International Trade Remedies Forum

Summary of meeting outcomes and action items

17 April 2018

Agenda item 1 Introduction and welcome
The Commissioner of the Anti-Dumping Commission (Commissioner) welcomed the Assistant Minister to his first Forum meeting, and introduced new ITRF representatives. The Commissioner noted he had convened the meeting earlier than originally planned due to the interest of some members in the potential impacts of tariffs imposed by the US on steel and aluminium.

Agenda item 2 Assistant Minister remarks
The Assistant Minister said he and Minister Cash were committed to a strong and robust anti-dumping system. The Government had advocated strongly and successfully for Australian exports to be exempt from the US tariffs on steel and aluminium. The Government was also tracking any potential trade diversion to Australia. Dumped steel or aluminium products that were redirected to Australia as a result of the US tariffs could be dealt with effectively under Australia’s competent and proven anti-dumping system.

The Assistant Minister said reforms implemented by the Government over the past five years had significantly strengthened the system. The Government would maintain this vigilance to ensure the system could respond to global challenges. Australia had 58 anti-dumping measures in place on steel and aluminium products, and industry could apply for further measures if they were injured by dumped or subsidised imports of other products. The Commission’s analysis of the impact of the tariffs on Australia would provide a strong evidence base for future discussions.

The Assistant Minister thanked members for their participation in the department’s policy consultation in 2017, and advised that he had agreed to progress a package of policy and operational reforms through the necessary steps for consideration by Government. The proposed changes would involve discrete refinements to the system, which was generally working well for stakeholders. The Assistant Minister also acknowledged the work of the sub-committees in informing the ongoing development of the system.

Mr Matt Condon, representing Liberty OneSteel, suggested the Government consider the EU’s safeguard investigation into steel products in its analysis of the US tariffs. Mr Scott Kompo-Harms, representing the National Farmers’ Federation (NFF), suggested that the analysis also consider retaliatory tariffs imposed by China, including on agricultural products. The Commissioner said he would consider those suggestions, noting the analysis focused on the steel and aluminium sectors.

Agenda item 3 Steel and aluminium update
The Commissioner noted concern about the potential for steel and aluminium products originally bound for the US to be diverted to Australia as a result of the US tariffs. The Commissioner was gathering evidence to enable a proper examination of the likely impacts of displaced steel and aluminium on Australia. The Commission had engaged Cadence Economics to model the likely impacts as part of this exercise. This modelling suggested the overall impact on the Australian economy would be essentially immaterial.
The Commissioner advised that he would be preparing a Commissioner’s Note outlining his views of the potential impacts, in consultation with other government agencies. The Note would be published on the Commission’s website to provide stakeholders with evidence on the potential impacts and remedies available to affected parties. It would incorporate Cadence’s analysis, as well as information provided by Forum members.

3.1 DFAT update
Mr Andrew Jory, representing the Department of Foreign Affairs and Trade (DFAT), advised that on 10 March 2018, following a telephone call between Prime Minister Turnbull and President Trump, Australia secured an exemption from the additional US tariffs on steel and aluminium. On 22 March 2018, President Trump signed two Proclamations suspending the tariffs for Australia, Argentina, Brazil, Canada, Mexico, EU Members and Korea until 1 May 2018. Further proclamations were expected by 1 May 2018. Australia’s exemption would continue, reflecting our strong and unique security relationship with the US. Other countries may have different timelines and processes.

In regard to reactions from other countries, Mr Jory noted China had suspended tariff concessions on a range of US products and filed a request for WTO dispute consultations. The EC had initiated a safeguard investigation into steel products on 26 March, which related to a claimed surge in imports between 2013 and 2017.

In response to a question from Mr Travis Wacey, representing the Construction, Forestry, Maritime, Mining and Energy Union, Mr Jory advised that the Government was continuing to play an active role in the G20 forum on steel overcapacity. This was an important forum to address a global problem, and a valuable source of reliable statistics on the global steel production.

3.2 Consultant presentation
Cadence Economics presented its modelling on potential trade diversion in steel and aluminium markets. The model was a general equilibrium model including multiple countries and commodities. It took into account existing trade remedies, and considered substitution, structural, output and export effects of the tariffs. The model considered two scenarios: one in which the 22 March exemptions were maintained, and one in which they were not.

Cadence Economics advised that, overall, the model indicated the impacts on Australian imports of both steel and aluminium were essentially immaterial. Where exemptions were maintained, the modelling indicated there was potential for an increase in steel imports of 13,000 tonnes, or approximately 0.4 per cent. For aluminium, there was potential for an extra 300 tonnes of imports, or approximately 0.1 per cent. Without exemptions, steel imports may fall by less than 11,700 tonnes, or approximately 0.4 per cent. Aluminium imports may fall by just under 1,200 tonnes, or approximately 0.3 per cent.

