

## **Submission to Productivity Commission Inquiry into Australia's anti-dumping system.**

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This submission does not cover all of the terms of reference of the commission, and is made with specific reference to one product, Imported Structural Timber.

This submission addresses the following terms of reference:

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 the difficulties in accessing the system. In doing so, the commission is to consider:

(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.

In regards to the administration of the anti-dumping system, the system relies upon data obtained from Customs, but collated by the Australian Bureau of Statistics.

An intending applicant for an anti-dumping action is faced with a daunting task of providing factual information, which may only have one source, and is vague, misleading and likely to be inaccurate at best. Reasons for this are twofold: For example, Custom Duty on imported Wood is set at 5% regardless of whether its: Wood, sawn or chipped lengthwise, sliced or peeled, whether or not end-joined, exceeding 6mm in thickness.....

One tariff covers all, hence the difficulty in establishing evidence that a like commodity has been imported.<sup>1</sup>

Secondly the data available has the caveat that: the detailed data released is largely 'as reported' to Customs.<sup>2</sup>

As the tariff paid by importers relies upon a self assessment process for reporting and payment, without the safeguard of an audit, it is apparent that the current system is exposed to underpayment, either intentionally, or by virtue of the fact that an importer is unlikely, (or not required), to declare the value of the goods based on: ..the weighted average price for the like goods sold in the ordinary course of trade and at arms length transactions in the exporters own country...<sup>3</sup>

Dumping of goods can occur undetected under the current system because the Customs administration framework is inadequate, lacking basic audit and reporting features.

**It is proposed therefore:**

1. that when an application for a anti-dumping action is requested, based on a reasonable presentation of local industry evidence, that a thorough audit over the past two years import activity (of the like goods) is undertaken by Customs, in consultation with the local industry body, making the request.
2. That an Audit levy be applied to all imports to cover the administration and other costs associated with conducting such audits.
3. That the current data collection format and tariff codes are review by Customs in association with the relevant local industry organisations to ensure the codes are sufficiently specific to allow accurate and timely identification of like goods.
4. That as required Customs, local industry organisations and Austrade jointly identifies key overseas markets of origin for specific imported goods, and publishes on their websites quarterly: the weighted average price for the like goods sold in the ordinary course of trade and at arms length transactions in the exporters own country.

**Expected outcomes:**

1. Certainty is established for all market participants.
  - 1.1 Importers know what tariff to pay and avoid the risk of an action of dumping against them.
  - 1.2 Customs collect the correct revenue. [Likely to be additional]
  - 1.3 Local industry is protected from dumping, and at the same time is encouraged to be internationally complete, because if the domestic price exceeds the overseas local price, importers can operate legitimately, while at the same time a lower domestic price against the benchmark price signals an export opportunity.
  - 1.4 Timely and accurate data is collated, without additional administration costs to the Government

**End Notes.**

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<sup>1</sup> See A3P submission to the Joint Study: - In such instances industry needs to be able to work with Customs to identify a more appropriate basis for determination of like goods.

<sup>2</sup> Notes to data tables provided by Australian Bureau of Statistics

<sup>3</sup> Productivity Commission. Issue paper. Box 1