

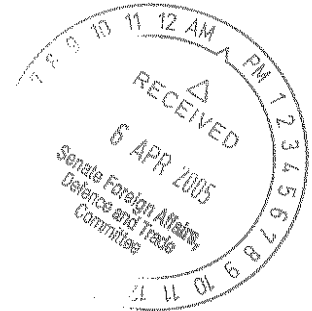


Australian Government
Australian Customs Service

Customs House
5 Constitution Ave
CANBERRA ACT 2601

Monday, 4 April 2005


Dr Kathleen Dermody
Committee Secretary
Senate Foreign Affairs, Defence and Trade References Committee
Department of the Senate
Parliament House
CANBERRA ACT 2600



Dear Dr Dermody,

I attach a brief submission to the Senate Foreign Affairs, Defence and Trade References Committee's inquiry into Australia's Relationship with China. If you have any queries, I may be contacted on 6275 6078 or email christine.marsden-smedley@customs.gov.au.

Yours sincerely,


Christine Marsden-Smedley
National Manager (Planning & International)



Australian Government
Australian Customs Service

**Senate Foreign Affairs, Defence and Trade References
Committee**

Inquiry into Australia's Relationship with China

Submission by the Australian Customs Service

March 2005

Overview of the Australian Customs Service

1. The Australian Customs Service (Customs) is responsible for maintaining and protecting the security and integrity of Australia's borders. Customs works closely with other government and international agencies, including the Australian Federal Police, the Australian Quarantine and Inspection Service, the Department of Immigration and Multicultural and Indigenous Affairs and the Department of Defence, to detect the unlawful movement of goods and people across the border.

2. Customs has three main roles:

- to facilitate trade and the movement of people across the Australian border while protecting the community and maintaining the appropriate compliance with Australian law;
- to efficiently collect customs revenue; and
- to administer specific industry schemes and trade measures.

3. Customs also administers legislation on behalf of other government agencies, in relation to the movement of goods and people across the Australian border.

Customs cooperation with China

4. Customs engages with China primarily through cooperation with the Chinese General Administration of Customs (GACC). Customs cooperation with the GACC occurs on both bi-lateral and multilateral levels. A Memorandum of Understanding (MOU) between Australian Customs and the GACC underpins our bilateral relationship. The MOU guides mutual cooperation between both administrations on customs matters.

5. In March 2005 Customs established a post in the Australian Embassy in Beijing. This complements the posts Customs already has in Brussels, Tokyo, Washington and Bangkok and will further facilitate cooperation and information sharing between Customs and the GACC. Coinciding with this opening Customs has opened a post in Jakarta, Indonesia.

6. A central aspect of the relationship between Customs and the GACC is the exchange of knowledge and experience through high-level visits. The Chief Executive Officer of Customs visited China during 2004 for bilateral talks. One of the Deputy Commissioners of the GACC visited Australia in August 2003 for discussions with senior Customs staff and to inspect several Australian Customs facilities. Further, the Minister for Justice and Customs, Senator the Hon. Chris Ellison will visit China in early April 2005, to officially open the Australian Customs post in Beijing.

7. As part of the Minister's visit he will meet with the Chinese firm that supplied Australian Customs with large-scale container x-ray equipment. Nucotech, which is a joint venture of Tsinghua University in Beijing, won the tender to provide x-ray facilities for four Customs Container Examination facilities to Australia, the first of which became operational in November 2003. Australia was the first countries to purchase this equipment outside of China. The performance and reliability of the machines is first rate. Customs has an excellent working relationship with this company.

8. Customs has hosted a number of delegations that have visited as part of the GACC's process of modernisation. Of particular interest has been Customs Cargo Management Reengineering project. Also, a GACC delegation visited Australia to discuss Customs detector dog breeding and training program in January 2005. Following a request from the GACC, Customs has agreed to supply dogs and assist China to establish a training and breeding facility.

9. Cooperation with the GACC is furthered through the Customs International Executive Management Program (CIEMP), which Australia hosts annually. CIEMP is an executive management program for officers of customs administrations in the Asia Pacific Region. The GACC has been a regular participant in this program. Eleven participants from China have attended the CIEMP since the program began in 1989, with one former participant now holding the position of Vice Chairman of the GACC.

