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*John Nowlan, the General Manager of New Zealand Steel writes that fair trade is an important part of the global and domestic economy and ought to be upheld if local industries are to have any future in this country.*

Many New Zealand domestic industries built up over the last 50 – 100 years are in jeopardy, because of inadequate trade remedies that favour importers over local producers. Steel production is in that boat.

It is easy to talk changing trends and globalisation, but the risk of closure of New Zealand industries inevitably means the loss of jobs and essential skills, and the possible disappearance of some of our smaller communities.

New Zealand Steel is the country's only steel manufacturer contributing 1% of the country's regional GDP, employing 1,500 people directly (and another 5,000 indirectly) from heartland communities like Glenbrook, Waiuku and Pukekohe. Moreover, the reason New Zealand Steel is a valued member of the community is because we produce high quality, reliable product that exceeds standards and is supported by comprehensive warranties. The hundreds of millions of dollars that New Zealand's steel industry puts back into the regional and national economies each year should not be given up lightly.

Ironically, a Bill now before Parliament's Commerce Select Committee threatens to do just that.

The Anti-Dumping and Countervailing Measures Bill ('the Bill') is a significant risk to domestic manufacturing because it makes it much harder for New Zealand companies to seek remedies for dumping or subsidisation of imports.

Domestic industries such as steel production are economically significant and an important safeguard for New Zealand consumers against the dumping of subsidised and often sub-standard product. The case for effective trade remedies is underscored by the saga of non-compliant steel products that has played out over recent months.

New Zealand Steel backs itself to compete in a changing, dynamic global market. We have invested significantly in maintaining and updating our operations, including the Glenbrook plant, and are part of a broader metals sector employing 26,000 people.

We can compete with the rest of the world, but not with our hands tied behind our back.

The solution is neither radical nor new, it simply requires applying the same safeguards and same World Trade Organisation (WTO) rules about dumping as exist in Australia, the US, Canada, Europe and other trading partners.

If the current trade Bill is passed we will be an outlier in the global context, willing to sacrifice domestic industry and jobs to prop up uneconomic operations in countries that knowingly break the established fair trade rules.

As a small and relatively isolated island nation, New Zealand is totally dependent on trade. Moreover, New Zealand does not have the scale and the ability to absorb significant or sudden shifts in volume, price, or the quality of imported goods caused by unfair competitive practices such as dumping or subsidisation.

Dumping is the exporting of goods cheaper than the products are sold in their own domestic market and is dealt with under WTO guidelines. The guidelines also cover the subsidisation of products, where an uncompetitive business is paid to stay in production. When the WTO rules guaranteeing fair trade are broken, it is essential Governments follow due process, investigate, and introduce penalties where there is a proven case.

For a small country like New Zealand, dumping and subsidisation can have major adverse effects not just on an industrial sector, but also our entire economic fabric. More so, where an industry is one of a kind. Steel making is a pertinent local example. The New Zealand Steel plant at Glenbrook represents over 50 years of significant investment in competitive manufacturing, but is now highly vulnerable to dumped product.

In the last few years there has been a tremendous surge in Chinese steel production to approximately 800 million tonnes p.a. – half of the world's total production. China has turned the global steel industry (and its own environment) upside down, pumping out more steel than there is world demand. The consequences are being directly felt through tens of thousands of job losses worldwide.

Complicating this is a host of other factors that make for a 'perfect storm' for the New Zealand steel industry, including our dependent trade relationship with China, our third largest trading partner.

Exacerbating matters, as part of an effort to stimulate cheaper prices for the Christchurch rebuild, the New Zealand Government opened the floodgates by suspending dumping penalties for three years – ordinarily one of the key remedies available to combat dumping.

The current Bill goes even further by making it potentially much harder for New Zealand businesses to gain remedies by the inclusion of a uniquely defined Public Interest test (so that in the cases where it is deemed to be of 'Public Interest' dumped goods may be allowed) which is unlike any other adopted by our comparable neighbours such as Canada, US or the EU. Importantly, Australia, our closest trading partner, has twice rejected the need for a Public Interest test.

It seems absurd now, that the anti-dumping Bill would make it harder for NZ industry to secure trade remedies at a time when a glut of cheap products is being dumped on world markets.

Let's not get caught out by political expediency or ideology, and let's make sure that appropriate Government policy and industries' own self-help combine to make us globally competitive so all our industries can continue to contribute to the social, cultural and economic wellbeing of New Zealand.

**ENDS**