



**AUSTRALIAN
STEEL
ASSOCIATION**

STEEL NEWS

October 2019

HEADLINES

Upcoming Events

ASA Calcutta

Friday 1 November

at Crown, Melbourne

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Opinion - The Need for a Benefits Cost Analysis.



Prospective Anti-Dumping Legislation Changes



Other News



Steel Events

Opinion Piece: The Need for a Benefits Cost Analysis

The Australian Steel Association have long championed the need for a Benefit Cost analysis (Public Interest Test) to ensure that anti- dumping is directed toward addressing material injury (only) and not used as an anti-competitive tool.

Recent events have brought this sharply into focus.

It is worth re-visiting stakeholder views around the need for a Benefits Cost test.

- **Trading Partners**

- (i) Our nearest trading partner, New Zealand, has implemented a public interest test.
- (ii) Europe – Australia is presently in Free Trade Agreement negotiations with the European Union

The Agreement should take account, in the provisions on trade facilitation, of the challenges faced by SMEs while ensuring a level playing field for all economic operators.

The Agreement should also integrate commitments ...including on transparency and a public interest test

- **Australian Industry**

- (i) The Australian Chamber of Commerce & Industry (ACCI) have recently published a Paper calling for a Benefits Cost (Public Interest Test) analysis noting the national economy is better off when it is subjected to global competitive forces.

Additionally, the ACCI paper draws on the 2016 Productivity Commission Review whose key finding included:

There is little to distinguish anti- dumping protection from other trade restrictions. As such the benefits for recipients of protection are outweighed by the costs for industries using the protected goods, consumers and the broader economy.

Arguments that the system provides other benefits to the community that would eliminate this net cost are not credible.

This state of affairs reflects deficient policy processes... The current system is one in which policy is being driven by a small group”.

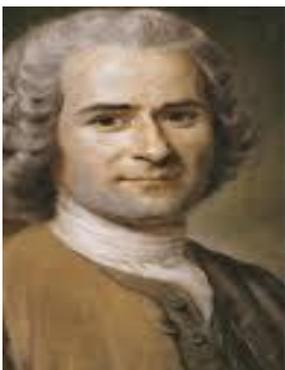
- (ii) Australian Manufacturers consider as “a ridiculous tax making it harder for companies like ours to survive”.

- **Industry Associations**

- (i) The Australian Steel Association (ASA) has, as mentioned, championed this cause. The ASA response notes in part that higher input costs, as a result of excessive anti-dumping measures, negatively impact downstream Australian steel based manufacturers by acting as an input tax on their business.
- (ii) Others – another steel based industry association has however offered the following:
 - that they do not support the introduction of a so called public interest test
 - that it would disadvantage small and medium steel enterprises (SMEs) and
 - that the local steel value chain has been operating within a free and highly competitive market environment.

Recent events suggest that this is anything but the case.

Amongst the rhetoric of demand for a so called 'Level Playing Field', the question prompted is for whom?



"AT LENGTH I RECOLLECTED THE
THOUGHTLESS SAYING OF A GREAT
PRINCESS, WHO, ON BEING INFORMED
THAT THE COUNTRY PEOPLE HAD NO
BREAD, REPLIED, "THEN LET THEM EAT
CAKE!"

A handwritten signature in cursive script, likely of Jean-Jacques Rousseau.

JEAN-JACQUES ROUSSEAU

The Confessions of Jean-Jacques Rousseau

At a time when Australia is actively seeking to redress the decline in productivity improvements, surely this is a reform that can no longer continue to be ignored.

Prospective Anti-Dumping Legislation Changes

Presently there is a range of measures in front of the Federal Minister for Industry, Science & Technology.

Below summarises the Australian Steel Association's position on these key prospective changes in anti-dumping legislation:

1. Binding Rulings – Providing certainty for businesses whether their imports are subject to duties

We support providing clarity as to whether the goods fall within the scope of an anti-dumping investigation.

Any enquiry should however only be a communication between the party seeking clarification and the Anti-Dumping Commission only.

The use of Australia's regulatory mechanisms to provide information to competitors i.e. covered under the statement:

“Australian manufacturers (*raw material suppliers?*) would benefit from improved transparency of imports covered by duties” is, in our opinion, a questionable function of a regulatory authority as it may contribute to a lessening of competition.

2. Legislative clarification of the definition of a subsidy

The Australian Steel Association support alignment of the definition of a subsidy with the three limb test of the WTO Agreement on Subsidies and Countervailing Measures wherein the test of whether a financial contribution confers a benefit considers:

- whether there is a financial contribution must be considered.
- whether the financial contribution is by a government or any public body
- whether the financial contribution confers a benefit must be examined.

Strengthening of Australia's legislation to test whether a benefit exists and is conferred is a welcome amendment

3. Participation in choosing the form of duty

The Australian Steel Association is alarmed that legislation could be enacted that in effect facilitates an individual party utilising Government regulation to, in effect, set a minimum market price.

Apart from the resultant lessening of competition, this proposal is, in our opinion, inconsistent with the WTO sanctioned intent of anti-dumping legislation, being to address material injury.

4. Effective duties for related parties (Collapsing)

We acknowledge the rationale and are not averse to this proposal as presented.

However, attention needs to be drawn to the greater issue of not having legislation that prohibits or limits related parties who are both an importer and a producer of a domestic like product initiating dumping actions against their competitors.

5. Specification of differential forms of duties for imports

This proposal is supported.

6. Streamlining of Tariff Concession Order exemptions for imports

This amendment is supported as proposed.

7. Expanding the Anti-Dumping Review Panel's Reviewable Decisions

In the context of the WTO intent of anti-dumping provisions to address material injury, the present system is more than adequate regarding this proposal.

Other News

The ASA is now on Linked in:

Check us out at: <https://www.linkedin.com/company/australian-steel-association>

Forthcoming Events:

ASA Melbourne Cup Calcutta – River Room, Crown Casino – Friday 1st November 2019

Australian Steel Association
presents
The ASA Cup Calcutta



Fri. 1 Nov. 2019 **12.15 – 4.30pm**

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River Room – Crown Casino
8 Whiteman Street, South bank, Melbourne