



## Submission No 19

### **Inquiry into Australia's Relations with the Republic of Korea; and Developments on the Korean Peninsula**

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The Secretary of the Committee  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
Department of the House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Secretary

I refer to the Committee's Inquiry into Australia's Relationship with the Republic of Korea. I note that the economic relationship, including trade, is part of the terms of reference. The Australian Customs Service (Customs) administers a trade related regime, Australia's anti-dumping and countervailing legislation.

This submission:

- provides an overview of Australia's anti-dumping activity involving Korea in the context of global trends; and
- explores anti-dumping issues raised by Korea in the past.

Customs comments relate to its responsibility to administer anti-dumping provisions. Assistance to Australian exporters who may be the subject of anti-dumping investigations of Korea's investigative authority is provided by Department of Foreign Affairs and Trade.


An overview of Australia's anti-dumping activity involving Korea and world trends

In recent times both Korea and Australia have been active users of the anti-dumping rights as set out in the World Trade Organization (WTO) Anti-dumping Agreement. Table 1 shows the relative standing of Australia and Korea as Anti-dumping users in the global context. Korea has measures in place against goods exported from China, Japan, Indonesia Germany, the Russian Federation and Chinese Taipei. Korea has no measures in place against Australia. Australia has measures in place on 10 commodities from Korea: 5 chemical products, 3 metals, a paper product and a whitegood.

Korea is one of 23 countries against which Australia has initiated antidumping cases. Around 17% of Australian cases are initiated against Korea. The world rate of initiations against Korea is about 7%.

This is broadly consistent with Korea's status as Australia's ninth largest source of merchandise imports. Seven of Australia's ten major trading partners are represented in the top 10 countries against which Australia initiated anti-dumping investigations.

The impact of anti-dumping activity is very low in terms of the total value of Korean merchandise imports to Australia:

- anti-dumping duties and securities collected on Korean imports during the financial year 2003-2004 were \$2.4 million; compared with
- a total value of Korean imports for 2003  \$4.7 billion.

#### *Australian Trends*


The historical picture of Australian anti-dumping activity involving Korea has been examined during the period January 1988 to December 2004.

Over this period, Korea's exports of chemicals and steel are the main areas of concern to Australian industry.

Australian initiations against Korean product sectors include chemical and plastics (48%) and metals (17%) with other goods making up the remainder.

Of those Australian cases that resulted in measures imposed 60% involved chemicals and plastics and 15% involved metals.

#### *Current World Trends*

Current global trends have been assessed from statistics published by the World Trade Organization, currently available for the period January 1995 to December 2004. 

Thirty-three percent of initiations by all countries, against all countries, related to the chemical and plastics sector and 30% to metals. Forty-one percent of initiations by all countries against Korea related to chemicals and plastics and 24% for metals.

The global rate for the imposition of measures by all countries, against all countries, is 32% for chemicals and plastics and 34% for metals. The global rate of measures applied by all countries against Korea is around 38% for chemicals and plastics and 26% for metals.

#### Anti-dumping issues raised by Korea in the past

The focus of Korea's concern about Australia's anti-dumping system in recent years has been on three issues: the number of Korean goods investigated and subject to measures; the absence of sunset clauses on measures applied; and the impact on importers' decisions, pending the final outcome of an anti-dumping investigation.

#### *The number of Korean goods investigated and subject to measures*

The number of investigations involving Korea, relative to the number involving other countries, is consistent with global trends. Korea is the second largest target of international anti-dumping action (Table 2).

Compared to total imports into Australia from Korea, there are relatively few Australian anti-dumping investigations in absolute terms. The bulk of merchandise trade is unaffected.

Anti-dumping activity occurs in response to complaints lodged by industry. Customs does not control this process. Complaints are however, subject to a statutory screening process. Customs examines each application lodged and investigates using transparent WTO-consistent methodology. Australia's application of its anti-dumping procedures is based on the standards required under the WTO Anti-Dumping Agreement.

*The absence of sunset clauses on measures applied*

Australia has sunset provisions in its legislation, which provide that measures lapse after 5 years unless the Australian industry applies to have the continuation of the measures investigated. Since January 1988, of the 20 cases resulting in measures 9 have expired as a result of sunset provisions. Measures were revoked in one case where the Australian industry ceased to exist. Out of the 61 applications against Korea there are only 10 remaining measures.

*Impact on importers' decisions*

There is anecdotal evidence to suggest that the initiation of a case can have a trade effect - especially where importers are unfamiliar with the anti-dumping system. Customs contacts importers as soon as possible after the initiation of a case to explain the anti-dumping investigation process, timeframes and the possible consequences for the importers.

Customs terminates cases promptly if no dumping or injury is found. Two cases involving Korea have been terminated in the past 12 months.

The investigation of an Australian anti-dumping complaint is streamlined by global standards taking 155 days while some complex cases may require longer consideration and an extension of time. Matters are finalised as quickly as possible. In the period January 2004 to March 2005 the average number of days between initiation and report to the Minister was about 167 days. Final decisions were made in an average of 36 days after the final report was provided to the Minister.

The Australian anti-dumping system places a very high emphasis on procedural fairness, with all interested parties being invited to comment on all aspects of the case.

If you have any queries about this submission please do not hesitate to contact me on telephone: 6275 6547, fax 6275 6888 or email [sue.pitman@customs.gov.au](mailto:sue.pitman@customs.gov.au).

Yours sincerely

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**Table 1: Top 10 countries initiating anti-dumping investigations - January 2002 – June 2004 and January 1995 to December 2004**

(adapted from statistics published by the World Trade Organization)

	<b>Country initiating</b>	<b>95-04</b>		<b>Country initiating</b>	<b>02-04</b>
1	India	397	1	India	148
2	USA	353	2	United States	98
3	EC	303	3	China, P.R.	79
4	Argentina	192	4	European Community	57
5	South Africa	173	5	Turkey	54
6	Australia	172	6	Australia	33
7	Canada	133	7	Canada	31
8	Brazil	116	8	Korea, Rep. of	30
9	China	99	9	Mexico	30
10	Turkey	89	10	Argentina	27

**Table 2: Countries subject to anti-dumping investigations - January 2002 – June 2004 and January 1995 to December 2004**

(adapted from statistics published by the World Trade Organization)

	<b>Country investigated</b>	<b>95-04</b>		<b>Country investigated</b>	<b>02-04</b>
1	China	411	1	China, P.R.	119
2	Korea, Rep. of	207	2	Korea, Rep. of	47
3	United States	151	3	Chinese Taipei	35
4	Chinese Taipei	145	4	United States	26
5	Japan	118	5	India	23
6	India	108	6	Indonesia	23
7	Indonesia	107	7	Japan	22
8	Thailand	100	8	Thailand	22
9	Russia	94	9	Russia	20
10	Brazil	80	10	European Community	19