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See page 31

COVERSTORY

APIDA launches to meet the challenge of imports...

The newly founded Australian Plastics Industry Development Agenda (APIDA) recognises that sectors of the Australian economy are booming.

The Australian dollar continues to increase in value against major currencies, unemployment is at record low levels and economists remain generally upbeat regarding Australia's short to medium term economic outlook.

This is all good news, but it should not be forgotten that unfortunately there are sectors of Australian manufacturing that appear to have become unseen casualties of the country's booming economy.

This is because its improving prosperity as a nation continues to rely upon increasing exports, brought about by the voracious demand for Australian raw materials and resources from the manufacturing powerhouse of China.

APIDA was formed due to concern by members of the Australian plastics industry that Australia is not doing enough to maintain a sound manufacturing base.

As a nation we should not just remain content with raking in the dollars from exported raw materials and resources, which ironically are used to produce goods that compete with those of own manufacturers.

APIDA recognises that certain sectors of the Australian plastics industry such as packaging are performing very well, but notes how imports into Australia of finished plastic products from Asia continue to increase.

These increasing imports continue to erode our local manufacturing, particularly in the areas of automotive components, electrical appliances, film, sheet, clothing and footwear.

Seven years ago, Stephen Bardsley prepared an eighteen page Australian Plastics manufacturing industry case study with the title "Up the garden

path", a synopsis of which was published in Plastics News International.

The study suggested that without immediate intervention, the Australian plastics manufacturing industry would soon face a point of no return. The case study identified fourteen areas which needed to be urgently addressed if Australian plastics processors were to survive.

However, although the "Up the Garden Path" case study was welcomed by politicians and heads of industry associations, it received little follow up, since which time the decline in the identified sectors of Australian manufacturing has continued.

Given the massive impact the loss of Australia's manufacturing capability would be certain to have, the newly formed APIDA has been founded by manufacturers, suppliers and other interested parties that remain increasingly concerned regarding the future viability of sectors of the Australian plastics industry.

A major aim of APIDA will be to lobby for a coordinated national government policy and initiatives that support and encourage local manufacturing, rather than offer mere platitudes that have to date achieved little in stemming the decline of some Australian manufacturing sectors.

The APIDA founding members are concerned with how the continuing demise of some of our local manufacturing sees Australia's ability to remain globally competitive declining.

A further concern is the corresponding decline in Australia's skilled labour force and how, should the decline in the identified manufacturing sectors continue, the

skills base in Australia will become so badly eroded that the ability to manufacture locally will be lost forever.

If anyone should doubt this may ever occur, consider the plight of the Australian manufacturers of injection moulding machines,

In 1970 there were ten local manufacturers of injection moulding machines... by 1986 there were none.

It is now too late to protect these manufacturers. The industry has been completely wiped out by imports, and thousands of jobs and future career opportunities for Australians have been lost forever.

APIDA's mission is to ensure this will not become the case for our Australian plastics processors. Unfortunately in certain areas we face a repeat of this disturbing process. During the last fifteen years sectors of our plastics processors, including many with household names, have found it increasingly difficult to compete with imports and so have been forced to rationalise their businesses, close plants, or all too often cease manufacturing in Australia.

APIDA believes that whilst the rest of the world has worked hard to establish relative competitive advantage, Australian has in certain areas given this away.

It appears absurd to suggest that Australia should naively continue along the path of attempting to create a level playing field, when other nations do all in their power to tilt it in their favour... referring not only to import duties and tariffs, which in certain countries can be as high as 70 per cent, but also to the hidden non-tariff barriers created by some countries, which ensure it remains impossible for Australian products to be

exported into some overseas markets.

APIDA believes the government should increase attempts to negotiate reciprocal trade agreements... we do for them as they do for us.

If there is a 45 per cent import duty for our goods entering a particular country, then we have a 45 per cent duty for their goods entering Australia.

