

Dear Productivity Commission,

I am a 2nd year economics student at the University of New England, I'm majoring in economic development and have a particular interest in industry development and international trade.

I have several friends employed in the manufacturing of engine parts.

Whilst I'm still a student, I recognise the relationship which the automotive industry has with other sectors of the economy particularly with other manufacturing industries, services and high tech via direct linkages and technological externalities. Your own estimates suggest that shutting down the auto industry could mean the loss of 200,000 direct and indirect jobs. This could potentially lead to even greater losses for the economy as a whole - closing pathways into the industries of the future.

The auto industry receives the second lowest levels of subsidies in the country &ndash; receiving only \$500 million in subsidies; well below the \$900 million given to the banking industry and the \$700 million given to the mining industry.

This also doesn't stand up to international standards when compared to the UK's \$978 million given to their car industry, Germany's \$518 million, and the USA's \$1.85 billion (not to mention the other protectionist measures used by our trading partners). The Swedish automotive industry itself receives \$334 per worker in subsidies while Australia's only receives \$18 per worker.

With the loss of the automotive industry we'll also lose direct forward linkages into other industries, and the implications of this are very hard to estimate especially in the long run.

As a young Australian I wish to see our automotive industry retained, so that the wealth and jobs are kept in Australia; and so that future generations of Australian can prosper.

Kind Regards,  
Mathew Frith