

The Australian Workers' Union

Submission June 2009

Inquiry by the Productivity Commission into Australia's anti-dumping and countervailing system

Executive Summary

The Australian Workers' Union (AWU) is the main union representing the Australian steel manufacturing industry. The AWU is concerned to ensure that at a time when jobs are being lost in manufacturing as a consequence of the global financial crisis (GFC) including in industries at risk of dumping, such as the steel, plastics, paper, and cement industries, the inquiry by the Productivity Commission (PC) focuses on the shared consensus that there is a future for a domestic manufacturing industry and that jobs matter over welfare dependency.

This is vital to the AWU as in the Union's view the bias in recent years has been in practice to promote the interests of importers and consumers at the expense of traditional manufacturing industry jobs when assessing the efficiency and effectiveness of current anti-dumping arrangements. According to this view, the community benefit is on balance enhanced by promoting cheaper imports (including subsidised product) because they contribute to greater consumer surplus and serve as cheaper inputs to other users.

However, this static analytical approach is grounded in economic theory which equates welfare with higher levels of manufacturing imports and an efficient, seamless reallocation of resources. But it has also tended to have gone further in equating legitimate industry concern about the impact and future risk of subsidised imports as protectionist "rent seeking".ⁱ

This unconstrained market based approach assumes away the legitimate role for industry policy settings as anti-competitive and avoids the harder practical task of dealing with strategic concerns such as sectoral import dependency, the reducing share of manufacturing as a total share of the economy, disproportionate regional impacts and the short to medium term risks to local production and exports stemming from the GFC.

These latter risks relate to the impact of the fall in export demand and the greater importance of the domestic market on the one hand and the likelihood of injury from either subsidised exports or restricted access from countries which are pursuing aggressive fiscal support and protection for domestic manufacturing production on the other.

COAG's focus on competition policy reform and the call for the review of anti-dumping (July 2008) predates the collapse of Lehmann Brothers (September) which served as catalyst for the GFC with which the global economy will be grappling with for some time. It is therefore critical that the PC considers carefully - rather than wish away - how the GFC will impact on Australia in terms of future risk and opportunities to industry and therefore to investment and jobs, in addition to the red-tape and compliance issues which were COAG's original focus.

It will also be vital that the coincidence of sectoral and economy wide interests which the PC claims will also be a focus of its inquiry accounts for the steel industry and the value it plays in the Australian economy across a broad front and to some of the risks. This submission highlights some of the sectoral benefits to the broader economy and outlines risks.

Finally, as a part of the regulatory apparatus, the PC along with Customs and the ABS participates in Australia's anti-dumping regime. As one of the current regulators for a key element of the anti-dumping regime (safeguards) the AWU assumes the PC will provide independent advice concerning the future direction of the other two elements (anti-dumping and countervailing) rather than engaging in an exercise of self-justification.

Introduction

This submission responds to the invitation by the Assistant Treasurer and Minister for Competition and Consumer Affairs with the Minister for Home Affairs to comment on the terms of reference of the inquiry by the Productivity Commission (PC) into Australia's Anti-Dumping and Countervailing System.ⁱⁱ It draws on previous submissions by the AWU to a number of other inquiriesⁱⁱⁱ, the AWU's New Steel Plan^{iv} and submissions to the Mortimer Review of Australia's Exports, including in particular by BlueScope Steel.

The inquiry's context

Anti-dumping, countervailing duties and safeguard measures share two sides of the same coin. On one side, they may represent restrictive trade measures which can serve to restrict access to markets. On the other, they may represent legitimate trade remedies for local industry from predatory and injurious practices in particular affecting Australia's fertiliser, pesticides, steel, industrial chemicals, plastics, paper and cement industries. Getting the balance right between these competing ends is the challenge before the PC.

