



Please find responses to the questions on notice below.

Thankyou for the opportunity to contribute.

Regards,
Ben Eade
Chief Executive Officer
Manufacturing Australia

1. Your submission highlighted the importance of maintaining a rigorous and effective anti-dumping system, and earlier this year you warned that community and political support for free trade would erode if a level playing field is not maintained. Could you expand upon whether you think the current system is being sufficiently empowered to safeguard domestic industries.
 - Global trade in post COVID recovery is yet to normalise. When it does, a robust Anti-Dumping system will be key to ensure domestic manufacturers are not injured by unfairly priced imports.
 - It is imperative that the ADC normalise their operational investigations as soon as possible – to return to having the investigation teams working together in the office and most importantly to resume exporter verifications on-site. It will soon be two years since an on-site verification has occurred, and the veracity of any ADC investigation does rely on in-situ testing of exporter data and information. Such a return to pre-COVID operational norms will also remove the recent past experience of having individual investigations timelines extended – in our experience this has regularly been three extensions per investigation.
 - The anti-dumping system has not had significant reform in several years. Global trade continues to evolve and become more sophisticated in regards to trade remedies. The system needs to be kept current.
 - Current system will likely make continuation of duties difficult to maintain as a result of short term benefits brought by COVID 19 and global shipping delays (injury & causation). Risk, that as duties are not continued and markets normalise that domestic manufacturers will be vulnerable to unfairly priced imports as a result of removal of duties.
 - If unfair trade surges into Australia when global conditions normalise then Australian industry should have access to Safeguards with a fair and reasonable likelihood of success.
2. Following on from that, Australia has also seen anti-dumping duties and tariffs applied to its own goods, including for example 218% five-year anti-dumping duties imposed on Australian wines, an 80% tariff on Australian barley, import restrictions on beef, coal, lobsters. So far, our manufacturing sector has largely managed to avoid these measures, but there nonetheless remains a risk that as our manufacturing sector grows, some export markets

will involve a higher level of risk than others. Did you have any thoughts on how Australia might best support manufacturers to export globally, while not leaving them exposed to the risk of sudden tariff impositions or other measures abroad?

- While Australia's manufacturing sector has not had duties and tariffs imposed on its products directly, that does not mean the duties cited above have not impacted local manufacturers. For example, the duties on Australian wine, cited above, have subsequently and materially impacted Australia's packaging manufacturers, which produce bottles and other packaging for Australian winemakers.
 - In general, governments play a welcome and constructive role by pursuing broad based free trade agreements that are consistent with WTO rules, and by frequently undertaking trade delegations, in partnership with industry, that help firms to diversify their end markets and identify new opportunities for export of Australian product.
3. Your submission noticed the complexity of decarbonising manufacturing, and the importance of balancing the need to ensure our manufacturing is produced with both low emissions and low-cost energy. Your submission called for "unprecedented investment" in "clean energy generation, infrastructure and firming", including to meet demand from electrified manufacturing processes and hydrogen production. I think it's fair to say that energy policy has been a politically charged area in recent years, but with many countries abroad now considering tariffs on goods imported from countries with high emissions, do you think there is sufficient investment being made in clean energy generation, infrastructure and firming to both avoid those export risks, and to ensure that energy prices remain sufficiently low to enable competitiveness of Australian manufacturing?
- Australia already leads the world in some forms of clean energy investment, notably rooftop solar electricity generation. The next opportunity for Australia is to develop the infrastructure, firming and storage at low cost such as will enable electrification of industries and the development of a competitive green hydrogen supply chain.
 - The key role for governments is in de-risking and funding infrastructure in coming decades, and continuing to fund and de-risk firming and storage as they are doing now, so that low emissions electricity can be competitively priced with existing, higher emissions, inputs.
 - The pace of that investment should be informed by relevant energy advisory bodies, but have the clear intention of driving the costs of delivered clean electricity to parity with higher emissions alternatives used currently.
4. Your submission has called for R&D and innovation incentives that are both stable and predictable, that reward both process and product-based R&D, which encourage R&D throughout the manufacturing ecosystem (small to large), and which are broadly competitive with competing jurisdictions. Australia is currently placed below the OECD average in terms of total government support to business R&D as a percentage of GDP, at around 0.16% of GDP. About 87% of that went to SMEs, and only 13% went to large firms. In your view, do you think there is sufficient R&D support for some of our larger manufacturers, and do you think the level of R&D support more broadly is appropriate?
- Australia's Research and Development Tax Incentive has been subject to considerable

review and amendment in recent years. While the overall rate of incentive has been reduced and is now lower than many competing jurisdictions, the first priority should be to stabilise the scheme to enable confidence in the reliability of the incentive to rebuild amongst industry. Ideally, in future years the R&D TI should be increased, at least in line with neighbouring incentives in New Zealand, to ensure the rate remains globally competitive over time.

- Separately, co-investment in Research and Development between government and larger manufacturers should be undertaken on a partnership basis where it is clear there are opportunities to address significant economic or social challenges. The most obvious examples of these are via the Federal Government's Technology Investment Roadmap and various Cooperative Research Centres on specific identified areas of importance.