



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

**CUSTOMS LEGISLATION
AMENDMENT BILL (NO. 2) 2002**

Second Reading

SPEECH

Wednesday, 12 February 2003

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 12 February 2003
Page 11731
Questioner
Speaker Bishop, Julie, MP

Source House
Proof No
Responder
Question No.

Ms JULIE BISHOP (Curtin) (11.47 am)—It is perhaps appropriate that the Customs Legislation Amendment Bill (No. 2) 2002 has come before the chamber at the moment that Vaclav Havel has stepped down as President of the Czech Republic. A true humanist and enemy of tyranny, Havel served for 13 years as President of Czechoslovakia and, after 1992, the Czech Republic. The British academic Timothy Gash neatly summed up Havel's contribution to the cause of freedom in Europe. He said:

I think he is the enduring symbol of the extraordinary, peaceful transformation of Europe over the last 20 years.

There is no-one else who 20 years ago really was a leading dissident and has been there at the top through all the stages of peaceful transition, through the Velvet Revolution, through the Velvet Divorce, presiding over his country's transition from geopolitical East to West, from communism to capitalism, from Warsaw Pact to NATO. So I think in the history books, if you want one name that stands for this miraculously peaceful transition, it will be that of Vaclav Havel.

The Czech Republic, like its neighbours in central and eastern Europe, like some of the central Asian republics and like the People's Republic of China, is an economy in transition. In other words, it is an economy that is in the process of transformation from a centrally planned, socialist economy, dominated by state-owned enterprises operating outside market relations, to a free, capitalist economy principally composed of individual firms.

Some economies in transition such as the Czech Republic are significantly advanced in their reforms and virtually indistinguishable from those of Western Europe. Others, such as China, are still taking but the first steps in a long journey—although, having visited China earlier this year, I cannot but be impressed by the remarkable success that China has enjoyed in the last two decades since the Chinese government initiated a process that is evolving into a full-blown transition from a poorly performing command economy to one that exhibits, increasingly, the efficiency gains associated with well-performing market economies.

Of course, aspects of China's experience are unique. It has maintained its repressive one-party political structure throughout a period of intense economic transformation. This is in stark contrast with the experiences of other transition economies, particularly those emerging from the break-up of the former Soviet Union. This is of particular interest to us in the context of the Customs Legislation Amendment Bill (No. 2) 2002, for it is the effect that these economies in transition are having on international trade that we are dealing with.

Due to the lingering effects of state ownership and centralised planning, some goods exported by these countries bear the hallmarks of dumping: that is, the price charged for the exported good is less than the normal price of that good—the price charged at home. While dumping is sometimes undertaken as a strategic trade weapon or as a means of offloading heavily subsidised overproduction, this particular dumping can be the result of latent distortions in pricing. The example given in the *Bills Digest* is a pertinent one. Unprofitable state owned enterprises in China, heavily subsidised by written-off loans, can sell materials at lower than normal prices. Even if that particular material is not directly exported, the incorporation of that material in another exported good can artificially deflate the export price.

Charges of dumping are difficult enough to prove in the first place, let alone as a result of such intangibles, often second- or third-hand. It is a point well made by the industry task force on antidumping following last year's court cases involving cement and glyphosate from China. Nonetheless, dumping is still a real threat to producers in the country of destination and a broader threat to the international trading environment. This is why the GATT and now the WTO provide for antidumping measures and why the Australian government is attempting to clarify the evaluation of, and response to, apparently dumped goods from economies in transition.

According to records maintained by the WTO secretariat, between 1995 and 2000 approximately 1,500 antidumping investigations were initiated worldwide. In almost three-quarters of these cases, exporters in transition economies were the main targets. Therefore, this aspect of the bill has three purposes: to clarify the treatment of these economies and their exports, with treatment based on the evaluation of price control; to amend

current provisions relating to the processing of final duty assessment applications and refund calculations; and to amend Australia's laws to better reflect the WTO's antidumping agreement, to which we are a partner.

In relation to the first issue, the bill will replace the term 'price control' with 'price influence' to better allow for the evaluation of exports from economies in transition, given the nuanced and often removed nature of price distortions in those economies. In sum, the measures will improve the effectiveness and efficiency of our antidumping defences—although I would strike a word of caution about those very defences. We should not allow dumping to become cover for the rebuilding of trade barriers, nor should we overestimate the economic cost of dumping in Australia. Economics writer Alan Mitchell makes a reasonable point when he argues that, if the taxpayers of China want to secretly subsidise Australian farming by discounting herbicide costs then good for us and good for our farmers.

On a different note, there are also technical amendments in this bill which relate to trade modernisation. These essentially take account of the transition from the provisions of the Customs Act to those provided in the trade modernisation act—for example, the move from administrative penalties to the infringement notice system. On a different note again, the Customs Legislation Amendment Bill (No. 2) 2002 will also make a positive contribution to Australia's national security and the personal safety of Australian travellers by exempting air security officers from the passenger movement charge.

The air security officer program was an initiative devised by this government in response to the shocking events of 11 September 2001. The use of domestic airliners as weapons of terror that morning convinced authorities across the globe not only that the placation of terrorism was a disaster as a matter of public policy but that long established and routinely practised hijacking response procedures were a contributing factor to the carnage. Faced with nihilists prepared to end their own lives, the placation of and negotiation with hijackers that has been advocated for two generations—at least until an aircraft was grounded—proved tragically insufficient. It is, of course, telling that the courageous response of the passengers and crew on board United Airlines flight 93 spared another ground target from destruction and ultimately saved lives.

The deployment of air security officers is intended both to deter terrorists from targeting passenger aircraft for hijack and to act, in the event of a hijack, in a law enforcement role. As Australian Protective Service Director, Martin Studdert, has noted:

What we are doing is changing the odds so that a terrorist who wants to take a gamble that they are going to go on an aircraft that does not have an air marshal on it is significantly reducing the probability of a successful guess.

By the use of an 'escalated force model', an air security officer, armed with a low velocity sidearm designed for use in pressurised cabins, yet indistinguishable from other passengers, can intercept an attempted hijacking and provide support to the air crew if required. It is expected that almost 110 air security officers are now on duty and the program celebrated its first anniversary on 31 December. The 2002 federal budget provided an additional \$17.8 million to expedite the deployment of these officers, most of whom have been recruited from the Public Service itself, the various police forces and the ADF.

At the end of last year came the welcome news that the Minister for Justice and Customs, Senator Chris Ellison, had reached agreement with the Singaporean government on a reciprocal air security program that will hopefully establish the use of air security officers on the Australia-Singapore air route, which is followed by approximately 12,000 flights per year by Qantas and Singapore Airlines. We can all hope that similar arrangements will be put in place to cover other busy air connections with Australia, such as those that service Indonesia and the United States.

In recognition of the importance of this program and the need to bypass bureaucratic obstacles that might compromise security, the \$38 passenger movement charge applying to all passengers departing Australia will not apply to on-duty air security officers. This exemption is in line with other PMC exemptions, such as those that are already applied to children and diplomats. Given the importance of the anti-dumping provisions, the modernisation of the way in which the Australian Customs Service manages the movement of cargo in and out of Australia and the contribution of the air security officer program, I commend this bill to the House.