The AWU notes two points:

1) The PC is itself a part of the regulatory framework as gatekeeper to accessing the safeguards system.^v It is therefore important for the PC to establish that as regulator for part of the anti-dumping regime, it is able to independently review other aspects of the regime, i.e. the anti-dumping and countervailing parts. Alternatively, as all are trade remedies^{vi}, why not review the entire system independently including safeguards, via an independent third party? In view of the essentially arbitrary demarcation to exclude review of safeguards regulation, the AWU has decided to include consideration of safeguards in this submission; and

2) COAG's decision to hold an inquiry was made in the context of a regulatory review of red tape and cost to business.^{vii} It is therefore legitimate to ask that would the same approach have been undertaken and the terms of reference been the same had the full impacts of the global financial crisis been clear in July 2008? The GFC puts a different emphasis on the immediate and short term as opposed to longer term considerations which have a bearing on the inquiry.

The AWU is concerned with the Commission's proposed approach to the inquiry which states that:

"...its (the Commission's) assessments will be predicated on furthering the well-being of the community as a whole, while having due regard to the interests of individual stakeholders - including those of local industries which may wish to draw on the provisions of the anti-dumping system. Amongst other things, the Commission will be exploring whether there is a sufficient coincidence of sectoral and economy-wide interests and, if not, how this might be addressed."^{viii}

The last sentence is the operative one for the AWU. It is vital that due regard is taken of the dynamic impact of dumping on key industries, such as steel, not just in the direct losses incurred as a consequence of predatory or injurious practice, but sustained by the economy overall.

The issues

Concerns about current anti-dumping arrangements

Policy should also ensure maintenance of effective anti-dumping laws and administrative capacity in Australia. One concern the Australian steel industry has in this regard is administrative decisions by the Australian Bureau of Statistics (ABS) since 2005 relating to the confidentiality of data, which have obscured the value, origins and destinations of various steel imports into Australia. This unnecessarily hampers the ability of domestic manufactures to understand overall market activity, which is essential to making investment decisions. It also prevents effective monitoring of imports and undermines Australia's anti-dumping regime.

At a time when private sector demand continues to fall in the wake of the full effects of the GFC, stimulatory spending packages being implemented by governments - such as major infrastructure spending initiatives - are vital in filling some of the gap left by the withdrawal of private sector demand for the output of our industries. In the period ahead, government spending on nation building infrastructure investment will play an important role in mitigating the full impacts of the GFC, sustaining jobs and growth and stimulating a sustained recovery.

In this context, trade policy will need to be properly regulated and enforced to ensure that trade remains free and fair in order to achieve these nation building goals.

A major goal should be to avoid the risk of corrosive dumping of surplus production onto third markets at prices which may not reflect the true costs of production because of government subsidies or where exports are subsidised at prices which do not reflect their true normal value in the country of origin. The build-up of large surplus stocks in countries such as China underlines this risk. In this context, it is notable that China has announced it will increase its export rebate on some steel products, including cold rolled coil, from 5 per cent to 13 per cent on 1 April 2009.^{ix}

Such policies risk undermining the support which our governments are providing our industries, workers and economies at this critical time and will promote calls for retaliatory measures such as anti-dumping action and increased tariffs.

Consultation with industry has indicated that proving anti-dumping actions are often difficult, cumbersome and prolonged and serve to distract core business activity and investment.

Two points relevant to this issue: 1) Australia has made it harder rather than easier to determine dumping due to lack of country of origin data; 2) There is a suspicion amongst stakeholders after a recent pork industry case that government may be reluctant to fully utilise existing safeguards powers in the case of injurious surges of imports which has served to inform its approach to anti-dumping more generally.^x

Countervailing duties and safeguards

BlueScope Steel has experienced the misuse by other Governments of the right to impose countervailing duties under WTO rules if national authorities determine Governments of exporting states subsidize exports in way that damages domestic producers. It has suffered imposition of countervailing duties by US authorities for discovery of trivial subsidies on steel produced in Australia, usually as the by-product of action taken against other more heavily subsidized steel imports from third countries.

