

**DUNKLEY**  
**INTERNATIONAL** **Pty Ltd**

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Advisers to industry on international trade, customs and indirect tax.

6 July 2000

The Commissioner  
General Tariff Review Inquiry  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Sir

**Response to the Draft Report on the Review of Australia's General  
Tariff Arrangements**

We represent Panasonic Australia Pty Ltd (Panasonic) who we assisted in the preparation of a submission to this Inquiry on 20 January 2000.

Panasonic appreciates the significance of the Commission's Draft Recommendations and recognizes them as providing a simple and quick result that would avoid certain continued and additional, complicated and costly arrangements.

Although the Commission's recommendations would have, upon implementation, an immediate and beneficial effect on Panasonic as a large importer and therefore on its customers, Panasonic is concerned that such swift changes may be viewed as merciless to Australia's manufacturing, including its own sibling company, Matsushita Electric (Australia) Pty Ltd which is the largest manufacturer of colour television receivers in this country.

Panasonic considers it would be preferable to phase down the substantive duty rate of 5% a little more gently to allow time for manufacturers to adjust before they lose the last vestige of barrier protection, as they would perceive it.

Consequently Panasonic considers the Commission's Option 3 in para. 7.3 on p114 of the Draft Report to be more appropriate at this time i.e. that general tariff rates should be

".....Phased down, with a reduction to 2.5 per cent on 1 July 2001 and set at Free on 1 January 2003"

Panasonic also agrees with the commission that the Tariff Concession System should be retained until tariffs are reduced to Free. Furthermore we agree that whilst the Tariff Concession System remains in existence, business inputs should be treated the same as consumption goods so that each sector would have a Free rate under the TCS.

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The above comments, whilst taking into account the Commission's more-than-expected ambition for change, are consistent with Panasonic's requests in its original submission to the Inquiry.

#### **"Nuisance" tariffs**

In its draft report the Commission rejected the concept of any further ad hoc removal of tariffs. Panasonic is disappointed that the Commission is not taking the opportunity to complete the job of removing "nuisance" tariffs.

The earlier exercise of identifying "nuisance" tariffs by the Department of Industry Science and Resources and Customs was a great initiative, although it was not exhaustive.

There remain sub sub-headings in the Customs Tariff which attract 5% substantive duty whilst at the same time it has been clearly established beyond doubt that there is no Australian manufacture of "substitutable goods". This is evidenced by the existence of TCOs that describe ALL goods falling to the sub-heading.

Panasonic listed 9 product categories (12 tariff sub-headings) in its original submission to the Inquiry in January that fall in the category of "nuisance" tariffs.

Of those 9, there are 5 categories (8 tariff sub-headings) where a TCO exists for ALL types of product falling in the relevant sub-heading. Those sub-headings clearly attract "nuisance" tariff rates. The categories are as follows:-

8525.30.00	TV cameras
8525.40.00	still image video cameras
8508.10.00	electric drills
8506.10.00	non re-chargeable batteries
8506.40.00	= ditto =
8506.50.00	= ditto =
8506.80.00	= ditto =
8527.21.0	car radio with tape players

We appreciate ISONET's commend that where the situation is not absolutely clear, there is a need for "analysis and consultation with affected companies.....". therefore we are prepared to accept that the following product lines are not so easily identifiable as "nuisance" tariffs. We therefore do not press our earlier request in relation to the following 4 product categories:-

8516.50.00	domestic microwave ovens
8527.19.00	portable radios
8527.31.00	music systems
8525.30.0	tuner amplifiers

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**Summary of Requests**

1. **Draft Recommendations be set aside in favour of Option 3.**
2. **Phase down tariffs in accordance with Option 3 in para. 7.3 (p114) of the Draft Report.**
3. **Continue to address ad hoc removal of "nuisance" tariffs as nominated in this submission.**

**Please contact me for any further information.**

**Yours faithfully**



**MARGARET A MILNE** adv. dip. atf fcba  
**Director**