

Murray Sherwin
Chairman
New Zealand Productivity Commission
PO Box 8036
The Terrace
Wellington 6143

Dear Mr Sherwin

RE: Proposed changes to Rules of Origin (DR 4.6)

Pacific Steel Group (“PSG”), a wholly owned subsidiary of Fletcher Building, wishes to raise its concern regarding two recommendations identified as DR 4.6 of the Commission’s September 2012 report “Strengthening Trans-Tasman Economic Relations”.

PSG is a manufacturing business which converts steel scrap into reinforcing bar and other steel products which are used in the New Zealand infrastructure and building industry. It employs 272 staff at its South Auckland site. PSG is of the view that the proposed changes to Rules of Origin (“RoO”) within DR 4.6 will lead to a number of unintended consequences if enacted:

1. Country of origin is required to impose current and future remedies. Loss of RoO could undermine the legitimate trade remedy process which exists under the Dumping and Countervailing Duties Act 1988. The proposed change may also allow imported steel and galvanized wire goods against which there are existing trade remedies, into New Zealand free of the current anti-dumping duty.
2. PSG is concerned that imports from countries with tariff of 5% may arrive in New Zealand, via an Australian transshipment, with transshipment costs less than 5%. This issue is particularly relevant with goods such as steel which are compact, ship well and of high value.
3. The New Zealand (and Australian) manufacturing industry is entitled to statistical information fully revealing the origin of goods, with which it must compete in the domestic market. The proposed RoO changes are likely to reduce that legitimate flow of information and the transparency regarding import supply that Australasian manufacturing considers reasonable and necessary.
4. Loss of RoO information potentially compromises the ability of New Zealand-based businesses to effect Safeguard measures.

PSG seeks clarification that the Productivity Commission’s tariff proposals have been developed in parallel with the upcoming review of tariff policy to be conducted in 2013 by the Ministry of Business, Innovation and Employment.

We trust the issues raised will be given serious consideration, with desired outcomes reflected in the Commission’s final report.

Yours faithfully,
Ian Jones