



24-Jul-15

Senior Clerk's Office  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

RE: China – Australia Free Trade Agreement

Armstrong World Industries (Australia) Pty Ltd employee 110 people and have been manufacturing in the Australia since 1969. Armstrong is Australia's sole remaining manufacturer of commercial vinyl floor and wall products.

Currently the vinyl flooring industry in Australia represents approximately \$150M to the Australian economy of which \$33M is imported from China.

Hampering Armstrong export sales is a 10% tariff which is applied to our approx \$2M sales to China.

With the impending China – Australia Free Trade Agreement, Armstrong has concerns that the immediate removal of all import tariffs on PVC flooring cover under HSC 3918 (FLOOR COVERINGS OF PLASTICS, WHETHER OR NOT SELF- ADHESIVE, IN ROLLS OR IN THE FORM OF TILES; WALL OR CEILING COVERINGS OF PLASTICS) will adversely affect our ability to remain competitive against imported products and will continue to impede our ability to export our products to China.

#### Current Position

	Current tariff imported into Australia from China	Current tariff imported into China from Australia
PVC flooring cover under HSC 3918 1000	5%	10%

#### Future Position after implementation of FTA

	Tariff imported into Australia from China	Tariff imported into China from Australia				
	Year 1	Year 1	Year 2	Year 3	Year 4	Year 5
PVC flooring cover under HSC 3918 1000	0%	8%	6%	4%	2%	0%

Accordingly Armstrong ask that consideration be given to provide a level of protection as afforded previously to the Carpet industry where the import tariff ex China reduces over a 5 year period rather than ceasing immediately.

Manufacturing in Australia becomes increasingly difficult with proposals like these. Last year Armstrong was forced to close its Thomastown (Vic) facility resulting on the loss of 25 jobs. The imbalance in the proposed agreement places manufacturers like Armstrong at a distinct disadvantage when competing with imported with minimal infrastructure and employment investment.

Your consideration in this matter would be greatly appreciated.

Kind regards,

**Michael Keam**

Strategic Marketing Manager - Commercial Flooring