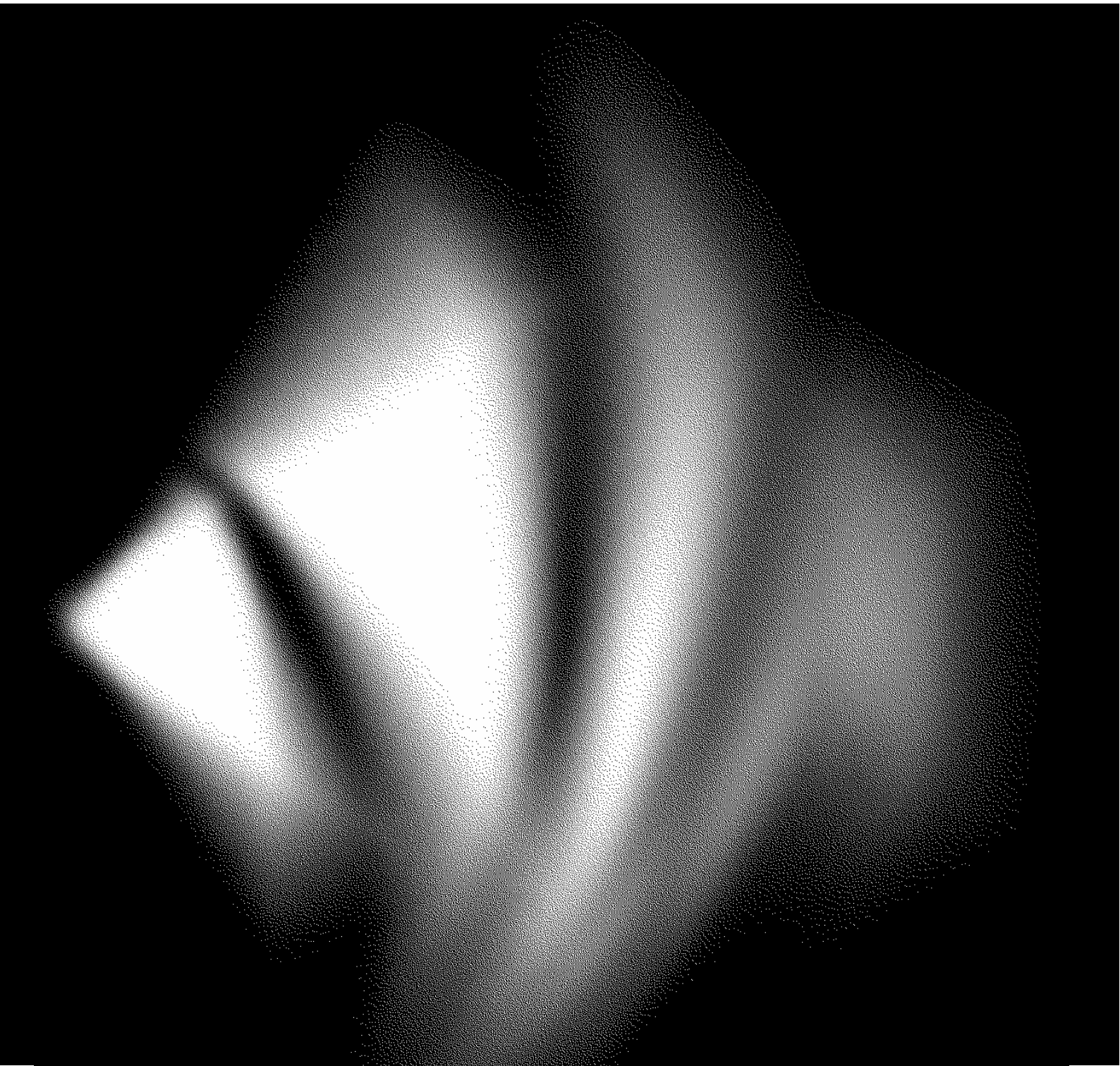




Australian Government
Productivity Commission

Trade & Assistance Review 2005-06

Productivity
Commission
Annual Report Series



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The Productivity Commission

The Productivity Commission, an independent agency, is the Australian 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 consideration 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 or by contacting Media and Publications on (03) 9653 2244.

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Preface

The Productivity Commission is required under its Act to report annually on industry assistance and its effects on the economy. *Trade & Assistance Review 2005-06* contains the Commission's latest quantitative estimates of Australian Government assistance to industry. It also examines recent developments in assistance in various sectors of the economy over the past year or so, and discusses some recent international policy developments affecting Australia's trade.

The Commission periodically releases new series of assistance estimates, which incorporate updated input-output data and other revisions as appropriate. This edition of the *Review* reports the results of a new series of estimates based on recently published ABS input-output tables for 2001-02. The new estimates cover the five years to 2005-06. While the review is normally released towards the end of each calendar year, this edition has been held back in order to facilitate the introduction of the new estimates.

Trade & Assistance Review 2005-06 forms part of the Commission's annual report series. Its companion volumes are the Commission's *Annual Report 2005-06*, and *Regulation and its Review 2005-06*.

In preparing this document, the Commission received helpful advice and feedback from officials from several Australian Government departments. The Commission is grateful for their assistance.

Gary Banks
Chairman

April 2007

Abbreviations

AAA	Agriculture-Advancing Australia
ABS	Australian Bureau of Statistics
ACS	Australian Customs Service
ASEAN	Association of South East Asian Nations
ABARE	Australian Bureau of Agricultural and Resource Economics
ACIS	Automotive Competitiveness and Investment Scheme
ANAO	Australian National Audit Office
ANZCERTA	Australia-New Zealand Closer Economic Relations Trade Agreement
APEC	Asia-Pacific Economic Cooperation
ATO	Australian Taxation Office
AWBI	Australian Wheat Board International
CER	Closer Economic Relations
CGT	capital gains tax
COMET	Commercialising Emerging Technologies program
CTC	change of tariff classification
EC	exceptional circumstances
EU	European Union
ERA	effective rate of assistance
ESVCLP	Early stage venture capital limited partnerships
FMD	Farm Management Deposits
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
GST	goods and services tax

HS	Harmonised System
IC	Industry Commission
ICT	information and communications technology
IIF	innovation investment fund
IMF	International Monetary Fund
LPG	Liquid petroleum gas
MFN	most favoured nation
MIS	managed investment schemes
MVP	motor vehicles and parts
NDP	National Drought Policy
OECD	Organisation for Economic Cooperation and Development
PC	Productivity Commission
PMV	passenger motor vehicles
PTA	preferential trading agreement
RFA	regional forest agreements
R&D	research and development
SIC	strategic investment coordination
SIRP	Sugar Industry Reform Program
TCF	textiles, clothing and footwear
US	United States
UN	United Nations
VCLPs	Venture Capital Limited Partnerships
WET	wine equalisation tax
WTO	World Trade Organization