BlueScope Steel sought protection from this abuse in future by requesting the Australian Government to secure for Australian producers the same lesser liability to countervailing duties that Canada secured for Canadian exports in the North American Free Trade Agreement. That right was not secured in the Australian US FTA.

If the current Government entertains the thought of seeking changes to the Australian US FTA, BlueScope Steel requests that it seek this change.

BlueScope Steel also favours the provisions adopted in the Uruguay Round to extend the scope of the WTO Agreement on Subsidies and Countervailing Measures to provide rights to contest under WTO rules damage caused by competing, subsidised products in third country markets. Those provisions also included rights to provide subsidies to serve environmental purposes.

Regarding safeguards, BlueScope Steel in their submission to the Mortimer review of Australia's Export Policies and Programs^{xi} expressed concern that the decision by the PC in relation to temporary safeguards for the Australian pork industry, released by the Government in April 2008^{xii} may suggest a reluctance to support safeguards measures, which could have negative implications for other industries facing damaging import surges.

Safeguards

The safeguards provisions in the GATT and the WTO Agreement on safeguards were designed precisely to enable Governments to use temporary trade barriers as an emergency measure to provide relief where import surges injure or threaten to injure domestic producers. Such measures are designed to provide breathing space while industries re-adjust to manage these conditions.

It is a requirement stipulated by regulation that the Australian Government may not impose safeguards measures under the WTO provisions without first having the Productivity Commission determine that the conditions exist to impose such measures. We note that a number of Australia's trading partners do not impose such onerous regulations, and do not require investigation of safeguards cases by independent statutory authorities.

"BlueScope Steel believes the Government needs to be able to enforce its WTO rights as it wishes and based on the merits of each individual case."^{xiii}

Pig meat case

Although the Commission argued in the pork case that a range of domestic factors, including higher feed costs and the strengthening Australian dollar had made the domestic pork industry less competitive and encouraged imports, we share concerns that comments in the Commission's report, such as "creeping legalisms are undermining the proper role for safeguards measures in a liberal trading order" (Pigmeat Safeguards Overview,, pxxvi), may indicate a desire not to invoke safeguards measures for reasons relating to the politics and efficacy of the multilateral trading system, rather than simply the merits of each case.

And on the merit of the pigmeat industry's case for additional support, the PC ruled out any further financial assistance as being 'difficult to justify', noting that

"Such industries have generally done best where they have focused their efforts on being more innovative and efficient, rather than seeking government support."

Updating our anti-dumping laws and their administration and application is therefore vital in particular in the context of the GFC where emergency measures are being taken to address the crisis which require a complementary response from the anti-dumping regime and which aim to both protect and promote the competitive strengths of our own industry.

The importance of local industry for investment and jobs

The Australian steel market is characterised by low tariff and non-tariff barriers (flat steel imports from developing countries, such as China, typically enjoy zero tariff) and negligible levels of government assistance. By contrast, many overseas steel producers against which Australian producers competes (in both domestic and export markets) enjoy relatively high levels of tariff assistance. (Refer to trade policy overview in BlueScope Steel submission to Mortimer Inquiry).

And while trade barriers in the steel industry are generally low worldwide (compared, for example, to very high peaks for some agricultural commodities) nevertheless, in a very competitive global industry, even tariff barriers in the order of 5-10 per cent can equate to the entire selling margin on some steel products. Removal of these should remain a constant goal for Australia but the GFC has stilled the appetite for global reform and other alternatives, including bilateral and regional agreements that must be pursued. Absent international agreement, domestic measures will also be required to protect industry for the period of the GFC.

