



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

BILLS

Customs Amendment (Anti-dumping Measures) Bill 2011

Second Reading

SPEECH

Tuesday, 24 May 2011

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Tuesday, 24 May 2011
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Questioner
Speaker Marino, Nola, MP

Source House
Proof No
Responder
Question No.

Ms MARINO (Forrest—Opposition Whip) (18:47): I thank the House for its consideration for those members who, like myself, are part of the Selection Committee. In speaking to the Customs Amendment (Anti-dumping Measures) Bill 2011, I say that dumping is defined by Australian Customs as a form of price differentiation whereby goods are exported to Australia at a price that is below the normal value. Dumping also includes the use of export subsidies paid either directly or indirectly to the foreign exporter of goods into Australia, which gives a price advantage to the foreign entity and causes or threatens to cause material injury to an Australian industry, as we heard from the member for Barker. Put simply, antidumping measures apply a temporary import duty on products that are sold in Australia below the cost of production in the country of origin and impose a countervailing duty for subsidised products for the purpose of eliminating the price advantage that gives the foreign supplier that unfair commercial advantage and causes, as we heard earlier, significant damage to or destruction of local production.

Antidumping measures are just one small step in the fight to level the international playing field, which is supposed to be the basis for free international trade. Yet the playing field remains far from level. Many countries around the world provide advantages—including low levels of government regulatory compliance measures, direct subsidies and low labour costs—for their industries. These in turn provide cost advantages for products sold in mature overseas markets such as Australia's, where our local producers are inundated with compliance and cost issues such as the proposed carbon tax, which will add another layer of issues for them.

In this international marketplace, Australia, which produces some of the world's best quality agricultural and food products and manufactured goods, is forced to struggle to compete on price and price alone. This price disadvantage is exacerbated by the Labor government's consistently making compliance more onerous and more expensive for Australian businesses while at the same time making access to our markets easier and cheaper for our competitors. You just need to look at the New Zealand apple imports—the government has said that the compliance burden will rest on those who will profit most from exporting the apples. What a dreadful joke on our Australian growers, especially those in the south-west of Western Australia. They are distraught at this one. This government has an embarrassing record of increasing the cost of doing business in Australia compared to our international competitors. It now proposes to make this worse by imposing, as I said, the carbon tax, which will hit every business that uses power to manufacture its products, and that is almost every business in Australia. They will be less competitive, and that is if they are able to export; they will also be less competitive in our own domestic markets, competing against foreign imports, which will not have that same tax.

Of course, it is really important, as we are an exporting nation, that we are able to compete, and it is important to note that the Labor government has a poor record of defending Australia's borders and maintaining our quarantine and biosecurity. The Beale quarantine and biosecurity review that was commissioned by Labor called for hundreds of millions to be spent on AQIS and quarantine annually just to provide proper and real protection for our nation's borders. Instead of responding to this report, the government has failed to act, except to spend the 2½ years since its release running down the report and stripping out its assets.

This is particularly important in this debate because without price advantage Australian producers and manufacturers have to rely on quality and safety to compete effectively in the marketplace, be that domestic or international. For example, Australian agriculture and food producers rely on our clean, green image of high quality to find and retain markets. Agricultural production in this country drives \$155 billion a year in economic production, which is over 12 per cent of GDP, generating around 1.6 million Australian jobs and \$32 billion a year in farm exports. In competing with cheaper foreign food products which are underwritten by cheap labour or low quality control and compliance, our producers absolutely rely on our capacity to produce a higher quality, safer and more ethical product. But this is being undermined by the changes that the government is going to make to the import options for these New Zealand apples. We are opening our borders to New Zealand apples and to a whole raft of pests and diseases that we do not have and have never had but that New Zealand has. Around the world, Australian produced food is regarded as safe, clean and green, and it is absolutely critical that

we maintain that reputation. That is all we have. However, it is this very reputation that is put at risk by Labor's really incompetent neglect of our nation's border security and biosecurity.

Our worst fears look increasingly likely as the government continues to ignore glaring failures in proactively protecting Australia's shores from pests and diseases. Australian farmers and food manufacturers know that their greatest marketing asset is our virtually disease-free status. That is at risk. For example, the 2009 federal budget took \$35.8 million from quarantine and biosecurity budgets, reducing the number of inspections of arriving passengers and cargo and leading to the loss of 125 jobs. More recently, another \$58 million was slashed from the Customs budget, leading to 4.7 million fewer air cargo consignments being inspected each year and 2,150 fewer vessels being boarded on arrival. So, if you are a producer, these issues are front and centre in your consideration.

Vets, scientists and other experts in the field know that with such a poor focus on biosecurity and border protection the next major outbreak of an industry-crippling exotic disease, foreign pest or weed incursion is a matter not of if but more of when. They know this because, from what we can see, the aim of Biosecurity Australia is not to prevent the entry of exotic diseases and pests but to minimise the risk of diseases or pests entering with other products. This simple statement means that it becomes a numbers game. Even with low statistical risk, and even if enough product is imported, a breakdown will eventually occur, and this is what is concerning my apple and pear growers in the south-west.

