

THESIS
ON
THE APPLICATION OF ANTI-DUMPING AND
COUNTERVAILING MEASURES IN AUSTRALIA

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For me the task of the completion of this thesis was at first daunting. This was even though I had previously worked in the area as Director Dumping Operations in the Australian Customs Service during the early 1980s. However, thanks to the support of two very competent supervisors I felt that I was able to do some justice to the task. Professor Cutbush-Sabine was always encouraging, and always critical of the logic employed and in the consideration of the disturbing results which emanated from the study. Professor Andreas Lowenfeld always an inspiration with his font of knowledge going back to the early days of the development of the *GATT* treaty, and his constructive criticisms of the drafts helped me immensely. I consider that I was most fortunate with the quality of their supervision.

As I reside in Canberra and being an ex-student at the Australian National University, I was able to attend many research seminars in the Australia-Japan Research Centre and in the Faculty of Commerce. It was always the question of what is the thesis or proposition to be proved which was on everybody's mind in these seminars. They made me think critically about my own topic, which although in law relied upon the same methodology and need for the evaluation of the research results. I also managed to present parts of my thesis to a number of conference forums. These included papers delivered to academic colleagues at conferences of the Institute for International Development and Future Studies held at the University of Western Australia and later at the Swedish School of Economics in Helsinki, to the Law and History Society, the inaugural meeting of post-graduate students in law at the University of Melbourne, and two seminars at the Law School of the University of Technology, Sydney. I thank all those who entered into a critique of my approach to the analysis at those seminars, and to the post-graduate students in my lectures at the University of Technology who were exposed to draft parts of the thesis as supplementary teaching material.

I must also thank the staff of National Library of Australia who gave me a reader's ticket to the Petherick Room, the Australian National University Library where I am a life member, the Australian Customs Library in Canberra, and for the reading rites accorded to me by the New York University for the use of their Law Library. The completion of the thesis would not have been possible if I had not obtained a scholarship from the Australian Customs Service, and I had not extended leave to me at critical times during the process of writing. The University of Technology, Sydney supported the study and were helpful to me throughout my endeavour.

Finally, I should mention that I think that my daughters were pleased to see the finalisation of the thesis, as at times I may have been somewhat distracted from what others considered was the main task. I thank all those who have encouraged me, however, as with all individual works the errors and omission are solely my responsibility.

TABLE OF CONTENTS

ABSTRACT	1\
SECTION 1 - TERMS OF REFERENCE	3
1.1 Introduction	3
1.2 Aims	5
1.3 Methods	5
1.4 Results	6
1.5 Summary	7
SECTION 2 - HISTORICAL DEVELOPMENT OF THE LAW	8
2.1 Introduction	8
2.2 An Historical Context	9
2.3 Australian Industries Preservation Act 1906	10
2.4 Customs Tariff (Industries Preservation) Act 1921	11
2.5 Customs Tariff (Dumping and Subsidies) Act 1961	18
2.6 Customs Tariff (Anti-Dumping) Act 1975	23
2.7 Anti-Dumping Authority Act 1988	31
2.8 Uruguay Round Amendments	35
2.9 Summary	37
SECTION 3 - AN ECONOMIC FRAMEWORK	40
3.1 Introduction	40
3.2 The Economic Theory Context	40
3.2.1 The Study of Trade Regulation	40
3.2.2 Economic Context	43
3.2.3 The Classical Approach	44
3.2.4 Further refinements to the Classical approach	49
3.2.5 Michael Porter's - four country specific factors	52
3.2.6 Strategic Trade Theory	53
3.2.7 Information and Organisational Size	59
3.2.8 The Institutional Setting	64
3.2.9 Harvard Models	68
3.3 Summary	70