World Bank's report on Global Development Finance

New World Bank analysis of the global economy paints an unprecedented picture: global output falling by 2.9 percent and world trade by nearly 10 percent; accompanied by plummeting private capital flows, likely to decline from \$707 billion in 2008 to an anticipated \$363 billion in 2009. Source: World Bank, Global Development Finance, 22 June 2009

And, although estimates vary, the value of local spending on manufacturing including on steel production should not be underestimated and are strongly positive. This active policy approach expressly recognises the dangers to the Australian economy in the short to medium term in the absence of sustained export demand because of falling world growth and slower recovery (recently downgraded by the World Bank^{xiv}), decreasing capacity utilisation, and increasing unemployment.

The contribution of local manufacturing to the economy

A study carried out for ICN by Australian Economic Consultants Pty Ltd (AEC Group) revealed that in 2007 / 08 every \$1 million spent in the manufacturing industry in Australia generates:

Full time jobs: 17 - (4 direct jobs and 13 indirect)
Tax revenue: \$600,800
Value Added*: \$1,772,500
Welfare Benefits**: \$170,000

*' Value Added' includes wages, salaries, taxes paid and profits.

** 'Welfare Benefits' refers to payments made by Social Security in order to assist and sustain unemployed persons.

Source: Industry Capability Network (Victoria) Limited, http://www.icnvic.org.au/about_us.html

In terms of steel production, assuming an average manufactured steel price of \$5,000 / tonne (includes, material, fabrication, transport, painting and installation.):

\$1,000,000 = 200 tonnes of manufactured structural steel and 17 full-time jobs.

To this end, the AWU shares the views of the Australian Steel Institute (ASI)^{xv} supporting greater spending in the steel construction sector, already impacted deeply by the GFC as this will provide immediate economic stimulus and job security.

“To maximise the efficiency of the infrastructure stimulus package and to offset the reduction in taxation revenues already announced by the Government, it is essential that the Australian Jobs First provision be introduced....

“The Australian Jobs First policy would not ban imports, but simply make a preference provision to spend Australian taxpayers’ money on saving jobs in Australia. This is not an attack on the ‘level playing field’ platform which the ASI supports but a requirement that all Government infrastructure expenditure in the stimulus package should maximise job security throughout the vital steel industry chain and preserve capability gains in recent years from heavy investment in new technologies.”^{xvi}

The AWU welcomes the recent announcement by the NSW Government that it will spend \$3.9 billion in 2009-10 on goods and equipment for schools, hospitals and other vital services. As announced by the NSW Treasurer, the new government purchasing plan – *Local Jobs First* unashamedly gives priority to Australian-made goods and services. Government agencies must put local businesses first – giving preferred treatment to more than 500,000 firms and small businesses in New South Wales. The Government’s first priority is employment – and New South Wales spending to support local jobs.^{xvii}

Rather than seeing such measures as protectionist, the ANZ Bank’s Head of International Economics, Amy Auster has outlined how in comparative terms, since government consumption makes up only a “tiny bit” of worldwide GDP, sourcing steel locally will unlikely take global trade back to where it was 20 years ago.

Moreover, because global trade flows are a fraction of global capital flows, a risk of financial protectionism is probably a much greater risk than trade protectionism (because of larger government stakes in banks around the world, moves aimed at favouring local lending over lending abroad is a key risk). The recent World Bank GDF report, charting the recent sharp fall in private capital flows, highlights the risk.^{xviii} Therefore, a lot of the concerns about a trade war stemming from “buy local” campaigns is simply “ideological back and forth.”^{xix}

In addition, China has recently announced an edict regarding its stimulus spending which seeks to ensure that the bulk of its \$738 billion fiscal package is spent on domestic goods and services.^{xx} Is it credible therefore in the middle of the GFC with the international growth outlook downgraded by the World Bank for Australia to sit by and allow such measures to go unaddressed when the price may be higher local unemployment? And what is the likelihood of surplus production making its way onto world markets at subsidised prices unreflective of normal values? That is why the AWU urges the PC to consider the impact of the GFC on investment and jobs when assessing the adequacy of Australia’s anti-dumping regime.

