

12 October 2015

Productivity Commission
Level 12, 530 Collins St
Melbourne, Vic, 3000, Australia

by email to antidumping@pc.gov.au

Productivity Commission Research Paper – Developments in Anti-Dumping Arrangements.

Capral welcomes the opportunity to provide insight into our experience of the Australian Anti-Dumping system to the Productivity Commission for its research paper.

Capral believes that a strong anti-dumping regime is essential for the future of Australian manufacturing, including the aluminium extrusion sector. Its primary purpose must be to provide a mechanism to ensure a fair level of competition within industry.

Australia's anti-dumping system

- A strong anti-dumping regime is essential for the future of Australian manufacturing.
- The 2012 Brumby Review and establishment of the Anti-Dumping Commission was a positive step to a better anti-dumping system.
- Capral has been active member of the International Trade Remedies Forum and at the forefront of industry-led reforms to the system.
- New protections against the circumvention of duties by importers and exporters have been vital to ensuring the integrity of measures introduced.

Public interest test

In our session with the Productivity Commission as part of Manufacturing Australia we noted particular focus in the session around the concept of a public interest test. With regard to that issue we make the following comments:

- In its response to the 2009 Productivity Commission Inquiry the previous government stated that a public interest test would be 'costly and disproportionate' given the relatively small number of anti-dumping cases each year.
- Productivity Commission found the cost of the anti-dumping system was small (\$6M to administer and \$9M in duties annually) relative to \$6B total taxes on trade and total imports of \$240B.
- Anti-dumping system's low cost does not have a negative impact on economy overall, but it does have a very positive impact on affected manufacturing sectors.
- Important that the system remains in current form to support ongoing investment and jobs in manufacturing in Australia
- We believe that the introduction of any such test would have a significant impact on the viability of companies to take an anti-dumping case. The additional cost and uncertainty that this test would create could deter companies to pursue a case.

Other area's of comment

- Productivity Commission recommended that duties only be continued once (beyond original five-year period) and only for a further three years.
 - Capral notes that this adds un-necessary cost by having to start a new case.
 - In the case of countervailing measures we would note that this proposal is not logical. These subsidies either exist, or do not, at the end of the continuation period and the measures should therefore remain.
- Recent propensity for importers and exporters to circumvent duties means it can take a number of years for duties to become effective.
- Productivity Commission also recommended that all measures be in the form of a floor price (i.e. no duties), which is reviewed annually.
 - Recent cases of circumvention through 'sales at a loss' show that a floor price would be ineffective and easily circumvented by retention of profits offshore.
- House of Representatives Standing Committee on Agriculture and Industry recently recommended that the combination method of duties (type of measures that exist on extrusions) be the default duty collection method due to concerns that other forms of duty are more easily circumvented. Capral supports this recommendation.
- Capral notes that further focus on enforcement of measures would ensure the system works more correctly. We believe there is evidence that circumvention through misclassification, cross-shipping, phoenix companies, etc is occurring and would support increased focus on these activities.
- Capral wants to see more transparency in import statistics, especially where anti-dumping measures are in place, in order to monitor potential dumping and circumvention activities.

In summary, Capral is pleased with the improvements in the anti-dumping system that have occurred since both the 2009 Productivity Commission review and the 2012 Brumby review.

We believe that the legislative changes that have occurred and the creation of the Anti-Dumping Commission have been positive steps. As active members of the International Trade Remedies Forum we are committed to continuing to work on these areas with Industry and the Commission.

Capral does not advocate protectionism, but seeks an environment that ensures a fair playing field for Australian industry that is not subject to predatory activities by subsidised international companies.

Yours sincerely

Tony Dragicevich
Managing Director