
3.6 Anti-dumping continues to be a prominent feature of Australian trade policy

‘Dumping’ is an emotionally-charged term that implies that selling products to another country at prices below those in the producing country is unfair (box 3.1). WTO rules permit ‘anti-dumping duties’ where there is evidence of ‘dumped’ products causing (or potentially causing) injury to industry in the importing country.

While potentially less distortionary than other trade measures, at least on an economy-wide level, anti-dumping duties are still a form of protection, which can impose costs on the community. If anti-dumping measures make overseas suppliers reluctant to compete on price out of concern that they may be targeted, these costs can extend beyond the measures imposed (PC 2016a, p. 10).

While Australia has long been an advocate for free and open trade — as the WTO noted in its most recent review of Australia’s trade policy — the WTO also noted that Australia remains an ‘active’ user of anti-dumping measures by global standards (WTO 2020c, p. 8). Data collected by the WTO indicate that Australia has been the sixth most prolific initiator of anti-dumping actions since 1995. Since 1990, the number of anti-dumping measures Australia has *in force* at any given time has generally been well above the global median and has grown rapidly since 2010 (figure 3.8). And while the number of measures in force plateaued between 2019 and 2020, it remains at a historically high level. Australia also continues to apply new measures, although the number of new measures applied has been stable in recent years — in 2020, anti-dumping measures were initiated on six products.

As of 31 December 2020, Australia had anti-dumping measures in force for 72 products from 22 different countries, with the greatest number on products from China (17) and Thailand (8) (WTO 2021g). Most of these measures are applied to steel and aluminium products. Paper products are also subject to several anti-dumping measures. In 2020, Indonesia successfully challenged aspects of Australia’s anti-dumping measures on A4 copy paper, with the WTO DSB ruling that the calculations used by Australia to determine whether dumping occurred were not in line with the appropriate WTO methodology. As a result of this ruling, Australia revoked some of its anti-dumping measures.

Box 3.1 **What is ‘dumping’ and what are anti-dumping measures?**

The term ‘dumping’ is used to describe a situation where a business exports a product to another country at a price lower than it normally charges in its own home market. Broadly speaking, World Trade Organization (WTO) rules allow a government to act against dumping activity where it occurs. To do this, a government must be able to:

- show that dumping is taking place
- calculate the extent of the dumping (that is, how much lower the export price is compared to the exporter’s home market price)
- show that the dumping activity is causing ‘injury’ to domestic industry or is threatening to do so.

Typically, anti-dumping measures involve charging extra import duty on the product being dumped, so to bring its price closer to the price charged in its home market. This is allowed under WTO rules, and in effect means a government can place additional trade barriers on particular products that are imported from particular countries. The application of anti-dumping measures contrasts to the ‘most-favoured-nation’ principle that underpins WTO agreements — that is, that countries cannot discriminate between their trading partners.

While anti-dumping measures are permissible under WTO rules, there is no obligation to use them. The Productivity Commission examined Australia’s anti-dumping system in detail in a 2016 research paper, finding that several features of Australia’s anti-dumping system added to its cost, including that:

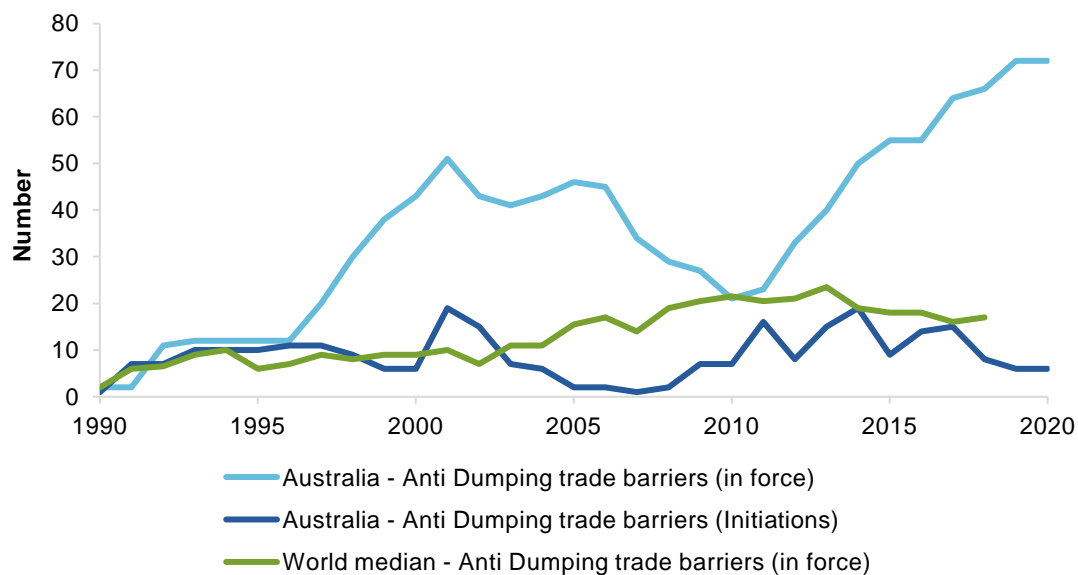
- *there is a risk that community interest is given little weight when decisions to apply measures are made.* Unlike several other countries, Australia does not have a public interest test that must be applied before decisions to impose anti-dumping measures are made, meaning there is a risk that the interests of the wider community are not given due weight before measures are imposed.
- *the rates of protection imposed can be high, relative to other trade measures.* The average anti-dumping duty imposed between 2009 and 2015 was 17 per cent, which is over three times Australia’s maximum scheduled tariff rate of 5 per cent.
- *the threshold that needs to be met to extend measures is relatively low.* Measures are often extended beyond their initial (five-year) term, meaning the protection afforded to domestic industries (and the costs borne by consumers) can persist. The ease with which anti-dumping measures can be extended also risks muting the incentives for domestic producers covered by such measures to improve their competitiveness against imported products.

While the Commission identified a range of modifications that could alleviate some costs, it also found that there was no compelling rationale for Australia’s anti-dumping system. Rather, it found that Australia ostensibly maintained an anti-dumping system simply because it was allowed under WTO rules, and that the arrangements — at least at that time — were making Australia worse off on a national welfare basis. Given this, the Commission considered that ‘serious consideration’ should be given to whether it was in Australia’s interest to maintain an anti-dumping system.

Sources: PC (2016a); WTO (2021a).

Figure 3.8 **Anti-dumping measures in force have risen since 2010**

Anti dumping measures, 1990-2020



Source: World Trade Organisation *Integrated Trade Intelligence Portal*.