What China does affects us

China's share of world trade in steel will continue to increase. Typically, steel prices in global markets are higher than in the domestic Chinese market. Notwithstanding measures taken by the Chinese Government to restrict exports, such as cutting export rebates and increasing taxes on energy intensive manufactured exports, the commercial incentive for Chinese steel producers to continue to export remains. It is also stated Chinese policy to encourage Chinese companies to become "global businesses".

Chinese steel exports have expanded steadily into international markets, including Australia. If a situation arose where authorities in other countries or regions, such as the US and EU, took action to restrict Chinese steel imports this would likely result in surplus being redirected to other open international markets, such as Australia. Whether temporary or permanent, such a development would have potentially drastic implications for Australian steel production.

Source: BlueScope Steel's submission to Mortimer Inquiry

Free Trade Agreements (FTAs)

Are we simply making it easier for competitors to target the Australian market with subsidised or dumped product? How will the FTA serve to lessen this risk? Absent institutional reform in dealing with dumping cases, how effective will the FTA be in mitigating the risks?

The AWU recognises that much time and effort is put into negotiating and striking agreements among the parties which aims to serve the interests of more effective and efficient access for trade and investment for all. However, when dumping occurs, it is up to the individual members to implement domestic countervailing policy measures including review and policy responses (the example of Vietnam's response to steel imports is a case in point).

The risk is real despite the assurances of the assessment by the National Interest Analysis (NIA) concerning the benefits of the ASEAN –Australia – New Zealand agreement with regard to regional rules of origin.^{xxi} For example, will the FTA shield Australian producers from the kind of local content measures being planned in Vietnam for steel which will make it harder for non-ASEAN producers but for ASEAN still apply non-tariff measures including tighter customs clearance involving sampling and stringent inspection? How will the NIA assurances be implemented in practice? What is the capacity of the Agreement to assist Australian producers in this regard and the plans and intentions of the Government to ensure enforcement of rights where they exist and how we intend avoiding encountering the kind of border measures being proposed by Vietnam?

That is why additional safeguard protections in the short term may be required. They are front and centre to such agreements and should also have been the subject of this inquiry.

Vietnam Steel Association seeks tighter import restrictions

It has been reported that the Vietnam Steel Association (VSA) submitted on 3 April a proposal to the prime minister's office and to the ministries of industry & trade and finance for more stringent requirements for the importing of steel products such as wire rod, cold rolled coil, metallic coated steel and welded pipe. Imports of steel which are not being produced domestically or sufficiently, such as hot rolled coil and billet, are not included, Steel Business Briefing is told. The association has also proposed that long products from most favored nations as well as from Asian countries be imposed the current 15% import duty. Those wanting to qualify for the 0% preferential duty for Asean imports will need to apply, whereby customs clearance of the imports will involve sampling and stringent inspection.

"We want to make sure that wire rod from an Asean country has at least 40% local content. This is no longer the case if imported billet is used for making the wire rod," Dinh Huy Tam, VSA's secretary general tells Steel Business Briefing. "We want to ensure that there is fair competition for our domestic producers," he adds. The VSA had previously proposed higher import duties on billet and long products and these duties were subsequently raised by 3 points effective 1 April. Source: Steel Business Briefing.

Therefore, effective international arrangements that provide contingent protection against unfair trade practices (anti-dumping, countervailing and safeguards) are vitally important to Australian companies to their capacity to trade in international markets.

In fact, the FTA framework could offer scope for members to "pool" their market understanding of "normal" prices and production costs of goods traded and to establish a benchmark by which trading terms can be objectively measured and against which action may be taken against injurious dumping by all. This would facilitate fair trade while providing a disincentive for subsidised exports.

In the AWU's view such an approach would serve Australian exports because we are efficient and competitive producers, who, while offering access to the Australian market on fair terms, also expect to receive it in return. And actions against third parties outside the agreement could be potentially taken collectively which would serve to limit incentives for subsidised exports occurring in the first place.