This will help ensure Australia really will be able to compete on a 'level playing field'. APIDA has identified the following important issues that for the sake of local manufacturing need to be urgently addressed:

- The import / export 'playing field' is not in Australia's favour.
- Governments are increasing the tax-take at industry expense.
- Incentives such as accelerated depreciation need be reintroduced or improved.
- Education and training for the plastics industry needs urgent assistance.
- Australia's skills base is becoming increasingly dependent on imported labour.
- There is a clear lack of export incentive schemes.
- Import replacement incentives need to be further developed.
- Competing countries continue to dump outdated equipment into Australia (Where is the encouragement for industry to embrace new technologies?).
- Manufacturers have few incentives to encourage capital spending, particularly to automate.
- Demand is derived from other manufacturing sectors also under siege.
- Government appears unprepared to 'put back' into certain manufacturing sectors even though in a position to do so... hoarding huge budget surpluses.
- Resources and cash flows are being severely restricted by the GST roundabout and other compliance costs.

The above matters are certainly not the only ones needing to be addressed.

Our Australian manufacturers deserve better and have demonstrated that given the right equipment, circumstances and opportunities they can be globally competitive.

If the majority of the above matters are not quickly acknowledged and addressed, then sectors of Australian manufacturing will continue to suffer.

APIDA is concerned that should nothing be done, the result will be less exports of manufactured plastic products from Australia, increased imports of such products from overseas, all leading to less job opportunities in the sectors of Australia's plastics manufacturing industry that are under siege.

It goes without saying that a lot is at stake, for the Australian plastics industry comprises approximately 2500 processors and employs in excess of 60,000 people and so must be considered not only as a significant employer, but also as playing a vital role in the Australian economy.

The founding members ask that you join the members of APIDA in supporting Australian plastics manufacturing. They ask that local manufacturers voice their support and join APIDA now, contact any of the founding members as listed below and join the fight to help ensure the plastics industry sector remains viable:

Stephen Bardsley - Handelsons Pty Ltd - (03) 9587 7870.

Ed Alexander - PIA Pty Ltd - (03) 9587 7155.

Ross Walkear - Applied Machinery - (03) 9706 8066.

Peter King - Peter King Trading - (03) 9587 4874.

John McGough - Plastics News International - (03) 9645 9887.

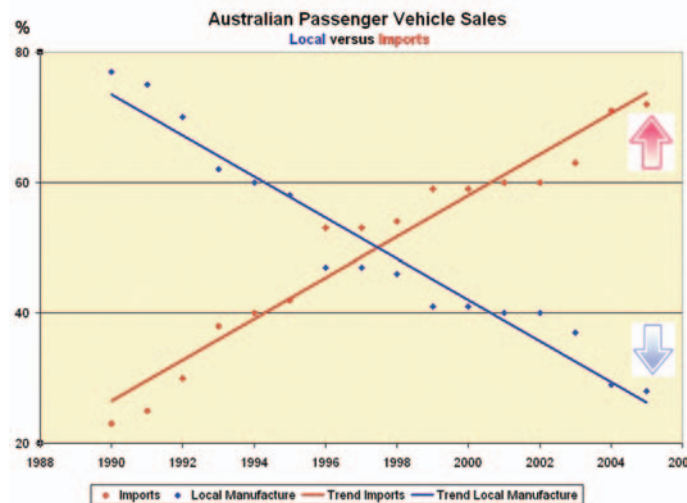


Table 1: Import duties on basic polymers.

Basic polymers	PE	Pe wire	PP	PS	PVC
Australia	5%		5%	5%	5%
China	12.9-45%		10-45%	11.8-45%	11.8-45%
Indonesia	10%	5%	10%	10%	10%
Malaysia	25%		25%	15%	20%
Singapore (GST)	5%	5%	5%	5%	5%
Thailand	20%	10%	20%	20%	20%

Table 2: Tariffs on tube, pipe and hose (mainly PE and PP), and floor coverings (mainly PVC).

	Tube	Floor
Australia	0-10%	0-5%
China	10-45%	10-45%
Indonesia	0-10%	5-20%
Malaysia	25%	30%
Singapore (GST)	5%	5%
Thailand	30%	30%