Union-Transport (Aust) Pty Ltd A.C.N. 010 734 747 Trading as
UNION-TRANSPORT

Ref:doc008
11th January, 2000

The Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Commissioners,

Re: Review of Australia's General Tariff Arrangements

I would like to submit the following comments / proposals regarding the Review, on behalf of DeWalt Industrial Power Tool Company Pty Ltd.

An authorisation from the Company for me to present this document on its behalf is attached.

We trust that you will take the comments on the three issues covered into account when formulating your recommendations to the Government as a result of this Review.

Yours faithfully,

Maurie Bilston
Import Consultant

Respondents Details:

DeWalt Industrial PowerTool Company Pty Ltd
7 Clarice Road
Box Hill VIC 3128

Telephone:	**(03)9895 9211**
Facsimile:	**(03)9899 7458**
A.C.N:	**000 021 938**
Contact:	**Mr Paul Strommer**

Company Profile:

DeWalt Industrial Power Tool Co. Pty Ltd is a wholly owned subsidiary of the Black & Decker Corporation (USA).

Black & Decker is a global marketer and manufacturer of quality power tools, hardware and building products used in and around the home and for commercial applications.

Black & Decker is the world's largest producer of electric power tools, including electric lawn and garden tools.

Issue 1 - General Rate of Duty

Comments:

- The general rate of 5% duty whilst minimal, provides an important assistance measure to Australian Industry.

- Any sudden reduction in this level of assistance could have severe employment implications for our local Manufacturing Industry.

- Due to the Governments stated policy of reducing trade barriers, Australia has been at the forefront of Tariff reductions over the past decade, however this trend has not been matched by other W.T.O Members.

- We believe that there should be a 'Level Playing Field' - we do not need to be 'One Out' to the detriment of local industry.

- We do however understand that the Government has committed, under APEC, to free trade by the Year 2010, and suggest that duty rates could be phased out over a four year period commencing January 1, 2006, reducing by 1% each year until January 1, 2010.

- Local industry would thus have adequate time to prepare / adjust and employment implications would be minimised.

Proposal:
The general rate of 5% duty should remain in place at least until January 1, 2006, as an assistance to industry where substitutable products are manufactured locally.

Issue 2 - Tariff Concession System

Comments:

- The Tariff Concession System helps ensure that unnecessary costs (protective duty) are not imposed on Australian Consumers where there is no local industry to protect.

- Again this is an important element of the current arrangements and should be retained.

- In line with the proposal on Issue 1, the current system would become ineffective from January 1, 2009, when the duty differential would be reduced to 1%.

Proposal:

The Tariff Concession System should be retained at least until January 1, 2009, with all eligible goods being granted duty free admission.

Issue 3 - Item 50 - 3% Revenue Duty

Comments:

- In the Terms of Reference, the Minister has requested that the Commission consider "The Governments desire to improve the overall efficiency of the Australian Economy" and the steps necessary "to encourage the development of sustainable, prosperous and internationally competitive Industries in Australia."

- The imposition of the 3% revenue tax in 1996 on business inputs not available from local manufacture, has added significantly to input costs with an adverse impact on the international competitiveness of our local Industries.

- Removal of the 3% duty would have the following positive effects:
  - reduce costs to exporters of manufactured products
  - reduce costs / encourage investment in plant & equipment
  - reduce costs to trades people / consumers
  - maintain / increase employment levels in manufacturing industry

- In DeWalt's case in particular, its products (electric power tools) are not available from local manufacture. Whilst all lines are imported under Tariff Concession, the 3% duty only has the effect of raising the end selling price to the trades person / consumer and increases input costs.

- A further anomaly in the current system is created in the case of electric power tools. The Tariff heading (8508) is considered to apply to business inputs rather than consumer goods, yet many of the goods covered fit the latter category but are still subjected to the 3% impost.

- In light of the fact that this duty was introduced to assist in overcoming the then Government's budget deficit in 1996 and that the Federal Budget is now in surplus, combined with the advantages it would produce in terms of international competitiveness and the economy generally, the 3% revenue duty on business inputs eligible for Tariff Concession should be abolished and thus be brought into line with consumer goods in the same class.

Proposal:

The 3% tax on business inputs, currently applied to goods for which no substitutable product is manufactured locally, be abolished and all goods subject to Tariff Concession be granted duty free admission.

DEWALT

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11 January 2000

The Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Sirs,

Re: Authorisation

I hereby authorise Mr. Maurie Bilston of Union-Transport (Aust.) Pty Ltd to act on behalf of DeWalt Industrial Power Tool Co. Pty. Ltd. in relation to this submission to the Productivity Commission regarding the Review of Australia's General Tariff Productivity Commission regarding the Review of Australia's General Tariff arrangements.

Yours faithfully,

PAUL STROMMER
DeWalt Industrial Powertool Co. Pty. Ltd.

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