A new model of local procurement that avoids dumping

The AWU has been concerned for some time regarding the poor and timely application of Australian rights to take steps to protect itself against the dumping of subsidised product onto the Australian market. For example, the AWU's New Steel Plan outlines in detail the concerns held by industry and some of the measures which could be implemented to improve application of countervailing measures to ward off dumping. Giving foreign suppliers a free kick onto the local market regardless of whether the foreign suppliers are selling at prices which reflect the true cost of production rather than a subsidised price (which does not reflect the true normal value) is no longer tenable to the AWU and should not be tolerated by the Australian Government.

The New Steel Plan outlined a range of measures from the development of a more informed and transparent database of production costs and prices to the consideration of the application of countervailing duties by the relevant department and Minister. Such a model would mirror more closely the circumstances in the US where these issues are dealt with in a more timely manner in consultation with industry and unions (see next box below).

In addition, local content rules will make it harder for subsidised product to find its way onto the Australian market and is a key justification for preferring Australian sources of supply in government procurement spending.

The risk may be more pronounced under the pressure of the GFC to offload surplus inventories and to sustain local industry in Asian markets. The Federal Government must ensure that the application of the FTA occurs on fair terms. More information and intelligence provided by a monitoring service or team dedicated to tracking the application of FTAs and to provide early warning to Government will assist in this effort. That suggests a more active role by DFAT in cooperation with Customs and the PC, in particular on safeguards. It will be self-defeating for Australia's producers if local markets are lost to subsidised imports under cover of FTAs while being expected to look for their own market opportunities in the free trade area.

Other models

The AWU therefore supports the development of an industry policy plan which will sit alongside the FTA such that the claimed market opportunities which will become available to Australian industry will be fully exploited.^{xxii} Such an industry policy plan would assess the market opportunities for Australian suppliers and develop a strategy to harness these. On the other side, an audit of potential risks to local suppliers should be undertaken which will assist in identifying possible areas of potential trade policy failure in particular the risk of dumping of subsidised product onto the Australian market under cover of the FTA. (by DFAT, Customs, and the PC). FTAs must incorporate robust safeguards provisions to address the short-term problem of injurious surges in imports as a result of trade liberalisation and which are responsive rather than rigid.

The risk to regional economies

Rather than exhibiting seamless transition to other activities, regional centres dependent upon a major employer to sustain jobs and activity invariably find it very difficult to transition into other activities without severe social dislocation. While economic models assume the smooth reallocation of labour, the fact is in practice there are significant lags in this occurring if it occurs at all. The knock-on impacts to regional communities can be severe.^{xxiii}

It is no coincidence that regional Australia has higher rates of unemployment and underemployment and which persist for longer precisely because of the lack of available alternate opportunities. That is why, consideration of the impact of predatory dumping practices must account for the impact on centres which are disproportionately reliant upon steel for a living, such as Port Kembla, Wyalla, Newcastle and Westernport. That is not to suggest that regional centres should be shielded from competitive price pressures, but it is acknowledging that where dumping occurs, it will have a disproportionate impact on the sustainability of employment in regional Australia relative to metropolitan centres.

USW Joins Oil Tubular Trade Case Against China Imports Seven domestic producers file petition representing 6,000 production workers

Washington, DC (Apr. 8) -- Seven U.S. oil country tubular goods (OCTG) producers and the United Steelworkers (USW) today filed an antidumping and countervailing duty trade case against China imports with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC).

OCTG represents welded and stainless steel pipes that are used to extract oil or gas from a drill well. The USW and the domestic companies allege that Chinese producers benefit from massive government subsidies and dumping margins ranging from 40 to 90 percent. According to the USW, the increase in Chinese imports of OCTG are made worse by the global recession that increases the impact on good jobs in the steel and pipe manufacturing sector. USW International President Leo W. Gerard declared: "There are more than 2,000 workers currently on layoff at companies making OCTG. We cannot let China get away with targeting these family-supportive and skilled jobs through predatory trade practices. China must be stopped from cheating on trade with illegally dumped and subsidized products that destroy our ability to drill for oil and gas in the U.S."