Mr Damian Kyloh, representing the Australian Council of Trade Unions, and Mr Misha Zelinsky, representing the Australian Workers’ Union, suggested that the model incorporate retaliatory measures by other countries in response to the US tariffs. Mr Luke Hawkins, representing Capral, Mr Alan Gibbs, representing Bluescope, and Mr Condon suggested the model should analyse product specific impacts, as Australia only produced a subset of the products subject to the US tariffs. Mr Hawkins stated that Capral had already seen significant changes in the flow of aluminium extrusions into Australia. Mr David Birrell, representing the Australian Steel Association, said there were broader market trends driving increases in imports, and not all should be attributed to the US tariffs.

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1 Following the meeting, a corrigendum to the Cadence Economics report corrected the modelled fall in aluminium imports to 0.4 per cent in the no exemptions scenario (from 0.3 per cent).
The Commissioner noted these suggestions, and encouraged Forum members to provide any additional evidence to assist his analysis of the impacts. The Commissioner noted that the Commission tracked trade flows of products that made up a significant proportion of its caseload as part of its role of ensuring the enforcement of measures. This real-time tracking would complement the modelling in the Commissioner’s Note.

3.3 Commissioner’s Note
The Commissioner advised that the Commission would circulate Cadence Economics’ presentation and report, and seek views from Forum members on the impact of the tariffs following the meeting.

Mr Condon said Forum members’ ability to provide evidence of the impact was limited by restrictions on the release of official import data.

**Action item 1:** Commission to circulate the Cadence Economics report and invite comment from Forum members on the impact of the US tariffs on steel and aluminium

Agenda item 4 Department of Foreign Affairs and Trade (DFAT) update

4.1 WTO Panel regarding A4 Copy Paper measures
Ms Patricia Holmes, representing DFAT, advised that Indonesia had requested a WTO dispute settlement panel with regard to Australia’s anti-dumping measures on A4 copy paper. The request followed WTO consultations held on 31 October 2017, and focused on the finding of a particular market situation affecting Indonesia’s domestic market for A4 copy paper. The Panel would be established at the Dispute Settlement Body meeting on 27 April 2018. Submissions and hearings would likely take place in the second half of 2018, with the Panel report expected by the end of 2019. DFAT was working closely with the Commission on Australia’s defence of the measures.

In response to a question from Mr Wacey, Ms Holmes advised that Indonesia was an active user of the WTO dispute settlement system, and that the dispute was unrelated to negotiations on a Comprehensive Economic Partnership Agreement between Australia and Indonesia (IA-CEPA).

Mr Bryan Clark, representing the Australian Chamber of Commerce and Industry, stated that in the Chamber’s view, the dispute was unhelpful to the negotiation process. In response to a question from Mr Gavin Matthew, representing the Australian Forest Products Association, Ms Holmes advised that submissions in the dispute were made by the governments involved, but could take into account views from entities with an interest in the issues.

4.2 Other matters
Ms Holmes advised that the US Department of Commerce (DOC) had recently concluded an Australian exporter was in receipt of countervailable subsidies in an investigation into silicon metal imports. The investigation had subsequently been terminated, as the US International Trade Commission had found no material injury to the US industry. However, this did not overturn the DOC’s finding, which could possibly be relied on by another US industry applicant. The Australian Government had rejected the DOC conclusions in submissions throughout the investigation.

Agenda item 5 Impact on agriculture of the current interpretation of Customs Act definitions
Mr Kompo-Harms said the NFF considered that Australia’s trade remedies regime contained a structural impediment to access by primary agricultural producers. This meant that injury to Australia’s agricultural sector was left unaddressed. This impediment was due to the Customs Act definition of a ‘close processed agricultural good’. This definition was difficult to satisfy, and did not
accurately reflect modern agricultural enterprise and global supply chains. The NFF requested the Forum review the definition of a ‘close processed agricultural good’ for the purposes of an anti-dumping investigation. The NFF also proposed that a Forum sub-committee be established to undertake this review. An NFF paper had been provided to attendees with further background.

Mr Wacey noted this provision had been considered previously by a Forum working group. The Commissioner advised that the Commission would invite members to provide views on the NFF proposal, and circulate the previous working group report, following the meeting.

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**Action item 2**: Commission to invite views from Forum members on the NFF’s proposal for a review and sub-committee on the ‘close processed agricultural good’ definition.

