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# Key points

- Assistance to the *manufacturing sector* has declined significantly over the last decade, largely due to a program of phased reductions in tariffs on manufactured goods.
  - The effective rate of tariff assistance for manufacturing (which takes into account the effects of tariff assistance on industries' inputs as well as on their outputs) is estimated to have fallen from 14 per cent in 1991-92 to 5 per cent in 1999-2000.
  - Budgetary assistance to the sector, while less significant, has remained at around 2 per cent of sectoral gross value added since 1991-92.
- These aggregate figures hide significant variations in assistance to the different industries within the manufacturing sector.
  - At the high end, the passenger motor vehicles and the textiles, clothing, footwear and leather industries have effective rates of tariff assistance of around 15 per cent and 25 per cent, and attract budgetary assistance equivalent to 7.1 per cent and 4.7 per cent of their gross value added, respectively.
  - By contrast, most other manufacturing industries receive effective tariff assistance of less than 5 per cent and budgetary assistance of less than 2 per cent of their gross value added.
- Effective assistance to the *agriculture sector* has also declined over the last decade, in part due to the unwinding of various statutory marketing arrangements.
  - The average effective rate of assistance for the agriculture sector — which is not directly comparable with the effective rate for the manufacturing sector — is estimated to have fallen from around 12 per cent in 1991-92 to around 8 per cent in 1998-99.
  - Budgetary assistance for primary producers has declined from the equivalent of 6.5 per cent of their gross value added in 1991-92 to 4 per cent in 1999-2000.

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- Again, these aggregate figures hide significant variations in assistance to the different industries within the agriculture sector.
    - At the high end, the dairy industry has received assistance well above the average, with an effective rate of 54 per cent in 1998-99. The dairy industry was deregulated in July 2000, but will continue to receive substantial assistance in the form of a \$1.8 billion adjustment package funded by a levy on milk consumers.
    - When dairy is excluded, the sectoral effective rate for all other agricultural activities falls to 3 per cent.
  - The total of tariff and budgetary assistance to the *mining sector* is small. Government policies on native title, the environment and royalties have a more substantial impact.
  - The *services sector* receives limited budgetary assistance and, because of the nature of services trade, is not subject to tariff protection. Rather, trade in services tends to be restricted by regulations, some of which apply only to foreigners wanting to invest or work in Australian services industries, while others apply to both foreign and domestic businesses.
  - Compared with other economies, Australia has:
    - liberal trading regimes for engineering, architecture, distribution (which includes the wholesale and retail industries), banking and telecommunications; and
    - moderately restrictive trading regimes in legal, accountancy and maritime services.
  - Total *budgetary assistance* was \$3.7 billion in 1999-2000. More detailed estimates prepared by the Commission for the first time indicate that:
    - the primary production, motor vehicles & parts, petroleum, coal, chemicals & associated products (which includes pharmaceuticals), and mining industry groupings are the largest recipients of budgetary assistance; and
    - a similar pattern emerges when budgetary assistance is measured as a proportion of industry size, except that mining is replaced by textiles, clothing, footwear & leather.

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- 19 Australian *anti-dumping* cases were initiated in 1999-2000, much the same as in the previous year. 54 anti-dumping and countervailing measures were in force in 1999-2000, much the same as in the last few years but down from 103 in 1993-94. Nevertheless, relative to its share of world trade, Australia continues to be one of the most frequent users of anti-dumping and countervailing measures.