



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Customs Amendment (Anti-Dumping Measures) Bill 2017**

**Second Reading**

**SPEECH**

**Tuesday, 17 October 2017**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Questioner**  
**Speaker** O'Brien, Ted, MP

**Source** House  
**Proof** Yes  
**Responder**  
**Question No.**

**Mr TED O'BRIEN** ( Fairfax ) ( 12:14 ): I would like to thank the opposition for standing with the government on this measure. It is often said that failures are orphans and successes have many fathers, and it is no surprise that we have here a terrific measure being introduced by the government for which the opposition wish to take credit. That's okay, Mr Speaker. At the end of the day, the opposition do look to the Turnbull government to get things done and we are paving the way in all areas, not least of which is this area of international trade. We are ensuring that those companies that are exposed to trade here in Australia, because either they trade internationally or their competitors or substitutes for their goods or services also come from international markets, are looked after. That's what the Turnbull government do, and we're delighted that the opposition recognise the good work that we're doing and so much wish to be part of it. They seek to take the credit, and good on them for attempting to do so.

There are few more contentious issues to be had around the topic of international trade than the issue of dumping and the measures governments right around the world have exercised for a century or more to combat it. The simplest definition of dumping is the sale by an exporter of a product in another country for less than it is sold at home. In other words, a company sells a product for a certain price at home and then exports it to another market and undercuts the domestic price significantly, thereby 'dumping' it into the other market. This has been a highly contentious element of international trade for many hundreds of years because it has the clear potential to do significant damage to businesses, industries and potentially entire economies. Dumping has become increasingly important over the past few decades as the volume of international trade has increased at exponential rates.

Over the past 20 years or so, measures to control dumping have expanded and come into more widespread use right around the world. The motivation of governments to take action to control dumping is quite straightforward: it's a defence mechanism. The motive of the exporter, or the dumper, might well be predatory. An offending exporter may seek to price other exporters out of a particular market in a recipient country. It may want to have that market to itself or it may want to kill off a local industry in the market so it can supplant it, beat off potential competitors and establish a monopoly or at least a dominant position in that market. Alternatively, the exporter may simply have overcapacity in its home market and, rather than slow down production, may wish to export the excess of its inventory so that it can keep its production line rolling on. Of course, potentially this will end up having a devastating effect on the like industry and competitors in the recipient market. Whatever the motivation—predatory or even strategically benign—the impacts in the importing recipient country can be significant and generally negative for local businesses and jobs. To compete with dumped products, a local business may well, at the very least, have to drop its own prices to maintain market share and production, possibly to levels below even the cost of production. That is obviously a dead end for any business and potentially fatal for an enterprise if such an imbalance persists.

At the other end of the spectrum, however, you could argue that consumers in a recipient country might be better off, at least in the short term, whether the dumped product is finished retail or maybe an input into a manufacturing supply chain. If it is a finished product then it is cheaper than the locally produced product, and maybe that's a straightforward benefit to the consumer. If the dumped product is a cheap or at least less expensive input into a manufacturing supply chain, that might help the manufacturer boost his or her profits and use those profits to reinvest. Some free market fundamentalists, who don't understand the true meaning of free trade, will describe antidumping measures as protectionist because they will concentrate on those last couple of points. They will start to argue, 'You know what, even if it is dumping, it ends up being cheaper product for the recipient marketplace.' However, what these fundamentalists clearly do not understand is that unfair free trade is in fact an oxymoron.

Rational national governments with an eye to history and a firsthand knowledge of the dangers of dumping, both potential and real, differ from these fundamentalists. This government, the Turnbull government, is indeed a rational government, as all Australian governments have been on this issue, at least since Federation. Measures to control dumping have been in place in Australia from the beginning, from Federation, 1901. Ever since, they have been updated and revised regularly by governments—I have to say, in the spirit of the previous speaker—of

both persuasions, with the measures in this bill, the Customs Amendment (Anti-Dumping Measures) Bill being the latest but inevitably not the last iteration of a very important defensive measure. For more than a century, these measures have never been abandoned or even sidelined. Through war, depression, boom and bust, this basic defence of the Australian economy has been maintained.

Very significantly, when Australia was a signatory to the first real international attempt to promote free trade, via the GATT, the General Agreement on Tariffs and Trade, in 1948, which was aimed largely at reducing tariffs so we could expand trade globally, the ability of the original 23 member states to undertake remedial action against dumpers was very actively pushed for and accepted. Tariffs came down, free trade was significantly expanded, but anti-dumping measures remained in place. In the various iterations of GATT, right up to the Uruguay Round of 1994, which led to the establishment of the WTO, the World Trade Organization, in the following year as the successor to the GATT, that right was deliberately retained and is still there, accessible to all of the now 159 member states of the WTO. In the context of defending ever freer, ever fairer global trade, they're using it. This is not some passive measure that is never used. In 2015-16 alone, 45 WTO members initiated 267 anti-dumping investigations: India, 66; the US, 51; Pakistan, 21. Australia initiated 18, mostly in the steel and aluminium sectors, with the vast majority involving Asian exporters.

There is a critical juxtaposition here. GATT, now the WTO, is all about liberalising trade. The anti-dumping provisions contained in this bill, principally via special duties on dumped goods, are in keeping with that aim, despite the claims of the fundamentalists, by ensuring that free trade is not distorted or undermined by dumping practices, that indeed it's given the opportunity to be fair, that there's a fair playing field. We need to ensure that this government, and indeed future governments, remain vigilant in that task. Becoming increasingly wise to the manoeuvres used by dumpers to achieve this has led the Australian government to enhance and be ever more specific about the measures needed to keep our playing field level.

For example, one tactic now covered by this bill is that an exporter of a product that is subject to an anti-dumping duty will have another exporter, a different company, whose similar dumped product has a lower duty set against it, do the exporting for them. Another tactic is called country-hopping, where the exports will be diverted through a country that does not have anti-dumping penalties in place, and again, the government is on top of that one. A third trick is to slightly modify your product beyond the specifications of a product that has attracted the anti-dumping duty, even though it is effectively one and the same, and that avenue of circumvention has now too been blocked. We're also addressing other behaviours that seek to disguise dumping practices, including the assembly of products in third countries.

You see, the fundamentalist free traders will no doubt attack this measure, in the same way that they have attacked any form of constraint on dumping over a very long period of time, but they won't win with this government. They won't win with this argument. Free trade, to be worthy of that description, has to be fair. It is essential that the G20, which has recently endorsed this view, maintains the strength of its opposition to dumping, as has the WTO. In the communique following the most recent meeting of the G20 in Hamburg, in July, it was noted that the group would:

... continue to fight protectionism including all unfair trade practices and recognise the role of legitimate trade defence instruments in this regard.

That was said by the G20 against the backdrop of a deep and abiding commitment to, certainly, free trade but indeed also to fair trade.

Australia has long maintained exactly that approach. In our most recent free trade agreements we've ensured that that principle has been enshrined. In all these arguments we have had, we stick to that fundamental principle that free trade has to be fair trade. As a practitioner myself of international trade, across everything from agriculture through to high technology, I have seen dumping measures, and in fact I've been on the receiving end of them, both in the Australian market and in international markets. We need to remember that as a country, not unlike as a company, you prosper by leveraging your core strengths, by leveraging what you are good at. If one market happens to have a competitive advantage over another, then so be it. That is the way the free market economy operates. But dumping actually does not recognise any core competency of one marketplace over another, of one player over another. It is a clear market distortion and manipulation and it is for that reason that we, together with the opposition, need to hold firm on anti-dumping measures. For this reason I commend the bill to the House.