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**Agenda item 6 Anti-Dumping Commission update**

**6.1 Action items from previous meeting**

The Commissioner confirmed with members the outcomes of the Forum’s meeting on 11 September 2017. These meeting outcomes have now been published on the Commission’s [website](#).

*Previous action item 1: Secretariat to circulate link to Australian Border Force (ABF) compliance update to ITRF members.*

The Commissioner informed members that the Secretariat had circulated the link to the ABF’s Goods Compliance Update on 27 September 2017.

**6.2 Operational matters**

Mr Paul Sexton, General Manager in the Commission, provided an update on the Commission’s caseload, which had increased to 68 cases (up from 49 in September 2017). The bulk of these cases were reviews and duty assessments. The six current investigations covered a range of products, including steel, aluminium, electrical, paper and chemical products.

Mr Sexton advised that an update on the Commission’s approach to injury and causation analysis had been circulated to attendees. This was an important part of the Commission’s New Investigations Model.

In response to a question from Mr Zelinsky, the Commissioner advised that case timeframes did not depend simply on resources. Timeframes were affected by a range of factors, including availability of evidence. It is important that case outcomes are high-quality and robust, as well as efficient.

The Commission updated members on enhancements to its verification and quality assurance processes. In particular, the new Verification and Data Assurance (VADA) unit, established in late 2017, was providing centralised assurance and compliance checks on verification work and margin calculations. This was improving the quality, consistency and efficiency of the Commission’s work.

In response to a question from Mr Clark about the relevance of rules of origin, DFAT noted that work had been underway in the WTO for some time on harmonisation of rules of origin, but this work was considered separate to trade remedies.

**Agenda item 7 Update on policy review process**

Mr Martin Squire, representing the Department of Industry, Innovation and Science, noted the Assistant Minister’s earlier statement that he had endorsed a package of reforms, which were now progressing through the necessary steps for consideration by Government.
Agenda item 8 Update on sub-committees
Mr Wacey provided an update on the work of the sub-committee on access to import data. He noted that non-government members had made a joint submission to Treasury’s consultation on the Statistics Determination 1983, which had to be remade by October 2018. This submission included previous recommendations of the compliance and anti-circumvention sub-committee, and noted broader benefits of access to trade data. The sub-committee had also invited a Treasury representative to attend its next meeting. In addition, the sub-committee was seeking information from other jurisdictions about their approaches to the release of import data. Noting Cadence Economics had used US data for its modelling, Mr Wacey stated that equivalent data was not available in Australia due to confidentiality restrictions. The sub-committee may seek to expedite its analysis of import data availability in the context of the US tariffs.

Mr Condon provided an update on the work of the compliance and anti-circumvention sub-committee. Work had paused on the sub-committee recommendations that were considered in the 2017 policy review process, although these issues remained of concern to members. Since completing its options paper, the sub-committee had considered timeframes for securities, ministerial initiation of anti-circumvention inquiries, and remedies for different types of circumvention activities. Future meetings would consider issues relating to input dumping and transhipment. Mr Condon said increased transparency of the ABF’s compliance activity had improved stakeholder confidence and was a valuable deterrent.

The Commissioner thanked the sub-committee chairs for their updates.

Agenda item 9 Department of Home Affairs update
The Department of Home Affairs/ABF provided an update on the Home Affairs portfolio, which was established on 20 December 2017. The ABF was now an operationally independent body within the Home Affairs portfolio. Trade facilitation remained a priority for the portfolio, with the Trade and Customs Division of the Department of Home Affairs leading internally on trade policy, and the ABF continuing as Australia’s customs service. The portfolio was continuing to engage closely with industry and the Commission, and maintaining a risk-based approach to compliance. Economic harm was a compliance priority for 2018, and included revenue evasion through non-compliance with anti-dumping measures. The ABF had undertaken a number of initiatives resulting in infringement notices, and expanded data in the Goods Compliance Update on anti-dumping compliance.

Mr Paul Damkjaer, representing the Customs Brokers and Forwarders Council of Australia, encouraged the ABF to continue to strengthen its industry engagement, and said its members would welcome increased communication with Border Watch. The ABF noted its restructure would bring together different areas with an industry engagement role, which would assist this communication.

Agenda item 10 Other business
No other business was raised.

Agenda item 11 Next meeting and closing remarks
The Commissioner noted that the next Forum meeting was expected to be held in November 2018. The Secretariat would advise members of the expected timeframe.

The Commissioner thanked members for their participation and closed the meeting.