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Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Secretary,

Customs Amendment (Anti-Dumping Measures) Bill 2017

As a large domestic import-competing manufacturer, the operation of Australia's anti-dumping system is an important public policy issue for BlueScope Steel ("BlueScope"). BlueScope is appreciative of the opportunity to provide comments on the Customs Amendment (Anti-Dumping Measures) Bill 2017.

BlueScope welcomes the introduction of this legislation to close an unintended gap in Australia's anti-dumping laws, which has allowed some exporters to recommence dumping of steel into the Australian market with significant negative consequences for import-competing domestic manufacturers.

BlueScope Steel:

BlueScope is a leading Australian trade-exposed manufacturer. BlueScope is the only manufacturer of flat steel products in Australia, including steel slab, plate, hot rolled coil and cold rolled coil. It is also the country's largest manufacturer of coated and painted flat steel products, including well-known brands such as COLORBOND® steel and ZINCALUME® steel. The technology and intellectual property that underpins these brands was developed in Australia and has been applied across the company's global manufacturing footprint (COLORBOND® steel is this year celebrating its 50th anniversary).

The company operates major manufacturing plants at Port Kembla and Erskine Park in NSW, Hastings in Victoria, and Acacia Ridge in Brisbane. It also operates a network of smaller processing and distribution facilities across the country. BlueScope employs approximately 6,500 people in Australia.

BlueScope is highly exposed in Australian markets to competition from imports. Sustained overcapacity continues to put severe pressure on the global steel industry.

BlueScope is committed to free and fair trade and supports adherence to a rules based international trading system, of which Australia's WTO-compliant anti-dumping system is an important part.

Australian industries have a right to expect that the conditions of competition will be those that result from the natural competitive comparative advantages enjoyed by overseas firms and that they will not be exposed – unilaterally – to injurious dumping.

BlueScope has been an active participant in both the debates about the design of the AD system, through submissions to the Brumby Review and the Productivity Commission, as well as the ongoing improvements to the system since 2012 via direct representation to the Minister, the ADC, the Department as well as continued participation in consultative forums like the International Trade Remedies Forum.

Customs Amendment (Anti-Dumping Measures) Bill 2017

BlueScope became aware of a recent change in exporter behaviour in relation to their approach to the review of measures process. Since 2012, the review of measures process had only occasionally been used by exporters to ensure the measures in place on flat steel products reflect current costs and prices. However, in recent times there was a sudden surge in Chinese and Taiwanese exporter initiated requests for a review of measures on both galvanised steel and aluminium/zinc coated steels.

It became obvious that a new strategy had been employed by a large number of these exporters to exploit a 'gap' within the existing review of measures process. This strategy was simply to withdraw from exporting to Australia for 12 months and then request a review of their imposed measures.

The outcome of such a strategy was to effectively guarantee a new interim anti-dumping duty of 0 %.

This new 0 % interim anti-dumping duty was assured due to the following:-

- The exporter(s) did not export to Australia during the 12 month review period;
- Therefore, there was insufficient information available to enable the export price to be ascertained under subsections 269TAB (1)(a), (b), or (c); and
- Accordingly, the Commission determined the export price of the goods under subsection 269TAB (3) (having regard to all relevant information) such that the export price was considered to be the same amount as the normal value.

Of the 11 new exporter reviews initiated within a three month period, 9 (or 80%) of these were for exporters that did not export any volume during the 12 month review period. These 9 exporters all received a new interim anti-dumping duty of 0 %.

As a consequence, BlueScope has witnessed an immediate recommencement of exports from those countries, most notably with exports from China increasing within 3 months of the Minister's decision (the lead time to export to Australia) by over 300%, in conjunction with a price drop (undercutting) of around 15%.

This new Customs Amendment (Anti-Dumping Measures) Bill 2017 has been designed to address the unintended consequences of this gap in the existing legislation that allows exporters to subvert and undermine the intent and integrity of Australia's anti-dumping system.

BlueScope strongly supports this legislative amendment. We believe that it will address the recent exporter strategy to game the system, receive new 0 % interim anti-dumping duty, resume dumping and thereby continue to injure the Australian industry.

BlueScope respectfully requests that the Senate endorse this Customs Amendment (Anti-Dumping Measures) Bill 2017 in its current form and without amendment to ensure its swift passage into law to close this loophole as quickly and effectively as possible.

If you have any questions concerning this submission, please do not hesitate to contact me on [REDACTED]

Yours faithfully,

[REDACTED]
Alan Gibbs
International Trade Affairs Manager