



61 3 52750610
Air Radiators Pty. Ltd.

(Incorporated in Victoria) A.C.N. 005 037 856
 An Austrim Company

45 Heales Road
 P.O. Box 243
 Lara, Victoria
 Australia 3212

Tel: (03) 5275 6644
 Fax: (03) 5275 3333
 Int. Tel: + 61 3 5275 6644



**Quality
 Endorsed
 Company**
 ISO 9001 Lic No 2277
 Standards Australia

22 June 2000

Productivity Commission
 PO Box 80
BELCONNEN ACT 2616

REFERENCE : **Review of Australia's General Tariff Arrangements
 No. GTR C4**

Dear Sir / Madam,

1. We refer to the draft report release, GTR C4 dated 25th May 2000, which relates to a further reduction in general tariffs.
2. The overview suggests that options being considered are :
 - * *Draft Recommendation 1* **"General tariff rates on goods under reference be reduced to Free sooner rather than later, preferably on 1 July 2001".**
 - * *Draft Recommendation 2* **"Consistent with draft recommendation 1, concessional arrangements related to the goods under reference be abolished on 1 July 2001".**
3. In reading the overview, we note that almost all of the 2000 tariff subheadings covered by the terms of reference for this inquiry have general rates of 5%, but in practice, the level of assistance offered to local manufacturers is reduced by items being imported at preferential (lower) tariff rates, and by TCO's.
4. As we see it, the tariff system provides for some security for local manufacturers, and where an equivalent component or part is not made locally, then the user of that component or part has the opportunity to apply for duty free entry.

However, if the equivalent part is available, then no duty concession will be provided.

In either case, a minimum 3% import tax is applied by the Federal Government, so in real terms, there is no real duty free entry.

..... /Cont'd



Review of Australia's General Tariff Arrangements
22nd June 2000

Page 2

5. As a radiator manufacturer for truck and other industrial applications since 1974, and having provided submissions for previous inquiries, we wish to comment on how the proposed reduction in tariff will effect our Company and the community in general.

Page 18 of the overview, under the heading of "Possible benefits of tariff reductions", *"they indicate that removal of the tariffs under reference would have a marginally positive effect on overall community welfare"*.

We would dispute this statement in as much as in the event that the two truck companies that we supply elect to fully import, and cease local manufacture, then we would be faced with the dismissal of upwards of 20 employees (or 20% of our staff), and we understand that with the multiplying effect of our suppliers, which rates at around 1.75, then we may expect a total of 55 persons would be forced out of work as a consequence of this decision.

I would hardly consider this to be a "marginally positive effect on overall community welfare", particularly in the Geelong area, where whilst there has been a reduction in unemployment over the last 18 months to 2 years, the community still has an unacceptable level of unemployment.

6. In terms of rendering the tariff concession arrangement redundant, whilst it is unwieldy, I am not in a position to confirm or otherwise if there is a better way to tackle the situation.

At least it seems to work better now than it did some 5-10 years ago.

On Page 20, under the heading of "Adjustment", the statement is made *"At a disaggregated level, the adjustments to the tariff changes themselves are estimated to involve only small costs for particular industries, regions and people. At the same time, by reducing input costs, tariff reductions would alleviate the need for adjustment by other industries, regions and people. Nevertheless, agencies responsible for the provision of the generally available social safety net arrangements should ensure that the needs of those people disadvantaged by a reduction in general tariffs are met"*.

May we comment to the extent that this takes a rather remote view on the real life again related to the disemployment of people who currently enjoy employment.

7. We consider that the suggestions made within this document are not in the best interests of component manufacturers in Australia, and/or for that matter, those who build the completed goods, and may we refer you to the tariffs that are imposed by other countries who would gain the benefit of duty free entry of their products, if these recommendations are proceeded with.
8. At this time, Kenworth Trucks, International Trucks (Ital), Volvo and Mack all have varying degrees of local manufacture, with Kenworth having a very high degree of local content, followed by Ital, Mack and Volvo.

..... /Cont'd

61 3 52750610



Review of Australia's General Tariff Arrangements
22nd June 2000

Page 3

9. It would be appropriate to study the total effect if these four manufacturers ceased local manufacture altogether, and changed to full imports.

We would suggest unemployment of between 5,000 - 10,000 people will result, which would include the multiple effect, which we consider to be considerable.

10. We understand that the tariffs applied to importation to other countries are substantially higher than that considered by Australia.

Attached is a list for your reference.

When reviewing these tariff rates, we need to ask the question why is it that Australia is reducing tariff rates, when other countries are taking little or no action, or if anything, increasing their rates.

And we understand that even though Japan shows 0%, there are other obstacles placed in front of importers that should be considered.

It would appear the Australian Government, or others involved with the decision making, must be totally out of touch with the reality of life, and we urge that the only action to be taken on tariffs is to hold them at least at present levels, and perhaps refine the tariff system to improve its efficiency.

11. As an Australian Company, and an Australian tax payer, we urge you to reconsider any recommendations that have been submitted for proposals to reduce any tariff rates.

Yours Faithfully

AIR RADIATORS PTY LTD

Neville Trevena
per

NEVILLE TREVENA
General Manager

23rd June 2000

Review of Australia's General Tariff Arrangements No. GTR C4

Import Tariffs As Applied By Countries Nominated

Country	5-20 tonne	20+ tonne
USA	4%	25%
Germany	22%	22%
Sweden	22%	22%
Australia	5%	5%
Canada	6.1%	6.1%
France	22%	22%
Ital	22%	22%
India	45%	45%
Pakistan	60%	60%
Indonesia	70%	70%
Japan	0%	0%
South Africa	24%	24%
UK	22%	22%