3	Nominal rates of tariff assistance on outputs, manufacturing subdivisions, 1989-90 to 2005-06, selected years	15
2.4	Effective rates of tariff assistance, manufacturing subdivisions, 1989-90 to 2005-06, selected years	16
2.5	Nominal and effective rates of assistance by agricultural activity, 1995-96 to 1999-2000	27
2.6	Average nominal and effective rates of assistance, by 3-digit ANZSIC, 1995-96 to 1999-2000	28
2.7	Net subsidy equivalents by agricultural activity, 1995-96 to 1999-2000	29
2.8	Assistance to agriculture by form, 1995-96 to 1999-2000	30
2.9	Tariff and budgetary assistance to the mining industry, 1996-97 to 2005-06, selected years	31
2.10	New Australian anti-dumping and countervailing initiations, 2000-01	33
2.11	Anti-dumping and countervailing cases, by industry, 1995-96 to 2000-01	34
2.12	Australian initiations of anti-dumping and countervailing cases, by trading region and economy, 1995-96 to 2000-01	36
2.13	International anti-dumping and countervailing actions, 1998 and 1999-2000	37
3.1	Service sectors' value of production and employment, 2000-01	40
3.2	An example of classifying restrictions on professional services	41
3.3	International aviation restrictions and price impacts	44
3.4	Trade restrictiveness indexes and their price effects for selected services	45
3.5	Budgetary assistance to services, by industry grouping, 2000-01	46

---

4.1	Budgetary assistance by industry grouping, 2000-01	55
4.2	<i>Backing Australia's Ability</i> initiatives	58
4.3	Budgetary assistance to industry, 1998-99 to 2001-02	80
4.4	Commonwealth budgetary outlays on primary production, 1998-99 to 2001-02	80
4.5	Commonwealth budgetary assistance to the manufacturing sector, 1998-99 to 2001-02	83
4.6	Commonwealth budgetary assistance to service sectors, 1998-99 to 2001-02	88
4.7	Commonwealth budgetary outlays on the mining sector, 1998-99 to 2001-02	93
4.8	Commonwealth budgetary assistance, unallocated other, 1998-99 to 2001-02	94

---

# Abbreviations

ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACIS	Automotive Competitiveness and Investment Scheme
ACS	Australian Customs Service
AFC	Australian Film Commission
AIDS	Auto Immune Deficiency Syndrome
AMC	Australian Magnesium Corporation
ANZSIC	Australia and New Zealand Standard Industrial Classification
APEC	Asia Pacific Economic Cooperation
APSC	Asia Pacific Space Centre
ATC	Australian Tourist Commission
AWBI	Australian Wheat Board International
CIE	Centre for International Economics
COMET	Commercialising Emerging Technology
CRC	Cooperative Research Centres
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAA	Dairy Adjustment Authority
DEP	Dairy Exit Program
DFAT	Department of Foreign Affairs and Trade
DIAP	Dairy Industry Adjustment Package
DISR	Department of Industry, Science and Resources
DRAP	Dairy Regional Assistance Program
DSAP	Dairy Structural Adjustment Program
DVF	dried vine fruits
ERA	effective rate of assistance
EFIC	Export Finance and Insurance Corporation

---

EMDG	Export Market Development Grants
EU	European Union
FLICs	Film Licensed Investment Companies
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GST	goods and services tax
GTL	gas-to-liquid
GVA	gross value added
IC	Industry Commission
IIF	Innovation Investment Fund
IR&D	Industry Research and Development
ITOL	Information Technology Online program
MEAs	Multilateral Environmental Agreements
MNRF	Major National Research Facilities
NRA	nominal rate of assistance
NSE	net subsidy equivalent
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
ORR	Office of Regulation Review
PBLs	Policy and Project By-Laws
PC	Productivity Commission
PIIP	Pharmaceutical Industry Investment Program
PMV	passenger motor vehicles
R&D	Research and development
RTAs	Regional Trading Arrangements
SDAP	Supplementary Dairy Assistance Program
SIIP	Strategic Investment Incentive Program
SIP	Strategic Investment Program
TAG	Tasmanian Auditor General
TCF	textiles, clothing and footwear
TEXCO	Tariff Export Concession
TRIMS	Trade Related Investment Measures

---

TRIPS	Trade Related Aspects of Intellectual Property Rights
US	United States (of America)
WEA	Wheat Export Authority
WTO	World Trade Organization