

Strengthening Australia's trade remedies system

December 2025

Introduction

The Australian Dairy Industry Council appreciates the opportunity to provide this submission to the Department of Industry, Science and Resources and input on ways to strengthen and modernise Australia's trade remedies system. It invites feedback on improving effectiveness, timeliness, and accessibility of the system - all relevant to dairy.

The submission has been developed in consultation with Dairy Australia.

Dairy farming is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of about \$6.0 billion. Overall, the dairy industry generates \$18.5 billion in economic impact across products and value chains and employing a direct workforce of 30,400 across dairy farms and processing. Australia is a significant exporter of dairy products, exporting to over 100 markets. In 2024/25, 36% of milk production was exported, worth around \$3.8 billion. It ranks fifth in terms of world dairy trade, with a five per cent market share behind New Zealand, the European Union (EU), the United States (US) and the United Kingdom.

ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF). It aims to create a more prosperous and sustainable future for the local industry and the regional communities that rely on it.

Dairy Australia is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's Research and Development Corporation, it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

Australian dairy businesses rely heavily on inputs (e.g., energy, labour, packaging, steel, machinery, chemicals) and compete with imported dairy products and processed foods.

Therefore, the trade remedy system must protect Australian dairy from:

- Unfairly priced imported dairy products (especially from regions with heavy subsidies).
- Inflated input costs caused by duties on imported manufacturing inputs not produced locally.
- Slow or unclear anti-dumping processes, which can leave manufacturers exposed and uncertain.

As an example, Australian farmers remain among the least subsidised globally, second only to New Zealand among comparable countries. While this has fostered long-term competitiveness, it also places Australian dairy at a disadvantage when competing against heavily supported producers in major export markets.

We note that the Australian Government has taken a proactive role, initiating a comparatively high number of trade-remedy investigations on behalf of domestic industries.

This submission discusses key areas where the dairy industry seeks improvements, providing five recommendations to strengthen the ability of Australian dairy to compete effectively and fairly on the global stage. The five recommendations are realistic, achievable and consistent with best-practice systems used in the EU, US, and UK.

Key areas for considerations

1. Burden of initiating investigations

Under the current system, the responsibility to identify dumping, subsidisation or import surges lies almost entirely with the applicant. However, industry participants, particularly in agriculture, do not have access to the same level of trade, import and pricing data available to government agencies. This results in a burden on industry, whereby they must demonstrate injury using information they often cannot obtain without significant cost. A more proactive role for government would reduce industry burden and provide earlier intervention.

In June 2025, the European Commission introduced a real-time import-surveillance system designed to detect sudden import surges and prevent harmful trade diversion. The system uses customs data to identify risks early and take timely action to protect its open market from unfair practices. This shift towards anticipatory trade defence offers a relevant model for Australia, particularly for sectors such as dairy that are vulnerable to import volatility.

Such a system, combined with a proactive government role, would help identify recurring dairy trade issues that affect Australia but are often overlooked such as:

- the impacts of EU/US intervention buying cycles
- volatility in Oceania and EU wholesale prices
- instances where Australian dairy processors face margin compression due to cheaper dairy imports (e.g., butter and cheese) devaluing the domestic category.

This highlights the importance of having current data on the value of imports made more readily available.

Government agencies already have access to detailed import and customs data, and could use modern analytics, including AI-enabled monitoring, to detect anomalies in import volumes or pricing across commodity groups. Such a system could automatically flag potential dumping or trade distorting subsidies and those mentioned above, enabling government to initiate preliminary assessments and signpost these to industry. This would align Australia with emerging international practices and provide earlier protection for domestic industries.

2. High administrative and evidentiary burden

Preparing a trade-remedy application is complex, resource-intensive, and costly. Smaller industries or dairy businesses, despite experiencing material injury, may lack the capacity to prepare a compliant application. This undermines the intent of the trade-remedy framework, which is designed to be accessible to all affected industries.

In addition, upstream businesses such as dairy farmers and processors may face injury from dumped or subsidised imports but are unable to lodge applications. A mechanism that enables upstream businesses or industry bodies such as ADPF or ADF to prepare a trade-remedy applications is essential to ensure fair access to trade-remedy protections.

Furthermore, the current inflexibility around goods descriptions may discourage Australian dairy businesses from making applications, even when they are materially affected.

In practice, significant import surges in one product category can directly impact domestic producers of closely related, but not identical, products. For example, large volumes of imported milk powder would compete with domestically produced liquid milk, despite them not being strictly like-for-like.

The Australian dairy industry is supportive of allowing the commissioner to clarify or amend goods descriptions, and work with the affected parties to understand the equivalence of the products being described. This flexibility is essential to ensure that trade remedies can respond effectively to real market impacts, rather than being constrained by narrow product definitions.

3. Market distortion from foreign support programs beyond WTO definitions

Foreign agricultural support programs, including EU's Common Agricultural Policy (CAP) and the US National Milk Producers Federation Exports and Trade program, can have distortionary impacts despite not being captured by current WTO subsidy rules. These programs can influence global supply, depress world prices and create competitive disadvantages for unsubsidised exporters such as Australia. Updated WTO disciplines and stronger advocacy are required to address these modern forms of support.

Recommendations

Based on the above, the Australian dairy industry recommends to:

1. Establish a proactive trade-flow monitoring and early warning system: government should introduce a stronger monitoring platform using customs and import data to identify unusual import patterns, potential dumping and market distortions across agricultural commodities.
2. Create a pathway for upstream businesses or industry bodies to lodge applications where they may not directly qualify as hurt parties but may experience material injury.
3. Make aggregated customs, pricing and volume data available to industry bodies, enabling better-informed engagement with the trade-remedy system.
4. Streamline evidentiary requirements, expand guidance materials, and provide targeted government assistance to support smaller businesses preparing applications.
5. Advocate for updated WTO subsidy and countervailing rules to reflect contemporary support programs (e.g., CAP and NEXT) that distort markets despite not falling within current subsidy definitions.

Conclusion

Australia's trade-remedy framework is designed to protect domestic industries from unfair and distortionary trade practices.

However, the current system places a heavy evidentiary and administrative burden on harmed parties, while international competitors deploy sophisticated surveillance tools and modern support programs that fall outside traditional WTO definitions.

To maintain a level playing field for the Australian dairy industry, which competes against highly supported producers in major markets, government must adopt a more proactive, data-driven and modernised approach.

Strengthening Australia's monitoring capability, improving accessibility for upstream dairy businesses, and enhancing government advocacy in international forums will ensure that Australian dairy remains competitive and that its trade-remedy framework remains fit for purpose in a rapidly evolving global environment.

The trade reforms proposed in this submission aim to reduce barriers to action, increase transparency, and better align Australian dairy with emerging international best practice.

Yours sincerely,



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