

**REVIEW OF AUSTRALIA'S GENERAL TARIFF ARRANGEMENTS BY THE  
PRODUCTIVITY COMMISSION: SUBMISSION BY THE JAPAN SPIRITS &  
LIQUORS MAKER'S ASSOCIATION**

1. The Japan Spirits & Liquors Makers' Association (JSLMA) is the officially recognized representative body of the Japanese Spirits & Liquors Industry. Its 100 member companies together cover more than 97% of Japanese Spirits & Liquors market.
2. We have been informed that the Australian Productivity Commission is to review the scope for a post-2000 reduction in the general tariff, covering only rates of 5% or less, and excluding the passenger motor vehicle (PMV) and textiles, clothing and footwear (TCF) sectors.
3. Along with the principle of free trade in spirit drinks, JSLMA welcomes the opportunity to express its view that all tariff and non-tariff barriers to trade of spirits & liquors (including liqueur) should be removed.

It is our understanding that, in reaching its conclusions, the inquiry will take into account a range of factors including the relative costs and benefits of tariff reductions to Australian consumers, industries and the general community, together with the implications for future trade negotiations.

**Point of issue**

- ① It is clear that the revenue raised from the 5% or less tariff on spirits & liquors is not significant in comparison to the amounts generated from spirit drinks sales by the Excise (\$37.58 per liter of pure alcohol) and General Sales Tax (37%).
- ② The costs associated with the collection of revenue from such low tariffs are significant, both to the government and to the spirits industry. Redeployment of resources, which can be afforded by the elimination of 'nuisance' tariffs, into areas of higher priority would be a benefit both to the government and to the industry.
- ③ In respect of international precedent for tariff elimination for spirits, Japan already agreed to eliminate its tariffs on all spirits & liquors (including liqueur) except shochu by April 1<sup>st</sup>, 2002 subsequent to the agreement between the EU and the US. It should be noted that every WTO member benefits from these tariff concessions under the 'most favored nation' provisions of the General Agreement on Tariffs and Trade.

④ Furthermore, the tariffs under consideration are all very low at 5% or less, and therefore, their value as bargaining counters is relatively small.

⑤ The elimination of 'nuisance' tariffs on all spirits & liquors (including liqueur) would be in line with commitments already made by Australia's principal trading partners, i.e. Canada, the EU, Japan, New Zealand and the US. It would not undermine Australia's negotiating position in future tariff negotiations.

Japan Spirits & Liquors Makers' Association

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