

**BERKLEE LIMITED**

**THE REGULATORY IMPACT STATEMENT**

**(PROPOSED ADR 83) AND EXPORTS**

The RIS issued by the National Road Transport Commission in January 2002 sets out why and how the proposed Australian Design Rule (ADR) 83 is to be introduced.

The overall objective is to harmonise Australia's noise emission rules with those applying in Europe under UNECE Regulations.

The RIS lists various benefits that are expected to flow from harmonisation including (1) a reduction in motor vehicle noise levels and (2) enhancement of export opportunities.

Whereas the RIS devotes considerable space to an analysis of the noise level benefit, exports are not addressed. Given that exports are an important driver of economic prosperity and employment levels, this potential trade benefit should have received detailed attention in the impact statement but it did not.

The proposed ADR 83 only deals with harmonisation of noise emissions to UNECE Regulation 51 levels. The NRTC's recommendations advocate a partial harmonisation because the Regulation unlike the proposed ADR also contains other provisions inter alia product testing on an ISO 10844 test track and certified product marking. It is Berklee's view that this partial harmonisation will be insufficient to enhance Australian export opportunities in relation to trading blocks and individual countries that adopt UNECE Regulation 51. At present the EEC with its population of 490 million cannot be accessed by Australian exhaust manufacturers unless full compliance with Regulation 51 or an equivalent EEC Directive can be demonstrated.

Berklee is a Ballarat based manufacturer and for our company to maintain and increase employment in the region we cannot rely solely on domestic sales. For

the last 2 years we have been considering the EEC as an export market for our replacement exhaust systems and our inquiries have included both Australia's Mutual Recognition Agreement with the European Union and the 1958 UN Agreement to which Australia is a signatory. Both avenues lead to Regulation 51 or equivalent requirements having to be satisfied. As Australia does not have an ISO 10844 test track, demonstration in this country of full compliance is precluded and consequently the testing and certification facilities of complying European jurisdictions will have to be utilised. This introduces significant cost and the logistics involved would exceed manageable levels. In effect the commercial risks presented are a non-tariff barrier restricting access to that market. It is Berklee's belief that if Australia has to introduce a change then a full rather than a partial harmonisation should occur as this would enable testing and certification of Australian product to be carried out in Australia.

Of grave concern too is the possibility that sales of Australian made motor vehicles could be threatened if Regulation 51 was adopted by other countries to which we presently export. If, for example, Saudi Arabia ratified Regulation 51, a substantial export market could be lost to Australia in the event that our car manufacturers were unable to demonstrate full compliance. As Australia does not have an ISO 10844 test track no domestic vehicle manufacturer will be able to satisfy the requirements and therefore exports are at risk. As a car comprises hundreds of components each of those is also threatened.

If Australia is to incur the costs associated with lowering motor vehicle noise emissions, then that impost could be transformed into a net economic gain by increasing exports of Australian automotive components and vehicles. In Berklee's view this economic benefit can only be achieved if full harmonisation takes place. To that end we submit that ISO 10844 test tracks should be constructed in Australia for industry use and that a regime for testing, certification and marking of product be established in full harmonisation with UNECE Regulation 51.