The USW is the largest union representing production workers employed by the petitioner companies that make OCTG. The total employment of OCTG is estimated at 6,000 workers. Tom Conway, USW International Vice President, who oversees the union's pipe sector, says: "Because of the astonishing volume of unfairly-traded drill pipe from China, we have large numbers of laid off workers at world class production facilities that need strict enforcement of our trade laws before it's too late and we lose the capacity to make this critical product." In addition to the USW as co-petitioner, the seven producers of the OCTG petition are: U.S. Steel Corp., Pittsburgh, Pa.; Maverick Tube Corp., Hickman, Ark.; Evraz Rocky Mountain Steel, Pueblo, Colo.; TMK IPSCO, Downers Grove, Ill.; V&M Star, LLP, Houston, Texas.; V&M TCA, Houston, Texas.; and Wheatland Tube Corp., Beachwood, Ohio.

Rob Simon, Vice President and General Manager of Evraz Rocky Mountain Steel Mills, said, "Dumped and subsidized imports from China have tripled from 750,000 tons in 2006 to 2.2 million tons in 2008 and have continued increasing in the first quarter of this year. These imports significantly undersold our producers and have created a huge inventory build up in the U.S. market."

According to Roger Schagrin, trade counsel for the USW's petition, China imports of OCTG pipe from China are subject to very high antidumping and countervailing duties in Canada, the world's second largest market. Schagrin also said the European Union (E.U.) today made a preliminary dumping determination of margins ranging from 35 to 51 percent against China imports of seamless pipe. China exported over 600,000 tons to the E.U. last year, much of which China could potentially now shift towards the U.S.

Under U.S. trade law, the ITC is to make a preliminary injury determination no later than May 26, 2009. The DOC is expected to issue a preliminary subsidy finding by Sept. 8, 2009, and a preliminary dumping finding by Nov. 6, 2009. Contact: Gary Hubbard 202-778-4384; 202-256-8125.

Conclusion

The AWU welcomes the opportunity to comment on the regulatory framework governing Australia's anti-dumping regime. The AWU is concerned to ensure greater balance in the assessment of sectoral impacts and to the economy overall of a regulatory approach which may be inadvertently aiding the prevalence of dumping by making it harder rather than easier to prove anti-dumping action by Australian industry.

Rather than being a protectionist measure, tough anti-dumping rules are an entitlement under the WTO to protect open and fair trade. It is important that these rights are exercised in the national interest rather than serving other agendas, including furthering the interests of consumers and importers when it is at the direct expense of local industry.

The risk of passive anti-dumping regulation during the GFC has been identified by this submission in terms of lost output and benefits to the economy at a time when unemployment is rising and capacity utilisation is falling. Giving other jurisdictions a "free kick" onto the Australian market in circumstances in which Australian exporters do not share the same favourable access, are discriminated against in domestic supply or where export subsidies apply is not tenable to the AWU and will be strongly opposed. The goal for future FTAs is clear in this regard.

Active support by the Australian Government to Australian industry - the poor cousin to trade policy for too long - is strongly encouraged. The benefits of recent fiscal stimulus is clear in terms of avoiding the worst excesses of the GFC and global slowdown and by extension the slowdown in global demand for our manufacturing exports. Government procurement can play a vital role in this regard during the GFC and where a strong multiplier exists in particular in infrastructure provision.

Finally, the AWU supports greater policy coherence in the application of Australia's anti-dumping regime aimed at increasing rather than lessening accessibility for Australian industry as partners rather than the opponents in the application of the regime in the national interest.

