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HOLDEN

ALISFTA
Submission No: 148.1

BY:

24 May 2004

Chair
Joint Standing Committee on Treaties
Parliament House
Canberra ACT 2600

Dear Sir

FREE TRADE AGREEMENT BETWEEN AUSTRALIA AND THE UNITED STATES

Thank you for the opportunity to appear before the Joint Standing Committee on Treaties recently, and to provide Holden's views on the proposed free trade agreement between Australia and the United States.

During the proceedings, some of the Committee members requested that Holden provide further information in relation to two questions. The first of these, from Mr Adams asked Holden to clarify our sales figures for 2003.

As I outlined during the proceedings, Holden sold 175,412 vehicles last year in the Australian market and manufactured around 153,321 vehicles at our vehicle assembly facility in Elizabeth, South Australia.

Of the 175,412 sales of Holden vehicles in the Australian market, 112,155 of these were domestically manufactured vehicles including models such as the Commodore, Utility, Cab Chassis, Crew Cab, Monaro and Statesman. A total of 63,257 vehicles were imported from other markets including the Barina, Astra, Vectra, Cruze, Rodeo and Combo. In addition 36,069 vehicles manufactured at our vehicle assembly facility in South Australia, were sold to export markets.

Around 5000 vehicles manufactured at our vehicle assembly facility in South Australia were in "plant stock" at the end of 2003.

The second question from Mr King related to the rules of origin for automotive goods. Mr King noted that the rules of origin do not cover all automotive component parts, and he queried how this had occurred.

Holden is not aware of the reasons behind the decision to include certain automotive components in Annexure 5A, which is the section that defines the automotive goods to be covered by a net cost methodology for calculating regional value content. It is likely that the tariff classification of these components has influenced the outcome, as the components that have not been listed in Annexure 5A are typically generic in nature, for example pumps, and are not exclusively identifiable for automotive manufacture.

I hope that this additional information has provided the Committee with sufficient clarification of the matters raised at the Hearing.

Holden Ltd.
A.B.N. 84006893232
241 Salmon Street Port Melbourne
Victoria Australia 3207
Subsidiary of General Motors Corp. USA

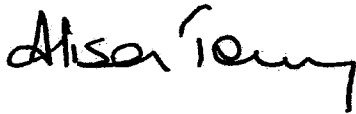
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All correspondence to:
GPO Box 1714 Melbourne
Victoria 3001 Australia
Telephone (03) 9647 1111
Facsimile (03) 9647 2550

Finally, the discussion at the Senate Committee on the possibility of the Holden Monaro being produced in the US in the future has been raised by a number of others since the hearing, and may warrant additional clarification. As noted by Senator Marshall, comments relating to potential US manufacture of the Monaro have been attributed to Bob Lutz, GM Vice Chairman, Product Development in recent media coverage. However, as I outlined at the hearing, no announcement in this regard has been made, and future decisions of this kind will ultimately depend on a range of factors. The important point to note in the context of the proposed US FTA is that with the agreement in place, changes of this kind become part of a broader global decision making process in which the removal of trade barriers in both directions is of considerable significance. In Australia's case, removal of the 25% tariff on light trucks into the US will make future consideration of export programs far more favourable from the outset.

In closing, I appreciated the opportunity to appear before the Committee and provide Holden's comments on this agreement. I look forward to the outcomes of the Committee's considerations of the agreement and encourage efforts to ensure that the agreement can be implemented as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read "Alison Terry". The signature is written in a cursive, flowing style.

Alison S. Terry
Executive Director – Corporate Affairs