



**Nickel
Development
Institute**

David Jenkinson
Consultant to the
Nickel Development Institute

Jenkinson Consultants Pty Ltd
ACN 081 130 903

Suite 3, 150 Drummond Street
CARLTON Vic 3053

PO Box 442
CARLTON SOUTH Vic 3053

Ref: GC1133

Tel 03 9650 9547
Mob 0417 913 345
Fax 03 9650 9548
Email DCJenkinson@compuserve.com

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Review of Australia's General Tariff Arrangements
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Sir/Madam,

I am writing with regard to your review of general tariffs in Australia. Our particular concern is with regard to tariffs which apply to stainless steel flat products.

The Nickel Development Institute is an industry body, established in 1984 as the market development and applications research arm of the primary nickel industry. We operate worldwide with headquarters in Canada. I represent the organisation in this country.

Australia has produced nickel for many years, is currently a significant producer in world terms and its mining and refining facilities are growing at a rate which may well place us as the largest producer of nickel in the world within ten years.

About two-thirds of the nickel produced is used to manufacture stainless steel, so the strength and viability of the stainless steel market is of fundamental importance to the nickel industry. In this country, as we do internationally, the Nickel Development Institute works closely with the stainless steel industry, presenting engineering seminars, distributing technical literature and providing assistance to end users so that state-of-the-art knowledge is available to assist industries in their application of stainless steel products.

The substantial and efficient use of stainless steel provides many benefits to industries and the countries which host them. Stainless steels are renowned for their long service life because of their ability to resist corrosion and to operate at high temperatures – factors which are most important to modern industry. Furthermore they are environmentally friendly, being 100% recyclable. These characteristics help to improve the efficiency of industry and countries with high levels of stainless steel usage, such as Germany, tend to have efficient industries. Making stainless steel more accessible and attractive will assist in bringing these same benefits to Australia.

The advantages of stainless steel are particularly apparent when life cycle costing is applied but too frequently this advantage is not enjoyed because decisions are made based on initial cost. Any decisions which will reduce the initial cost of stainless steel will provide long term benefits for Australian industry.

It is our understanding that, in 1996, the Federal Government imposed a tariff of 3% on imported stainless steel. This was irrespective of whether there was local manufacturing to be protected. A tax such as this increases the initial cost of stainless steel, making it less attractive to Australian industry.

The majority of stainless steel used in Australia is in the form of flat products. Following the closure of BHP Stainless in 1997, there is no local manufacturer of these products.

We request that import tariffs for stainless steel flat products be eliminated and that this be the recommendation of the Commission to the Federal Government.

Removal of such tariffs will enable stainless steel products to be priced more competitively, so encouraging the use of more stainless steel in this country. This will benefit Australian industry and will certainly assist the Australian nickel producers.

The tariff codes for zero rating are:

7219.11.00
7219.12.00
7219.13.00
7219.14.00
7219.21.00
7219.23.00
7219.24.00
7219.31.00
7219.32.00
7219.33.00
7219.34.00
7219.35.00
7219.90.00
7220.11.00
7220.12.00
7220.20.00
7220.90.00

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. Jenkinson', with a horizontal line underneath.

Dr David Jenkinson
Director Australasia