Endnotes

ⁱ See for example, comments by the ACCC regarding the benefits to consumers of 'paring back' Australia's anti-dumping regime, *Call to ease dumped import ban*, By John Garnaut, January 5, 2005, <http://www.smh.com.au/news/Business/Call-to-ease-dumped-import-ban/2005/01/04/1104832109699.html>

ⁱⁱ Joint Media Release Assistant Treasurer, Minister for Competition Policy and Consumer Affairs, with Minister for Home Affairs

Productivity Commission Inquiry into Australia's Anti Dumping and Countervailing System
Anti-dumping\Press Release - Productivity Commission Inquiry into Australia's Anti Dumping and Countervailing System [23-03-2009].mht

ⁱⁱⁱ Including:

The Australian Workers' Union Standing Committee on Treaties Inquiry into the ASEAN-Aust-NZ FTA Submission April 2009

^{iv} The Australian Workers' Union, *New Steel Plan, Our Vision for Australian Steel in the 21st Century*, April 2009

^v Safeguard action can only be imposed after a full inquiry by a competent authority, which is the [Productivity Commission](#) in Australia.

^{vi} http://www.dfat.gov.au/trade/negotiations/trade_remedies.html

^{vii} COAG has also agreed to a number of priority areas for competition reform, covering anti-dumping, parallel importation of books, rationalisation of occupational licences, national transport policy and further reforms to infrastructure access, with implementation plans to be considered in October 2008. The Commonwealth will request the Productivity Commission to undertake reviews of Australia's anti-dumping system and parallel import restrictions on books. COAG Communiqué, 3 July 2008

^{viii} Australia's Anti-dumping and Countervailing System, Productivity Commission, Issues Paper, April 2009, p6

^{ix} The recent Chinese export rebate increase (from 5% to 13%) applies to Cold Rolled Coil and galvanised coil greater than 3mm within BlueScope's range. The export rebate remains at 5% for all other products in BlueScope's range, with the exception of Hot Rolled Coil, which currently has zero rebate.

^x See Productivity Commission, 'Safeguards Inquiry into the Import of Pigmeat', No.44, 31 March 2008, p.XXVI

^{xi} BlueScope Steel submission to Review of Australia's Export Policies and Programs, July 2008, http://www.dfat.gov.au/trade/export_review/submissions_received/BlueScopeSteel.pdf

^{xii} <http://www.pc.gov.au/projects/inquiry/pigmeatsafeguards>

^{xiii} See above

^{xiv}

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,contentMDK:22216733~pagePK:64165401~piPK:64165026~theSitePK:469372.00.html>

^{xv} ASI is a not-for-profit organisation with three sustaining members BlueScope Steel, OneSteel and Fletcher Group and a tiered membership structure through all other sectors. <http://www.steel.org.au/inside.asp?ID=393&pnav=393>

^{xvi} ASI, Media Release, *Peak steel body urges Australian jobs first*, 10 February 2009).

^{xvii} See http://www.budget.nsw.gov.au/_data/assets/pdf_file/0019/14374/NSW_jobs_first_NSW_Budget_2009-10.pdf

^{xviii}

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0..contentMDK:22216733~pagePK:64165401~piPK:64165026~theSitePK:469372.00.html>

^{xix} Union mulls 'produce locally' campaign
Chris Zappone

<http://business.smh.com.au/business/union-mulls-produce-locally-campaign-20090216-88qu.html>

^{xx} *China's great trade wall*, Michael Sainsbury, The Australian, 18 June 2009

^{xxi} DFAT National Interest Analysis [2009]

^{xxii} For example, ASEAN member countries and New Zealand together account for 21 per cent of Australia's total trade in goods and services (total trade in goods and services between Australia, and ASEAN and New Zealand combined, was \$103 billion in 2007-08). AANZFTA will cover an area with a combined population of 600 million people and annual GDP of \$3.2 trillion.

^{xxiii} The Full-Cost Economics of Climate Change, Aluminium: A Case Study by David Hetherington, Executive Director, Per Capita, July 2008