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Firstly we apologise for the lateness of this submission and appreciate your preparedness to accept it now.

Sonoco Australia Pty Limited are a leading Australian manufacturer of spirally wound paperboard tubes and wish to make the following brief but important points for consideration by the Commission in framing a final report for the Government's ultimate consideration.

- Sonoco operate 5 manufacturing plants across 4 Australian states and contribute directly and indirectly to Australia's export earnings.
- Sonoco are a major customer of Amcor Specialty Boards [Amcor], from whom they purchase considerable tonnages of paperboard as a raw material for use by Sonoco in their manufacturing processes.
- The goods manufactured by Sonoco compete against imported product, so retention of tariffs, as a legitimate form of assistance is of considerable importance.
- Amcor's existing paperboard manufacturing capability is restricted / limited to medium strength paperboard.
- Sonoco is forced therefore, due to Amcor's limited manufacturing capabilities, to import significant tonnages of high strength paperboard to supplement its purchases from Amcor, to meet specialised product and market sector requirements. Many of these have export ramifications and involve large Australian manufacturing companies such as Australian Newsprint Mills, DuPont and Alcoa.
- Sonoco continue to work closely with Amcor in the regular development and trialing of high strength board, with a view to import replacement. However at this stage, Amcor remain unable to produce a board with the necessary density and strength.
- As a result of the scenario outlined above, Sonoco [and ultimately their customers] are able to benefit from concessional entry of this specialised imported high strength paperboard under the provisions of Policy By-Law Item 57 in schedule 4 to the Customs Tariff.
- Eligibility for concessional entry under item 57 requires the Minister to be satisfied that the particular *raw material has a substantial and demonstrable performance advantage, in the production of a specific end product, over substitutable goods produced in Australia*. The initial application was assessed against the Government's industry policy objectives prevailing at the time the initial request was determined.
- Eligibility has been the subject of continual review and re-assessment over the years and sees Sonoco [as importer of a raw material, manufacturing input] and Amcor [as a potential local manufacturer of similar high performance board] working closely together to achieve import replacement.

Sonoco Australia Pty Limited

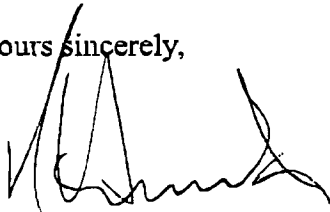
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- In the meantime, delivery of concessional entry made possible through the Government's PBL initiative is a valuable benefit to Sonoco and their customers, through removing the inappropriate costs of protection in this special and unique circumstance.
- For these reasons, Sonoco strongly support retention of the Item 57 PBL provisions in their existing format.
- Sonoco are also regular users of the Tariff Concession Order [TCO] system, which similarly enables the concessional entry of goods, where it is demonstrated that no substitutable goods are manufactured locally.
- The nature of goods entered concessionally under the TCO system by Sonoco are traditionally either manufacturing inputs, or capital equipment items. In either instance, the imported goods are in support of manufacturing endeavours in Australia and of benefit to our national push for improved export performance.
- Sonoco therefore also strongly support retention of the TCO system. However, we urge the Commission to strongly recommend to the Government that the existing 3% 'revenue' levy applying to business inputs, is counter productive and has no philosophical or logical foundation. Accordingly, it should immediately be scrapped and replaced with a totally 'duty free' regime so that ALL goods determined to be eligible for concessional entry under the TCO system are rightfully admitted on a duty free basis.

Thank you again for your understanding in relation to the timing of this submission.

Yours sincerely,



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Sonoco Australia Pty Limited