



Australian Government
Productivity Commission

Australia's Anti-dumping and Countervailing System

Productivity Commission
Inquiry Report

No. 48, 18 December 2009

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The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244 or email: maps@pc.gov.au



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18 December 2009

Senator the Hon. Nick Sherry
Assistant Treasurer
Parliament House
CANBERRA ACT 2600

Dear Assistant Treasurer

In accordance with Section 11 of the *Productivity Commission Act 1998*, we have pleasure in submitting to you the Commission's final report on *Australia's Anti-dumping and Countervailing System*.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Philip Weickhardt'.

Philip Weickhardt
Presiding Commissioner

A handwritten signature in cursive script, appearing to read 'Mike Woods'.

Mike Woods
Deputy Chairman

Terms of reference

ANTI-DUMPING AND COUNTERVAILING SYSTEM

Productivity Commission Act 1998

I, CHRIS BOWEN, Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, pursuant to Parts 2 and 3 of the Productivity Commission Act 1998 hereby request that the Productivity Commission undertake an inquiry into Australia's anti-dumping and countervailing system ('anti-dumping system') and report within nine months of the date of receipt of this reference. The Commission is to hold hearings for the purpose of this inquiry.

Background

Australia's anti-dumping system seeks to remedy the injurious effects on Australian industry caused by imports deemed to be unfairly priced. It allows local industry to apply for anti-dumping duties on goods 'dumped' in Australian markets at prices below those prevailing in the exporter's domestic market or to apply for countervailing duties on goods that have been subsidised by the government of the country of export. Where the dumping or subsidisation results in material injury to local industry, anti-dumping or countervailing duties can be applied.

The Australian Government's legislation review program under the National Competition Policy provided for a review of the anti-dumping arrangements. In January 2006, the Taskforce on Reducing the Regulatory Burden on Business recommended that the current anti-dumping system be reviewed. A broad review would complement and build on the Joint Study by the Australian Customs Service and the former Department of Industry, Tourism and Resources into the administrative elements of the anti-dumping arrangements, finalised in August 2006.

On 3 July 2008, the Council of Australian Governments (COAG) agreed to a list of priority areas for competition reform, which included a review of Australia's anti-dumping system.

The Australian Government believes an inquiry into the effectiveness and impact of Australia's anti-dumping system, including both the policy and administrative aspects, is warranted at the current time.

Scope of the Inquiry

1. The Commission is to report on the policy rationale for, and objectives of, Australia's anti-dumping system, and assess the effectiveness of the current system in achieving those objectives. It is to make recommendations on the appropriate future role of an anti-dumping system within the Government's overall policy framework.
2. In undertaking its assessment, the Commission is to examine the economy-wide costs and benefits of Australia's anti-dumping system, having regard to the administration and compliance costs of the system and taking account of, and where possible quantifying, the impact of the arrangements on:

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- (a) the overall performance of the Australian economy, particularly economic growth, investment and competitiveness;
 - (b) importers and domestic industry, including small businesses, exporters, firms at different stages in the supply chain; and
 - (c) consumers and the broader community, including regions.
 3. The Commission is also to report on the administration of the anti-dumping system, taking account of the concerns of both importers and domestic industry, including but not limited to, the costs of compliance and administration, timeliness of the process, the effect on business certainty, and difficulties in accessing the system. In doing so, the Commission is to consider:
 - (a)
 - i. determination of dumping/existence of subsidies;
 - ii. assessment of injury;
 - iii. establishment of a connection between the dumping/subsidisation and the injury;
 - iv. determination of appropriate measures; and
 - v. review mechanisms.
 - (b) relevant substantive studies undertaken elsewhere, including the findings of the Joint Study into Australia's Anti-Dumping System undertaken by the Australian Customs Service and the former Department of Industry, Tourism and Resources.
 4. In making recommendations on the appropriate future role of an anti-dumping system in the Government's overall policy framework, the Commission is to:
 - (a) aim to improve the overall performance of the Australian economy, taking into account the interests of industry, importers and consumers;
 - (b) consider the consistency of anti-dumping policy with the overall policy framework, in particular competition, trade and industry policies, and alternative means of achieving the Government's objectives;
 - (c) have regard to Australia's international rights and obligations, including recent developments in international trade law and the current World Trade Organization Doha Round; and
 - (d) suggest practical ways of reducing compliance and administration costs, increasing business certainty and simplifying access to, and the timeliness and effectiveness of, the system.
 5. The Commission is to provide both a draft and a final report. The Government will consider the Commission's recommendations, and its response will be announced as soon as possible after the receipt of the Commission's report.

CHRIS BOWEN

Received 26 March 2009

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