



20th April 2004

Mr Paul Gretton
Assistant Commissioner
Productivity Commission
BELCONNEN ACT 2616

Dear Mr Gretton

I refer to the submission lodged by the Australian Government Department of Foreign Affairs and Trade dated 1 March and 5 March 2004, relating to “intermediate inputs”.

We agree in principle with the proposal articulated by DFAT, and in particular concur with the public notification procedure set out in the letter of 5 March 2004. We think it is important that manufacturers in both countries should be entitled to rely on the published lists, and not be required to look behind them to ascertain whether there is any residual manufacturing capacity in either country. This approach maintains consistency with the tariff assistance policies in both Australia and New Zealand.

We agree with the proposed 33% cap on the basis that the percentage is applied against the total factory cost, and not on a per item basis. For example, if a particular imported input which qualifies for removal from the content calculation represents 40% of the total factory cost, then the exporter should be entitled to deduct the first 33% from its costing.

We believe that the proposal outlined by DFAT would be beneficial to us. And we would be happy to respond to any specific enquiries you might have on this issue.

Yours sincerely,

Joe Macky
MANAGING DIRECTOR