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25 February, 2004

General Manager Mr John Williams
Rules of Origin Study
Productivity Commission
PO BOX 80
BELCONNEN ACT 2616

Dear Mr Williams

Round Table on CER Rules of Origin – Melbourne – 11/2/2004

Following the Round Table last Wednesday, I was asked to state what I would like to see in the final recommendations.

I think there was a common view at the meeting that the rules are complex and a concern that changing them may not improve matters.

In informal discussion most of those present agreed that it would be far better to work towards a customs union with a common external Australia/New Zealand tariff - which would make rules of origin redundant. This is the essence of the second part of Interim Recommendation 4.

Regarding the Interim Recommendation 2, I support the “waiver” (based on 5% difference) as long as definitions and concepts are identical for both sides and the 5% difference is the only difference. I think there was a lot of confusion in the discussion around the table.

Regarding the Interim Recommendation 3, I would not support the reduction in the regional value content below the current figure of 50%. The argument in its favour is the same as the argument for tariff reduction. This is not part of the terms of reference of this study. Tariff reduction proposals should be argued openly and in their own right rather than under cover of another albeit related subject. I think this was the sense of the meeting.

Thank you for the opportunity to make these further submissions.

Yours Sincerely

Ken Watkin
Managing Director