

22 June, 2000

The Productivity Commission
Level 28
35 Collins Street
Melbourne 3000

Dear Sirs,

McArthur Composites Pty Ltd opposes any reduction of tariffs on imported trucks. We believe that the proposed reduction jeopardizes the viability of the truck manufacturing industry in Australia, and this risks the employment of many thousands of Australians. McArthur Composites employs in excess of fifty persons, and each one relies on the truck manufacturing industry for their employment.

A level playing field does not exist at the current tariff rates, much less at 0%. Other truck manufacturing nations, generally, have 22% tariffs on imported trucks. It is not reasonable to believe that Australia can compete internationally with a 0% tariff rate. This is an unfair situation and needs to be addressed **urgently**. I have attached a schedule of truck tariffs for your reference.

The collapse of the local truck manufacturing industry would certainly outweigh any "small benefit to the community as a whole". And it is especially ludicrous to suggest that exchange rates should have an impact on the decision making process, given that rates change rapidly and constantly in either direction. To suggest that "the costs faced by manufacturers in adjusting to tariff removal would be slight" shows a complete lack of understanding of what manufacturers face on a daily basis. A sudden competitive disadvantage of a few percentage points is much more than a "slight issue", and could well destroy the local industry.

Australia needs to decide if it wants to maintain a heavy manufacturing industry, because a reduction to zero tariffs on the importation of trucks will cause the truck manufacturing industry substantial, perhaps even terminal, damage. We should be attempting to level the playing field by increasing tariffs, rather than tilting the field even further to our disadvantage.

Respectfully,

Guy Blay
General Manger
Enc.

Truck Tariffs

Country	5-20 tonne	20+ tonne	Imports into Australia	Local Manufacturer
USA	4%	25%	Freightliner Sterling Mack Trucks	
Germany	22%	22%		
Sweden	22%	22%	MAN, Mercedes	
Australia	5%	5%	Scania, Volvo	
Canada	6.1%	6.1%		Kenworth
France	22%	22%	Western Star	
Italy	22%	22%	Renault	
India	45%	45%	Iveco/ Fiat	
Pakistan	80%	80%		
Indonesia	70%	70%		
Japan	0%	0%		
South Africa	24%	24%		
UK	22%	22%		

ATTN: The Productivity Commission