

Neal Helyar
SA

Subject. Future directions of Tyre Manufacturing in Australia - Att Gary Banks

Dear Sir

I am writing to you as a response to discussions held at the public enquiry in Adelaide on the 25th and 26th of July. I am writing on behalf of the three Unions (AMWU, LHMU, CEPU) on site at Bridgestone Salisbury SA. I work for Bridgestone as a fitter and turner in the maintenance dept and have been with the company for 16.5 yrs, thereby knowing the operations quite well.

We hold strong concerns regarding the direction that Bridgestone Corporation (Global) will take in a reduced tariff environment. So called "Emerging nations" would be in a particularly good position to convince trans-national companies like Bridgestone to invest even more in their countries. Many Japanese corporations have already moved a lot of their operations to places like China in recent years.

We, the workers representatives are in total agreement with ATMA regarding a rational tariff regime which can keep tyre manufacturing viable in Australia until all direct and indirect barriers to trade are broken down, making investment in tyre manufacturing in Australia worthwhile and sustainable.

The two tyre manufacturers in Australia (BS, SPT) employ approx 6500 Australians which equates to a wage bill of over 300 million, being a substantial contribution to our economy. Both manufacturers run modern world class facilities, one in Adelaide and the other in Melbourne. Both produce original equipment (OE) tyres suited to Australian conditions and somewhat customised to local vehicle manufacturers specs.

Unfortunately, productive output is adjusted downward to take into account the huge and constant pressure caused by a flood of cheap (in every respect) imported tyres from countries perceived to be emerging (eg 5% reduction) nations. They are actually high volume/huge economies. Over the last five years the level of these imported tyres has been ramping up quite dramatically, meaning neither local manufacturer has been able to cut much profit. **AND ALL THIS BEFORE FURTHER TARIFF REDUCTIONS!!!!**

As the tariff heads downward (and I understand, but not necessarily agree to the reasons why) I am quite certain Australian tyre manufacturing will be winding down - priced out of the market because our competitors are from larger economies, greater volume capacity, lower labor costs, substandard conditions, safety requirements, little or no environmental considerations, unstable governments etc. The countries that will flood us will have a double win as 1) They're markets protected 2) Our barriers down. In comparison our OH&S guidelines and safety improvement costs are probably in the highest group globally ie Australian employers have a hard time generating profits due to necessary imposition of superior standards. How do neighbouring countries that our government intend lowering tariffs against fare, are they as stringent in working guidelines as our systems are? Considering the developing nation status given to some of our regional trading partners which may be designed to assist them grow and develop, one would think that assistance to local firms in genuine crisis (based on recent historical data) would be higher and adjustments made carefully over a set time frame as company positions improve.

Perhaps more innovative strategies are required to encourage people to buy Australian alternative products with the emphasis being more on local made = more jobs. Tax concessions for Australian firms that

try to source locally but find that the imported equivalent is marginally cheaper and opt to import instead. Suggesting “marginally” would probably mean up to 5% differential so in borderline cases the business is kept in Australia and Australian workers kept off the dole. Another strategy would be to grow and bolster information sharing between Australian companies trying to source locally but not having the time or resources to shop around. We do have organisations that specialise in sourcing Australian goods such as the “Industrial supplies office” in each state, that bring companies together, but unfortunately they are not common knowledge or advertised as they are generally “not for profit”.

A fine balance- Investments in future technologies in this country may possibly hinge on the level of assistance given and how and where natural research and development flow improvements are designed and manufactured and ultimately kept in this country to build a real and sustainable growth. We should get behind industry and carefully reduce tariffs with an emphasis not as much on how we are performing but on how other countries undercut us and what non tariff related measures can be adopted to stop them. The fear of not having some stringent form of control over import policies is real. The ramifications of some upfront miscalculations (no crystal ball) are vast, our social security system could be overburdened along with huge social problems and we will be left wondering where we went so dramatically wrong, but by that stage it will probably be too late.

I have read most of the submissions to the enquiry and sourced information from other sources as well and I realise changes are required, but how much and how soon? If you would like to contact me about any of the above comments, please don't hesitate.

Sincerely,
Neal Helyar