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20 May 1, 2000

Mr. H. Plunkett
Assistant Commissioner
Review of Australia's General Tariff Arrangements
Productivity Commission
PO Box 80
Belconnen ACT 2616
Email: gtr@pc.gov.au

Dear Mr. Plunkett,

Re: General Tariff Arrangements Inquiry

This submission is made on behalf of Crown Equipment Pty. Ltd. and responds to the Commission's invitation for comment under the General Tariff Arrangements Inquiry.

In particular, Crown Equipment directs its comments toward para 5 (b) of the reference in which the Commission is asked to identify and report on the costs and benefits of removing tariffs on tariff lines for which there is no significant Australian production.

Crown submits, that apart from its own activity, there is either no manufacture or insignificant manufacture in Australia of the following:

- fork lift trucks, narrow aisle trucks and turret trucks classified to 8427.10.00 and 8427.20.00 and hand pallet trucks classified to 8427.90.00 (statistical key 09) of the Customs Tariff;
- Parts for the above classified to 8431.20.00 of the Customs Tariff;
- Other parts (with the exception of batteries) solely or principally used with the above goods including those set out in Appendix 2

All the stated classifications provide for a general tariff rate of 5%, either under the relevant tariff classification in Schedule 3 of the Customs Tariff or under items 53, 53A or 53B of Schedule 4.

Removal of tariffs is sought for imports of these goods.

Crown Equipment Pty. Ltd commenced manufacturing operations at its Smithfield facility in 1969 and has continued to do so producing all its pedestrian stackers and most of its power pallet truck sales. Crown uses a network of local fabricators and general engineering sub-contractors to supplement its own machining, welding and finishing facilities. The company employs some sixty-eight personnel in its manufacturing operations. It does not foresee any reduction in this workforce if the 5% duty is eliminated. The greatest threat that Crown sees to its manufacturing operations in Australia is the continuation of trend for the market to move away from pedestrian units to rider type trucks.

Crown Equipment Pty. Ltd. generally maintains that where local manufacture of some substance exists, the 5% tariff rate should be retained.

Crown is a major supplier of the goods in question and for many years a significant manufacturer of some of these goods. However, few Australian components are used in the manufacture of lift trucks. Batteries is one exception.

It is Crown Equipment's view that the tariff on lift trucks and components is already too low to be of assistance to the lift truck industry. The tariff means an added cost to the supply of capital equipment and assembly operations. Assembly operations by Crown Eqpt in Australia are concentrated on the relatively high volume electrically operated pedestrian controlled trucks. However any assistance benefit which might accrue to Crown Equipment's operations is more than offset by the impact of the tariff on manufacturing components and the added cost to its complementary range of imported trucks.

Any assistance potential is also adversely affected by the Tariff Concession system. The present system is extremely limited in its capability to remove unnecessary tariffs. This is due to provisions which accept non-commercial supply as Australian produced goods, appear to demand a broad interpretation of what is meant by substitutable goods and inhibits TCO's from describing goods in recognised commercial and industry terms (e.g. 'parts used solely or principally in lift trucks' is not an acceptable TCO description)

Additionally, Crown Equipment has experienced the daunting cost of attaining TCO's under the previous system when the rate available was free. The present concession rate of 3% is not conducive to submitting applications for its removal. Appendix 2 list the more significant tariff classifications and annual import customs values from which can be determined the overall cost of customs duty to the industry while showing the relatively low duty payments which would apply to many individual component tariff classifications.

Consequently, it is the submission of Crown Equipment Pty. Ltd. that it would be more beneficial to the company's Australian operations and to the Australian lift truck industry to remove the tariff on lift trucks and parts thereof.

Details of the market as Crown Equipment sees it, local manufacturing information and industry trends are provided in Appendix 1.

The information in Appendices 1&2 is provided in confidence and we request it not be disclosed to any person other than the Commission unless prior agreement has been obtained from Crown Equipment Pty. Ltd.

Should you need further information, please contact me.

Sincerely,

Mike Watson