

The Secretary,
Productivity Commission,
P.O. Box 80,
Belconnen,
ACT 2616

June 21 2000

Dear Sir,

Re Productivity Commission inquiry Draft Report - General Tariff Levels.

We wish to confirm that Polystyrene Australia Pty Ltd ("PSA") has received a copy of the Draft Report, "Review of Australia's General Tariff Arrangements" dated May 2000.

Polystyrene Australia Pty Ltd ("PSA") does not wish to add to its earlier submission but, in view of the Commission's draft recommendations, wishes to clearly restate its position by submitting the following:

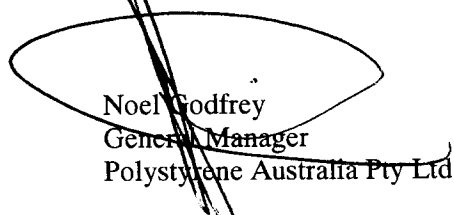
PSA's position on imports is such that it welcomes competition provided it is fair and is based upon sustainable economic principals. We strongly object to the predatory practices of larger foreign producers who attempt to disrupt existing market arrangements by temporarily offering product at significant losses, with the longer term view of permanently displacing Australian producers.

Polymer manufacture within Australia is, on average, marginally profitable even when Australian producers are considered to be internationally competitive. In the circumstances, PSA believes the General substantive tariff rate of 5% serves to assist, and indeed ameliorate, the adverse effects from the types of import competition described above. Moreover, we believe there is a strong argument to support the notion that such costs should be properly included in any economic assessment of the performance of Australian industry.

Consequently, PSA wishes to record its opposition to any reduction to the prevailing levels of General tariff until such time as there is a commensurate adjustment to the protective tariffs and non-tariff barriers of those countries with whom we wish to trade. Any further unilateral reductions by the Australian Government are likely to create adverse conditions for further investment in our industry, thereby making it difficult for us to attract capital for plant refurbishments and upgrades.

Please contact the undersigned should you require any further details.

Yours sincerely,
Polystyrene Australia Pty Ltd


Noel Godfrey
General Manager
Polystyrene Australia Pty Ltd