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SECTION 4 - PUBLIC POLICY CONSIDERATIONS	72
4.1 Introduction	72
4.2 The GATT and Regional Frameworks	75
4.2.1 GATT	75
4.2.2 NAFTA	78
4.2.3 CER	80
4.2.4 APEC	82
4.3 Public Policy Desires	88
4.3.1 Public Benefit Criteria	88
4.3.2 Consistency of Purpose	99
4.3.3 Legal Developments in Australia	103
4.3.4 Legal Developments in other Jurisdictions	114
4.4 Summary	119
SECTION 5 - HOW THESE SAFEGUARD MEASURES APPLY	125
5.1 Introduction	124
5.2 International Legal and Administrative Context	124
5.2.1 Development of the <i>Codes</i>	124
5.2.2 Influence of the Uruguay Round on Administrative Practices	126
5.2.3 Incorporation into Domestic Legislation	128
5.2.4 Administration	136
5.2.4.1 The Process	136
5.2.4.2 The Administrative Objectives	138
5.2.4.3 The Organisation	139
5.2.4.4 Administrative Control	140
5.2.4.5 Performance Feedback Systems.	141
5.2.4.6 Some Objective Measures	142
5.2.4.7 Possible Organisational Improvements	147
5.2.5 Summary	148
5.3 Injury	150
5.3.1 The Legal Framework	150
5.3.2 The Concept of Injury	150
5.3.3 Adverse Effects of Subsidies	155
5.3.4 Domestic Industry	157
5.3.5 Like Goods	159
5.3.6 Close Processed Agricultural Goods	163
5.3.7 A Major Proportion of the Total Domestic Production	165
5.3.8 Domestic Production	166
5.3.9 Other Considerations	167
5.3.10 Characteristics of Injury	171
5.3.11 Material Injury - Volume and Price Effects	171
5.3.12 Material Injury and Its 'Economic' Effects	173
5.3.13 Measuring Material Injury	177
5.3.14 Threat of Material Injury	180
5.3.15 Causation	184
5.3.16 Cumulative Injury and Country Hopping	187
5.3.17 Summary	190
5.4 Dumping	192
5.4.1 Background	192
5.4.2 The Legal Framework	193
5.4.3 The Export Price	196

5.4.3.1 The 'Ordinary case' for Establishing an Export Price	196
5.4.3.2 Hidden Dumping and the calculation of the Export Price	198
<u>5.4.3.2.1 Not at Arm's Length Transactions</u>	198
<u>5.4.3.2.2 Prescribed deductions</u>	204
5.4.3.3 Other Methods of calculating the Export Price	205
5.4.3.4 Difficulties in the measurement of the export price	208
5.4.4 Normal Value	210
5.4.4.1 Exporter's Domestic Price	210
<u>5.4.4.1.1 Like Product</u>	213
<u>5.4.4.1.2 Comparable Price</u>	216
Provision for specification differences	217
Levels of trade	219
Levels of price discounts	222
Date for comparison and currency conversion	223
5.4.4.2 Where the Exporter's Domestic Price cannot be ascertained	228
<u>5.4.4.2.1 Ordinary Course of Trade</u>	229
<u>5.4.4.2.2 Situations where sales are unsuitable</u>	235
<u>5.4.4.2.3 Export price to third country and constructed normal value</u>	236
<u>5.4.4.2.4 Constructed normal value - conditions for inclusion of a profit</u>	238
<u>5.4.4.2.5 Centrally planned economies</u>	242
5.4.4.3 Where there is Insufficient or Unreliable Information	245
5.4.5 Summary	248
5.5 Subsidisation	251
5.5.1 Introduction	251
5.5.2 Legal Framework	253
5.5.3 Actionable Subsidies	255
5.5.4 Further Cases on Subsidies	266
5.5.5 Summary	278
5.6 Remedies	280
5.6.1 Introduction	280
5.6.2 Choice of Jurisdiction	281
5.6.3 Consultations	286
5.6.4 Duty Imposition and Exporter Undertakings	288
5.6.5 The Non-Injurious Price Remedy	295
5.6.6 Anti-Circumvention	300
5.6.7 Dispute Settlement	305
5.6.8 Summary	311
5.7 Summary	313
SECTION 6 THE BENEFITS OF THE MEASURES	321
6.1 Introduction	319
6.2 Australia's International Economic Environment	320
6.3 Factors Influencing Complaints	326
6.3.1 The Influence of Industry	326
6.3.2 Against Whom are Complaints Made?	329
6.3.3 Discussion of Analysis of Initiations	333
6.4 Factors Influencing Retaliation	336
6.4.1 Recent Econometric Models	336
6.4.2 Industry and Country Models Used in this Analysis	346

