



11 January 2000

Review of Australia's General Tariff Arrangements
Productivity Commission
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BELCONNEN ACT 2616

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Dear Sir/Madam,

I write to you in relation to the review of general tariffs in Australia with particular concern for tariffs applying to stainless steel flat products.

Australia is a substantial producer of nickel. Its mining and refining facilities are growing and it is possible that Australia will be the largest producer of nickel in the world during this decade. About 70% of nickel production is consumed in the manufacture of stainless steel, which represents the single largest and fastest growing market for nickel products globally. QNI Pty Ltd supports the Australian stainless steel industry as a small but important market sector for nickel consumption.

It has come to my attention that in 1996 the Federal Government imposed a tariff of 3% over imports of all stainless steels, irrespective of whether there was manufacturing to protect locally. A tax of this nature on stainless steel represents a tax on the consumption of nickel in Australia.

It is also our understanding that the majority of the market for stainless steel in Australia is sourced in flat products (about 90,000 tonnes annually) and that there is, following the closure of BHP Stainless in 1997, no local manufacturer of these products.

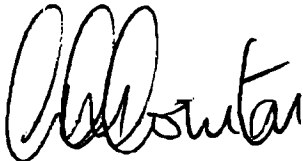
Removal of the tariff impost on stainless steel flat products will assist Australian industry in a number of ways. Stainless steels are used for their longevity, resistance to corrosion and most importantly, their environmental characteristics (such as 100% recyclability). These characteristics have helped to make the industries in countries with high levels of consumption of stainless steel very efficient (e.g. Germany, Italy). Making stainless steel options more attractive to the consumer will help bring these benefits to Australian industry, particularly when the full effects of life-cycle costing are taken into account.

Removal of the tariff will enable more competitively priced stainless steel products to be produced and permit the greater use of nickel in this country. This will certainly assist the Australian nickel producers.

I strongly request that import tariffs for stainless steel flat products be eliminated and that this be the recommendation of the Commission to the Australian Government.

The tariff codes for zero rating are 7219.11.00, 7219.12.00, 7219.13.00, 7219.14.00, 7219.21.00, 7219.23.00, 7219.24.00, 7219.31.00, 7219.32.00, 7219.33.00, 7219.34.00, 7219.35.00, 7219.90.00, 7220.11.00, 7220.12.00, 7220.20.00, 7220.90.00.

Yours faithfully,



Dr C.R. Pointon
Managing Director