

**Review of
Australia's
General Tariff
Arrangements**

Submission

to the

Productivity Commission

by

Segafredo Zanetti Australia Pty Ltd

prepared by

Hudsons
Global Logistics

January, 2000

- **BACKGROUND**

Segafredo Zanetti is a multinational corporation employing over 1500 persons in six manufacturing plants. The corporation operates through 15 companies throughout the world. They select and purchase the best quality raw coffee on the world markets, directly from the producer.

Boasting up to 50,000 coffee shops and bars throughout the world who use Segafredo's unique coffee blends, the company has become a European leader in the field of espresso coffee and offers customers not only a premium product, but also service assistance and commercial industry advice.

Segafredo Zanetti Australia Pty Ltd imports commercial espresso coffee machines, coffee grinders, parts for those machines, as well as a range of high quality coffee tea beverage products.

The company is currently paying 5% Customs Duty on the importation of the machines and parts which is directly passed on to the customer.

- **MAIN ISSUES**

What should be the General Rate of Customs Duty post 2000 ?

- *Free.*

When should any Tariff Changes take place ?

- *As soon as possible and at least at the same time as the introduction of the GST.*

What implications are there for the existing assistance arrangements following from any Tariff Changes ?

- *The reduction of the General Rate of Customs Duty to "nil" will allow for a removal of the Tariff Concession and By-Law Systems, which currently pertain to General Rated Goods.*

What are the likely overall community effects resulting from a reduction in general Tariff Rates ?

- *We anticipate the benefit stemming from tariff reductions to zero would be passed on to the consumer, because of the highly competitive nature of our industry and in order for us to maintain market share.*

Can a reduction in Duty Rates encourage the development of sustainable and internationally competitive Australian industries ?

- *The customers we have are in the highly competitive food service and hospitality industries, which are integral to the tourism industry. Any reduction to the inputs for these industries can only assist with our international competitiveness.*
- *The 5% rate does not influence a potential purchaser either way as to whether they will buy one or another machine and therefore serves no protection to the Australian manufacturer, if there was one.*

Will reduced Tariffs promote the provision of high quality, competitively priced goods and services to Australian consumers ?

- *A further reduction in tariff rates should continue to strengthen the competitiveness of any local industries that have been able to maintain viability throughout the previous reductions.*

What are the likely effects of Tariff reductions on your products, the inputs that you may use, and for products, which compete with you ?

- *Reduced prices to our customers and the customers of our competitors. There are no local manufacturers of the types of machines we import.*

Are there goods produced in Australia which are complimentary or substitutes for goods that should have reduced duty rates and, if so, does the Australian producer represent a significant proportion of the market ?

- *To our knowledge there are no Australian manufacturers of the types of machines we import.*

Received 17/1/02