



ELMUE HIGHWAY
SOMERTON VICTORIA
AUSTRALIA 3009
PRIVATE BAG 12
CAMPERDOWN FIELD VICTORIA 3007
TELEPHONE
(03) 9305 0200
FAX (03) 9305 0394

From the Office of The Chief Executive

RmcE:ms/022

June 23, 2000

Mr. John Cosgrove
Presiding Commissioner
The Productivity Commission
PO Box 80
Belconnen ACT 2616

Review of Australian General Tariff Arrangements

South Pacific Tyres believes that it is important at this time to maintain the general tariff at 5%. This is a modest impost by world standards which we believe is necessary to maintain the competitive positions of some of our valued customers.

There has been a steady decrease in the percentage of trucks either manufactured or assembled in Australia in recent years. However, Mack, Volvo, Iveco still assemble trucks in this country and Kenworth designs and manufacturers trucks in Australia.

Kenworth and Volvo Truck are supplied Australian made product by South Pacific Tyres and we have enjoyed significant ongoing business with them for many years. Maintenance of this offtake is important to maintaining our own factory throughput and efficiency.

Margins in the Truck sector are quite small and we believe that reduction of the general tariff to zero would place considerable pressure on operators like Kenworth and we are concerned that our current business with them would be put at significant risk as the market responds to a zero tariff scenario.

Australia's response to date to the inevitable move to total free trade in all respects has been exemplary. We believe it is up to others now to catch up rather than Australia continue to forge ahead and unnecessarily place ourselves at a comparative and potentially damaging disadvantage.

Having been actively involved in the Commission's enquiry into the Automotive Industry generally, we are obviously comfortable with the policy settings applicable to passenger motor vehicles. We now look to the Commission to consider the Australian Truck Manufacturing sector in a similar light.

Regards,

R. McEnry

A PARTNERSHIP BETWEEN
PACIFIC DUNLOP TYRES
PTY. LTD. A.C.N. 004 452 984
AND GOODYEAR TYRES
PTY. LTD. A.C.N. 000 145 433