

6 July 2000

Review of General Tariff Arrangements
Productivity Commission
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Submission in Response to Draft Report Review of Australia's General Tariff Arrangements

The State Chamber of Commerce (New South Wales) is the peak employer organisation in New South Wales representing a wide range of businesses from small business proprietors to multinational corporations. Established in 1825, the Chamber is the second oldest continuing company in Australia, representing over 100,000 businesses through its direct membership and over 300 metropolitan and country Chambers throughout New South Wales.

The State Chamber welcomes the Review of Australia's General Tariff Arrangements. The State Chamber recommends that Australia only engage in unilateral tariff reductions where they apply to goods that are not produced domestically. For tariffs that apply to goods that are produced domestically, the State Chamber believes that the benefits of removing these tariffs will ultimately outweigh the associated costs. Therefore, the State Chamber recommends that Australia move to remove all tariffs as soon as practical.

The State Chamber rejects the notion that Australia will receive "credit" from unilateral reductions. Instead the State Chamber recommends that the Commonwealth Government should use these remaining tariffs as leverage in future trade negotiations.

The State Chamber recognises that there are significant benefits to the Australian economy of pursuing a free trade agenda.



*Established 1825
The New South Wales
Business Organisation*

Consequently, the main priority for this review, and for future negotiations on tariff reductions, should be to maintain pressure on our trading partners to reduce both their tariff and non tariff trade barriers. To achieve this the State Chamber advocates bilateral and multilateral reductions in trade barriers.

Additionally, the State Chamber considers the 3% rate of duty on most Tariff Concession Orders to be little more than revenue raising. This measure impacts negatively on the competitiveness of Australian producers by adding to the cost of imports. The Tariff Concession Order system should be retained but a free rate of duty should be immediately applied to any good covered by the system.

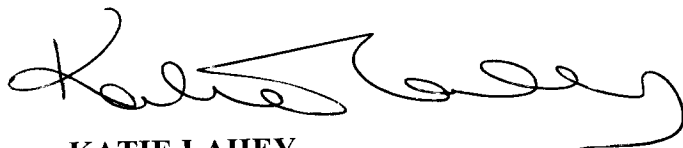
The State Chamber agrees that tariffs and complex concessional duty arrangements place significant compliance costs on Australian business. Because of this the State Chamber believes that tariffs should be removed when they are being applied to goods that are not produced domestically. These tariffs should be removed unilaterally as they impose an unnecessary extra cost on business. All other tariffs should be reduced.

A State Chamber member, Orlando Wyndham, brought the example of a tariff being applied to flat stainless steel products to our attention. Orlando Wyndham estimates that the tariff on stainless steel costs them \$150,000 a year. The wine industry consumes 11.8% of total stainless steel imports in Australia. Other major users of stainless steel in the Australian economy are sectors such as food and beverage production and food storage, 9.8% and 11.8% respectively. Stainless steel is not produced in Australia and a tariff eventually adds to the cost of the final exported product.

It is our understanding that the Australian Chamber of Commerce and Industry (ACCI) has already raised some of these issues in their first submission. The State Chamber would like to reinforce those points.

If you have any further questions please contact Max Pahlow, the Chamber's Senior Policy Adviser on 9350 8100.

Yours sincerely



KATIE LAHEY
CHIEF EXECUTIVE