In addition, Australia's status as a premium international tourist destination makes vigilance in pest and disease protection paramount. Our native plants, animals and ecosystems are a major part of the attraction that brings tourists here, and protecting them should be a government priority. Sadly, it is not. We have seen the government fail to quarantine, contain or eradicate the native South American myrtle rust, detected over a year ago, a yellow fungus that attacks a wide range of trees and plants and reduces timber yield by up to 40 per cent. There are now Asian bee incursions. There is the issue of the three tonnes of missing diseased Malaysian prawns and, from two years ago, the still unresolved issue of hamburger meat coming from China, now claimed to be from New Zealand. The bill before the House fails to address any of these important issues. It deals with the need to update the review process so that the minister can revoke an antidumping measure after a review instead of waiting for a five-year sunset period. The bill is a response to the full Federal Court decision in the Minister of State for Home Affairs v Siam Polyethylene Co. Ltd. In that case the court found that, if the parameters that existed to cause an antidumping measure to be initiated no longer exist, then the measure should be removed—that is, the measure should be removed unless the Australian industry or an Australian producer or manufacturer would suffer material injury. It is unfortunate that the court considered the antidumping provisions in isolation and could not consider the greater lack of a level market playing field in coming to its decision; however, that is the role of law-makers in parliament.

The bill also defines the test that the minister must apply in deciding whether to remove the antidumping measure. In this regard the bill may achieve a measure of success. However, it falls short of all of the reforms needed to the Australian customs system. An improvement has been foreshadowed in the Senate which may, in some part, add strength and integrity to the system. In seeking to put the onus of proof onto those seeking to import into Australia, those amendments are an acknowledgement of the potential impacts, including the cost of assessment on Australian industry. But that is only a small step, and the issue that deserves to be debated is the lack of a level playing field for trade. There is no greater acknowledgement of the lack of equity in trade than the failure of the Doha Round to deliver that level playing field for Australian growers and exporters. Professor David Hughes recently said that, taking into account what we consume domestically and those we feed in international markets, Australian farmers today are effectively feeding 60 million people. The global food task is going to increase significantly. The world's projected population growth will be between nine and 10.5 billion by 2050.

So the importance of not only maintaining but growing our agricultural and food production capacity is really quite clear, which is one reason why the cuts to research and development, biosecurity, AQIS and agriculture budgets are so critical. But the government is really quite used to using the agriculture budget as a cash cow—a pretty accurate term. In this budget the government has not provided information on what is going to happen with the funding of research and development. It is really clear that the government places no value on growers, on agriculture or on the nation's food security, food self-sufficiency or those engaged in food manufacturing. This is in direct contrast to many other countries, particularly where they have or have had food shortages, and there is no doubt that other countries view food security as a national security issue.

During a recent visit to my electorate the US Consul General, Aleisha Woodward, talked about the strong relationship between the US and Australia. However, when it came to government subsidies for agriculture, Ms Woodward said, 'I think every country has a challenge in balancing national security issues and free market economics. There are some very powerful companies in the US that argue that a lot of our agriculture is a national security issue, so the government is not willing to let it be completely subject to the forces of the market. And it is still the biggest issue in free trade today.' Perhaps that is the reason that, historically, no foreign developed nation has been, or appears to be, willing to sacrifice their own food manufacturing industries or their own farmers completely in the name of absolute free trade. The President of Uruguay is on record as saying:

... there is no more noble undertaking for mankind than to be engaged in the production of food.

I note that the Premier of Western Australia, Colin Barnett, spoke about the surge of business between WA and India, including Perdaman Industries' investment of \$3.5 billion in a coal to urea plant in my electorate. The Premier has called for agriculture to be included in any free trade agreement, which is reported to be unlikely because rice and wheat are heavily protected in India. When you look at the website of the Indian Central Board of Excise and Customs, you can see what our Australian growers are up against: meat, chicken, vegetables and fruit have tariffs of 100 per cent or more, wine has 150 per cent, wheat has 100 per cent and rice 70 to 80 per cent. Any reduction or removal of tariffs on agriculture and food products would benefit Australian growers, who have had to operate in very efficient ways in that rarely level international playing field.

I know that the coalition is very active with its antidumping task force and is working at fixing current issues, but I am seriously concerned that the federal government through Biosecurity Australia is putting every south-western apple and pear grower at risk by lowering quarantine standards for New Zealand apples in ports, and is relying on standard farm practices and every backpacker who is actually picking or packing in New Zealand having a good day every day when they are picking or packing fruit. That is the level of scrutiny that will be applied. They will only be inspecting 600 pieces of fruit per consignment, and when you look at the size of a consignment that could be one out of a million apples. And of course the fire blight, the European canker and the leaf-curling midge are really serious issues that we do not have here. At this point the New Zealand practices are confidential on-farm and we cannot access those, so really Biosecurity Australia is outsourcing responsibility for our biosecurity and quarantine risk basically to New Zealand growers. That is of serious concern. No other country accepts quality assurance and management systems as a quarantine measure.

I have very serious concerns. This bill is one small step but I hope that one day we will be able to debate Australia taking a giant trade leap. I have great confidence in the findings and work of the coalition antidumping task force and its findings ahead.