Improving Australia’s Anti-Dumping Provisions

Labor’s plan to keep trade fair

A Shorten Labor Government will take action to safeguard Australian manufacturers, producers and growers from unfair trade practices by strengthening Australia’s anti-dumping system.

A strong and effective anti-dumping regime is critical to Australia’s ability to safeguard our domestic industries from uncompetitive and unfair trade practices, which cause injury to Australian manufacturers, growers and producers.

Labor strongly supports free trade and recognises the importance of ensuring Australian industry does not fall victim to unfair and uncompetitive trade practices.

To achieve this, a Shorten Labor Government will:

- Increase funding for the Anti-Dumping Commission to improve its capacity to investigate breaches of trade rules; and
- Transfer the responsibility for Safeguards investigations from the Productivity Commission to the Anti-Dumping Commission
- Triple penalties for parties who circumvent Australia’s anti-dumping measures;

Maintaining a strong anti-dumping regime provides confidence that a liberalised international trading system will not be abused through subsidised products and that there is a level playing field for domestic industries.

Reform also ensures that our trade remedies regime does not lag behind that of other comparable nations, making Australia more attractive as a destination for foreign dumped goods.

This is the first tranche of Labor’s reforms to Australia’s anti-dumping system.

What’s the problem?

Australian industry is currently facing significant challenges from soaring energy costs, and a relatively high Australian dollar. Our domestic manufacturers, producers and growers are further threatened by the actions of foreign companies that export goods to Australia at a price that is below the normal value of the goods in the exporting country.

Evidence confirms that dumping has increased recently. At 31 October 2017 the Australian Anti-Dumping Commission (ADC) advised there are 80 anti-dumping and countervailing measures in place and an additional 94 investigations underway.

For the steel industry the issue of dumped goods is especially acute. Over 60 per cent of the anti-dumping measures currently in force relate to steel. This is largely due to the current global oversupply, which has pushed down steel prices worldwide since 2010.

The Trump Administration’s announcement on 2 March 2018 of a 25 per cent tariff on steel and 10 per cent tariff on aluminium imported into the United States raises the threat that steel once destined for the US will be dumped into Australia instead.
On Thursday 1 March 2018, the Anti-Dumping Commissioner was asked at Senate Estimates what impact a potential US tariff on steel and aluminium imports would mean for Australian manufacturers. He answered:

_Certainly, the view domestically from Australian steelfakers and aluminium manufacturers is that any material change to tariff or quota arrangements into the US for those products will pose a risk for other markets, of which we will certainly be one._

When asked about what the knock-on effect would be, the Commissioner went on to say:

_The knock-on effect would be that you could expect to see some increase in volumes of those goods into other markets_

It is prudent that Australia take action to ensure trade remains fair and within established international rules.

**Tripling penalties for circumventing dumping duties**

A Shorten Labor Government will triple penalties for exporters who attempt to circumvent Australia’s anti-dumping measures. Evidence from unions and manufacturers at the recent Senate Economics References Committee’s Inquiry into the Future of Australia’s Steel Industry revealed that penalties applied by Australia in response to dumping are weaker than other comparable countries.

Australia needs to ensure that its anti-dumping regime is effective at deterring anti-competitive behaviour. Labor will increase penalties for attempting to circumvent dumping duties.

Increases in revenue from tripling penalties will be invested in Australia’s anti-dumping system.

**Increasing investigative capacity of the Anti-Dumping Commission**

Labor will invest an additional $3.5 million per year into the Anti-Dumping Commission – boosting its current funding from $14.3 million per year to $17.8 million.

With the dumping of cheap foreign goods expected to rise, it is critical that Australia’s anti-dumping regime is adequately resourced to ensure Australian industry is not unfairly disadvantaged.

The Commonwealth must provide the Anti-Dumping Commission with enough resources to respond rapidly and complete investigations in a timely manner. This funding will strengthen the Commission’s ability to undertake investigations and remedy unfair trade practices that are damaging Australian manufacturers.

By increasing the Commission’s budget, FTE staff is expected to rise by 30 – the equivalent of at least one new investigative team.

This team will be tasked with investigating unfair trade practices relating to steel and aluminium and will prioritise rapid responses to injurious behaviour by foreign exporters.

**Strengthening Australia’s capacity to deal with surges in imported goods**

Currently in Australia, responsibility for trade remedies are split between the Anti-Dumping Commission, which deals with dumping and countervailing measures, and the Productivity Commission, which deals with safeguards investigations.
Safeguards are a trade remedy triggered in response to a sudden and large increase in the number of imports of a particular good, which may cause serious injury to a country’s domestic industry.

Under Australia’s international agreements, safeguards actions may include temporarily restricting imports of product until the domestic industry can adjust – and can consist of tariffs or quotas.

The recent Senate Economics References Committee inquiry into Australia’s Steel Industry heard evidence that other jurisdictions (such as the EU, US, Canada, Korea, China and South Africa) have a single body to deal with all trade remedies.

The inquiry also heard that industry views access to safeguards mechanisms largely inaccessible in its current location.

A Shorten Labor Government will align our trade remedy system with international best practice and bring the entire system under the umbrella of the Anti-Dumping Commission. This would mean Australian industry is afforded the same support as its competitors.