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23 June, 2000

General Tariff Review Enquiry,  
Productivity Commission,  
P.O. Box 80,  
Belconnen. ACT 2616

For the attention of The Commissioners

Dear Sirs,

*I refer to the draft report; the following is a submission regarding its impact on the truck manufacturers and their OEM suppliers of Australia.*

Our company is an OEM vendor of composite mouldings to two Australian truck manufacturers, Paccar Australia (Kenworth) and International Trucks. Our workforce currently comprises 70 persons, down from a high of 80. Sales to truck manufacturers constitute some 90% of our \$8 million annual turnover, we are internationally competitive in our technologies, processes and management yet operate within a comparatively miniscule market.

Removal of the 5% tariff is, in our industry, counter-productive to the welfare of our country. It will further erode our manufacturing base and render us even less able to compete internationally. Further, it is out of step with plans for the rest of the automotive industry and I have not seen any rational argument to support why this should be so.

Please consider the following:

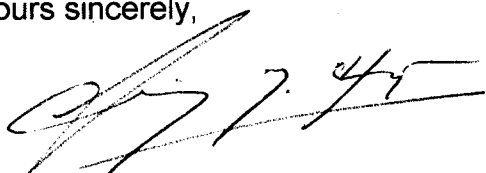
- Vendors of products and processes to the truck manufacturing industry are often, but not exclusively, vendors to the car manufacturers. The manufacturing differences are generally linked to volume and size, but the industry is one
- Our small domestic market places us at a cost disadvantage to European or North American competitors, giving us a smaller home base and necessitating, in many instances, low-volume production methods and processes
- Australia has certain unique operating conditions which ideally require a tailored approach to truck, and truck component, design and specification
- The Australian trade policies in this industry support inequitable trading conditions, charging importers a nominal duty of 5%, while our exporters are subject to tariffs which range from 22% in the Euro currency area to 25% in the USA (heavy trucks)

- Within this industry, only Canada offers concessional rates that are close to those of Australia, at 6.1%. Why?
- Significantly, Canada offers vastly superior industrial incentives aimed at improving its domestic technology base, while sharing a land-accessible NAFTA marketplace of some 400 million
- That in any debate regarding productivity, tariffs and other trade policies are only one component and cannot be isolated from issues such as training and education policies, research and development policies, etc.

Unless the government's goal is to drive truck manufacturing entirely offshore, the tariff inequities need to be addressed. Their removal, without the concomitant removal of tariffs by our industrialised trading partners is a step backward, another blow struck in the destruction of our manufacturing base and difficult to justify as being for the good of the country.

The role of government, and the goal of advisors to the government, should be to ensure a level playing field; simply tilting it further against our industry is 'not good business'.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L. Hughes', written in a cursive style.

Linley Hughes  
Director