10. Customs and the GACC have a strong relationship in the multilateral arena. Australian Customs and the GACC work cooperatively to progress the agenda in international fora, including the World Customs Organization (WCO) and Asia Pacific Economic Cooperation (APEC).

11. Australian Customs and the GACC represent the Asia-Pacific region on the WCO Policy Commission. China is the elected Vice-Chair of the WCO Asia Pacific region. Customs and the GACC are working in these fora to advance issues such as supply chain security.

12. China hosts the WCO Regional Intelligence Liaison Office (RILO). RILO conducts activities to assist Asia-Pacific Customs administrations improve enforcement in the region including identifying emerging issues and threats, facilitating the exchange of best practice and by promoting the joint analysis of issues by regional administrations. Customs assists China by providing technical support and assistance to RILO including training. Customs also assists with and provides input into joint analyses.

13. Customs and the GACC work cooperatively in the APEC Sub-Committee on Customs Procedures (SCCP) to progress projects aimed at

improving trade facilitation and security within the region. Express consignments, risk management and implementation of the revised Kyoto Convention on the simplification and harmonization of customs procedures are examples of areas that Customs and the GACC have worked together in the SCCP.

Anti-Dumping

14. In Australia, Customs is the agency responsible for undertaking anti-dumping investigations. Investigations of alleged injurious dumping are carried out in accordance with legislation that conforms to the provisions of GATT Article VI and the WTO Anti-Dumping Agreement.

15. Anti-Dumping measures may be put into place when it is found that goods have been exported to Australia below their 'normal value' (generally, the price of the goods in the country of export), and that this has caused, or threatens to cause, injury to the Australian industry.

16. Australia's anti-dumping legislation and practice proceeds from a general presumption that market economy conditions prevail.

17. Since 1999, Australian anti-dumping legislation has contained provisions for applying normal values for goods exported from 'economies in transition', to accommodate government influence on domestic selling prices and input costs. China is currently treated as an 'economy in transition' for the purposes of anti-dumping by Australia and other WTO members.

18. Customs has completed ten investigations involving China since the 'economy in transition' provisions were introduced in 1999. Price control was not found in any of these cases. Anti-dumping measures were imposed in five cases. This is comparable with Australia's overall rate of measures during the period 1998-2004, which stands at approximately 50%.

19. The Australia-China Trade and Economic Framework, signed in October 2003, included a commitment that negotiation of a Free Trade Agreement (FTA) will 'follow Australia's formal recognition of China's full market economy status'. If China were accorded market economy status, Australia would then treat China like any other WTO member for anti-dumping purposes.

20. In procedural terms this would mean that prior to an announcement of a decision to negotiate an FTA with China, the Minister for Justice and Customs would need to add China to Schedule 1B of the Customs Regulations – the list of countries accorded non-EIT status for the purposes of anti-dumping. Customs (and other relevant agencies) are consulting with industry regarding the possible future treatment of China.

Appendix 1

The following tables provide details of dumping investigations involving China since 1999.

Table 1.1 –Dumping investigations since 1999

No.	Goods	Action	Outcome
1	Sodium bicarbonate	Initiated 16/3/05	Ongoing
2	Steel, hollow steel sections	Initiated 23/12/04	Ongoing
3	Silicon	Initiated 19/05/04	Measures imposed 17/02/05
4	Hot rolled steel plate 4-10mm	Initiated 20/08/03	Measures 01/04/04
5	Copy paper, A4	Initiated 27/07/03	Terminated 27/11/03
6	2,4-D	Initiated 02/04/02	Measures 24/03/03
7	Steel ladders	Initiated 26/10/01	Withdrawn May 2002
8	SMBS	Initiated 12/09/01	Measures 04/06/02
9	Carpet grippers	Initiated 23/07/01	Negative 19/02/02
10	Glyphosate	Initiated 12/06/01	Negative 27/02/02
11	Disc brake rotors	Initiated 22/09/00	Ceased 10/11/00
12	Steel shelving	Initiated 15/09/00	Measures 03/10/01
13	Portland cement	Initiated 09/12/99	Ceased 22/02/02

Table 1.2 Outcome of investigations

Outcome	No.	%
Measures	5	38.46%
Negative (no measures)	2	15.38%
Terminated / ceased	3	23.08%
Completed	10	76.92%
Withdrawn by applicant	1	7.69%
Ongoing	2	15.38%
Not completed	3	23.08%
Total	13	100.00%