



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

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9 October 2015

Ms Melinda Cilento
Commissioner
Productivity Commission
GPO Box 1428
Canberra City ACT 2600

Dear Ms Cilento

Thank you for your letter of 28 August 2015 outlining the Productivity Commission's research into Anti-dumping and Countervailing ('Anti-dumping') Arrangements. Australia's anti-dumping arrangements are a key part of the broader government architecture supporting Australia's international trade but fundamental multilateral trade reform is required.

Australia's recent trade agreements have opened up export markets and will support Australia's growing international trade in agri-food products. As a small open economy Australia has taken a policy approach of adopting market oriented principles, the net result of which has been Australia's long run of economic prosperity. This market based approach is nowhere more apparent than in the Australian agri-food sector which operates in an international environment with some of the lowest levels of government support and assistance globally. Indeed the OECD highlighted in a recent review of Australian agriculture that:

"The (Australian) agriculture and food industries are well placed to exploit growth opportunities given the robust prospects of global food demand and because they are among the most internationally competitive parts of the Australian economy".

OECD 'Innovation, Agricultural Productivity and Sustainability in Australia' 2015

The recent and ongoing assessment of imported canned tomatoes from Italy highlights a range of the current issues in international trade. The Anti-Dumping Commission's *Statement of Essential Facts no. 276 and Preliminary Affirmative Determination no. 276*¹ finds that fresh tomatoes grown in Italy are subsidised by the Common Agricultural Policy and that canned tomatoes from Italy are dumped into Australia as a result of that subsidisation. The Commissioner has recommended the Parliamentary Secretary apply dumping duties to the relevant canned tomato products, and applied interim duties.

¹ <http://www.adcommission.gov.au/cases/EPR%20251%20%20300/EPR%20276/057%20-%20Statement%20of%20Essential%20Facts.pdf>

A semi-circular graphic with a textured background. The words "Sustaining Australia" are written in a white, cursive script across the center.

Sustaining
Australia



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Australia's open economy characterised by low tariffs and low government subsidies, coupled with a recent high Australian dollar has led to a significant increase in agri-food imports into Australia. Food, beverage and grocery businesses in Australia have continued to make every effort to compete both domestically and internationally, and the success of the sector can be demonstrated by the recent increase in processed food exports to Asia. Where food imports to Australia are supported by government subsidies in foreign markets, companies need recourse to level the playing field through mechanisms such as anti-dumping.

Anti-dumping arrangements are part of the architecture of international trade which also includes bilateral and regional trade agreements, domestic policy, and the multilateral trading system underpinned by the World Trade Organization. The statement of essential facts and determination by the Anti-Dumping Commission on canned tomatoes highlights the systemic impact of government subsidies on international trade. Anti-dumping arrangements are a vital part of Australia's response to this problem but addressing government subsidies in foreign markets only through anti-dumping is akin to plugging a leaking dam with one's fingers.

In the past, dumping was considered an opportunistic mechanism to dispose of excess production by individual companies. More recently, it appears that anti-dumping cases are being brought against products which are arguably permanently subsidised and subject to distortionary policies – tomatoes and steel being examples.

Fundamental global trade liberalisation is required to address systemic issues such as government subsidies and distortions. Government subsidies are not addressed in bilateral and regional trade agreements – the World Trade Organization is the only international forum applying disciplines on subsidies. Anti-dumping arrangements are vitally important to individual companies seeking to address specific issues but continued efforts and focus are required in the World Trade Organization to achieve reductions in government subsidies globally.

I trust this perspective helps to inform your research and I would be happy to discuss these issues with you.

Yours sincerely

Gary Dawson
Chief Executive Officer

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Australia*