6.4.3 Definitional aspects	347
6.4.4 Application of Safeguard Measures in Australia	350
6.4.5 Is There Predation?	357
6.5 Assessment of Outcomes	361
6.5.1 Export or Perish	361
6.5.2 Benefit to Industry	363
6.5.3 Cost/Benefit Appraisal	365
6.5.4 Intimidatory Effect	367
6.6 Proposed Case Study - The Chemicals Industry	369
6.7 Problems with Measurement	370
6.8 Summary	372
SECTION 7 WHAT HAS BEEN LEARNED	379
7.1 Introduction	376
7.2 Results	376
7.3 Policy implications	378
7.4 Summary	383
SECTION 8 - RECOMMENDATIONS	386
ABBREVIATIONS	395
TABLE OF CASES	397
TABLE OF LEGISLATION	401
TREATIES, AGREEMENTS, CONVENTIONS, PROTOCOLS AND MEMORANDA	403
ANTI-DUMPING AUTHORITY REPORTS	405
BIBLIOGRAPHY	425
APPENDICES	443

ABSTRACT

The application of anti-dumping and countervailing measures has always been controversial, particularly, as they do not address the issue of the level of local value added in the production process. Are these measures simply industry assistance measures under another guise, or are they to protect the 'fair trade' framework to further the opportunity for free trade? All the indications are that these measures reflect the former option. However, the global political climate as represented through the *GATT* and now the *WTO Agreements* is to tolerate the imposition of both anti-dumping and countervailing measures provided they are applied according to the provisions of the *Agreements*. It is becoming increasingly more difficult for any nation state to abolish the right of their 'guest' industries to obtain anti-dumping or countervailing relief, given the economic power of multinational industries operating within their boundaries. The practical issue is for each nation state to use these measures in a way which is of least detriment to their economy.

Gruen in 1986 reviewed the application of the then *Customs Tariff (Anti-Dumping) Act 1975*, and found that there needed to be a tightening-up of the injury test applied to anti-dumping cases. It is recommended that Gruen's tougher injury standards be implemented forthwith. He also recommended a continuing role for the Industry Commission as the appeal body for a review of the facts, and for there to be a continuing assessment of the effects of the measures imposed. The government, however, created an Anti-Dumping Authority attached to the then Department of Industry Technology and Commerce (DITAC), whose member and officers came from that department. The principal function of this body was to review the preliminary decisions of Customs, and to recommend the imposition of duties or acceptance of an undertaking to the Minister. There was no provision for an independent review of facts. One of the results of the increased complexity of the existing process and consequently the law, is a large increase in litigation before the Federal Court. There is a need to simplify the administrative structure and the provisions of the domestic law. The latter should be accomplished by the incorporation of the provisions of the *WTO Agreements* directly into domestic law.

The espoused policy objectives of the government have not been met. The application of anti-dumping and countervailing measures favour import competing industries, and are against countries from which imports are growing. Korea and China have been singled out, with these countries showing the highest incidence of import weighted of anti-dumping measures. They also happen to be countries with which Australia has a trade surplus, a policy factor which is neglected by the administering authorities. There is a need to redress this imbalance. Predation identified by the government as a reason for taking anti-dumping action, has been shown not to be a reason for the application of anti-dumping duties in Australia.

As a small country, Australia should take advantage of the use of the *WTO* dispute settlement process in settling anti-dumping and countervailing disputes. Consultations should commence at the earliest possible stage in inquiries, with the view to the settlement of the dispute by trade negotiation so that the outcome can be beneficial to both parties. This may, for example, allow for the specialisation in production between the two Members. *WTO* dispute settlement is seen as a positive approach to dispute settlement, whereas the use of the domestic courts tends to elevate the dispute between the parties. The Department of Foreign Affairs and Trade needs to take a leadership role in settling all anti-dumping and countervailing actions through the *WTO* dispute settlement process, with a view to a positive outcome for both Members.

Placing an anti-dumping import tax on intermediate products entering Australia is counter-productive, as it increases the cost of inputs to downstream users. Temporary relief should be given by way of production subsidy, if the matter cannot be resolved through *WTO* trade consultations.