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## ALBRIGHT & WILSON

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July 17<sup>th</sup>, 2006

Submission 6

TT on 28 March 2006

Joint Standing Committee on Treaties  
Parliament House  
Canberra  
ACT

Dear Members of the Joint Standing Committee on Treaties,

Request to retain current Rules of Origin for Harmonized Tariff category 3402.20 "Organic surface active agents (other than soap); surface active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 3401".

Albright & Wilson (Australia) Limited urgently requests that the proposal to alter the Rules of Origin under ANZCERTA to the Change of Tariff Classification for 3402.20 not proceed, and that the current method of calculating the Rules of Origin, incorporating the Regional Value Content, be retained exclusively for this tariff classification.

Albright & Wilson (Australia) Limited is a \$100 million chemical company employing some 130 staff at factories in Melbourne and Sydney. It produces a range of industrial phosphates and surfactants used in detergents and cleaners, personal care products, the food and building industries, etc.

Albright & Wilson (Australia) Limited produces a key component of washing detergents, sodium tripolyphosphate (STPP) – harmonized tariff category 2835.31 – at its factory in Yarraville, Victoria. The company exports some \$7 million worth of STPP to a New Zealand detergent manufacturer who in turn exports finished detergents packed for retail sale (harmonized tariff category 3402.20) back to Australia.

Exports of STPP to New Zealand account for some 20% of the Yarraville factory turnover. Without these sales, the whole viability of the Yarraville operation would be at risk, with the potential loss of some 65 jobs.

The New Zealand company needs Albright & Wilson STPP to attain sufficient RVC to enable the finished detergent to qualify for duty free entry into Australia.

If the ROOs are changed to the CTC method of calculation, then it is likely that the New Zealand detergent producer would use STPP from other sources, such as China, probably purchased at dumped prices as there is no phosphate producer in New Zealand, and the finished detergents would still qualify for duty free entry into Australia.

In other words, the proposed change to the ROO will not only adversely affect trade across the Tasman (reducing exports from Australia to New Zealand) but will also jeopardise the ongoing viability of our manufacturing operation in Yarraville. It should be noted that other Australian exporters of detergent raw materials will probably be similarly affected, and local (Australian) producers of detergents will be disadvantaged by the

ability of New Zealand competitors to enjoy lower cost inputs and duty free entry into Australia of finished detergent products.

We note that under the proposal to change the method of calculating the ROOs, there is provision for both methods, the new proposed CTC method and the former RVC method to co-exist for a period of five years. We propose that for 3402.20, the RVC method be exclusively applied during this period.

We note that in chapters 59,60, 61, 62 and 63, the new ROOs specify a minimum RVC. All we are asking for is similar treatment to be applied to 3402.20, in that to qualify for duty free entry, a requirement for a minimum RVC be specified – we would propose the existing 50% be retained.

We also observe that in NAFTA, certain circumstances require a RVC of 50% or 65% to be specified for trade between the countries of the North American region for 3402.20.

We trust that this request to retain the status quo regarding Rules of Origin for packaged detergents of 3402.20 be treated favourably.

Yours faithfully,  
ALBRIGHT & WILSON (AUSTRALIA) LIMITED

Dr Richard Thwaites  
Manager, Special Projects