

Chapter 1 : WTO | Understanding the WTO - Anti-dumping, subsidies, safeguards: contingencies, etc

This article examines the relationship between antidumping duties and strategic industrial policy. We argue that the dynamic between the two instruments is more complex and elaborate than that offered by the conventional account.

Overview[edit] A standard technical definition of dumping is the act of charging a lower price for the like product in a foreign market than the normal value of the product, for example the price of the same product in a domestic market of the exporter or in a third country market. This is often referred to as selling at less than "normal value" on the same level of trade in the ordinary course of trade. Under the World Trade Organization WTO Antidumping Agreement , dumping is not prohibited unless it causes or threatens to cause material injury to a domestic industry in the importing country. The term has a negative connotation, as advocates of competitive markets see "dumping" as a form of unfair competition. Furthermore, advocates for workers and laborers believe that safeguarding businesses against such practices, such as dumping, help alleviate some of the harsher consequences of such practices between economies at different stages of development see protectionism. The Bolkestein directive , for example, was accused in Europe of being a form of "social dumping," as it favored competition between workers, as exemplified by the Polish Plumber stereotype. Ron Chernow points to the example of regional oil monopolies in Titan: The Life of John D. In another area where other independent businesses were already driven out, namely in Chicago , prices would be increased by a quarter. It is a sub part of the various forms of price discrimination and is classified as third-degree price discrimination. Opinions differ as to whether or not such practice constitutes unfair competition , but many governments take action against dumping to protect domestic industry. Its focus is on how governments can or cannot react to dumpingâ€”it disciplines anti-dumping actions, and it is often called the "anti-dumping agreement". This focus only on the reaction to dumping contrasts with the approach of the subsidies and countervailing measures agreement. The legal definitions are more precise, but broadly speaking, the WTO agreement allows governments to act against dumping where there is genuine "material" injury to the competing domestic industry. There are many different ways of calculating whether a particular product is being dumped heavily or only lightly. The agreement narrows down the range of possible options. And the agreement also specifies how a fair comparison can be made between the export price and what would be a normal price. Five-percent rule[edit] According to footnote 2 of the Anti-Dumping Agreement, domestic sales of the like product are sufficient to base normal value on if they account for 5 percent or more of the sales of the product under consideration to the importing country market. This is often called the five-percent or home-market-viability test. This test is applied globally by comparing the quantity sold of a like product on the domestic market with the quantity sold to the importing market. For example, if the products are only sold on the foreign market, the normal value will have to be determined on another basis. Additionally, some products may be sold on both markets but the quantity sold on the domestic market may be small compared to quantity sold on foreign market. This situation happens often in countries with small domestic markets like Hong Kong and Singapore, though similar circumstances may also happen in larger markets. This is because of differences in factors like consumer taste and maintenance. Calculating the extent of dumping on a product is not enough. Anti-dumping measures can only be applied if the act of dumping is hurting the industry in the importing country. Therefore, a detailed investigation must first be conducted according to specified rules. The investigation must evaluate all relevant economic factors that have a bearing on the state of the industry in question; if it is revealed that dumping is taking place and hurting domestic industry, the exporting company can raise its price to an agreed level in order to avoid anti-dumping import duties. Anti-dumping measures must expire five years after the date of imposition, unless a review shows that ending the measure would lead to injury. Generally speaking, an anti-dumping investigation usually develops along the following steps: Then investigation to the foreign producer is conducted to determine if the allegation is valid. According to Article VI of GATT, dumping investigations shall, except in special circumstances, be concluded within one year, and in no case more than 18 months after initiation. Other conditions are also set. For example, the investigations also have to end if the volume of dumped imports is negligible i. The agreement says member countries must

inform the Committee on Anti-Dumping Practices about all preliminary and final anti-dumping actions, promptly and in detail. They must also report on all investigations twice a year. When differences arise, members are encouraged to consult each other. Actions in the United States[edit] In the United States , domestic firms can file an anti-dumping petition under the regulations determined by the U. Department of Commerce , which determines "less than fair value" and the International Trade Commission , which determines "injury". These proceedings operate on a timetable governed by U. The Department of Commerce has regularly found that products have been sold at less than fair value in U. Related to anti-dumping duties are " countervailing duties ". The difference is that countervailing duties seek to offset injurious subsidization while anti-dumping duties offset injurious dumping. Some commentators have noted that domestic protectionism, and lack of knowledge regarding foreign cost of production, lead to the unpredictable institutional process surrounding investigation. Members of the WTO can file complaints against anti-dumping measures. Because of the Asian financial crisis , October 27, mini-crash , and Russian financial crisis , the United States steel producers were severely harmed by a record surge of more than 40 million tons of cheap steel imports, resulting in the loss of more than 10, steel production jobs in , and was the imminent cause of three bankruptcies by medium-sized steel companies Acme Steel, Laclede Steel , and Geneva Steel , reduced volume, lower prices, and affecting the willingness of private banks and investment institutions to make loans to the U. Relevant discussion may be found on the talk page. Please help to ensure that disputed statements are reliably sourced. May Learn how and when to remove this template message European Union anti-dumping is under the purview of the European Commission. The bureaucratic entity responsible for advising member states on anti-dumping actions is the Directorate General Trade DG Trade in Brussels. Community industry can apply to have an anti-dumping investigation begin. DG Trade first investigates the standing of the complainants. The process is guided by quite specific guidance in the regulations. The DG Trade will make a recommendation to a committee known as the Anti-Dumping Advisory Committee, on which each member state has one vote. Member states abstaining will be treated as if they voted in favour of industrial protection , a voting system which has come under considerable criticism. Consumer interests and non-industry related interests "community interests" are not emphasized during an investigation. An investigation typically looks for damage caused by dumping to community producers, and the level of tariff set is based on the damage done to community producers by dumping. If consensus is not found, the decision goes to the European Council. If imposed, duties last for five years theoretically. In practice they last at least a year longer, because expiry reviews are usually initiated at the end of the five years, and during the review process the status quo is maintained. An example of an Anti-dumping duty action taken by the European Union is that of the anti-dumping duty imposed upon bicycle imports from China into the EU , which has recently be continued at a rate of Chinese economic situation[edit] This section does not cite any sources. Please help improve this section by adding citations to reliable sources. Unsourced material may be challenged and removed. May Learn how and when to remove this template message The dumping investigation essentially compares domestic prices of the accused dumping nation with prices of the imported product on the European market. However, several rules are applied to the data before the dumping margin is calculated. Most contentious is the concept of "analogue market". Some exporting nations are not granted " market economy status " by the EU: China is a prime example because its market status is considered " state-sponsored capitalism ". In such cases, the DG Trade is prevented from using domestic prices as the fair measure of the domestic price. A particular export industry may also lose market status if the DG Trade concludes that this industry receives government assistance. Other tests applied include the application of international accounting standards and bankruptcy laws. The consequences of not being granted market economy status have a big impact on the investigation. For example, if China is accused of dumping widgets , the basic approach is to consider the price of widgets in China against the price of Chinese widgets in Europe. But China does not have market economy status, so Chinese domestic prices can not be used as the reference. Instead, the DG Trade must decide upon an analogue market: Brazil and Mexico have been used, but the United States is a popular analogue market. In this case, the price of widgets in the United States is regarded as the substitute for the price of widgets in China. This process of choosing an analogue market is subject to

the influence of the complainant, which has led to some criticism that it is an inherent bias in the process. China is now developing to a more free and open market, unlike its planned-economy in the early s, the market in China is more willing to embrace the global competition. It is thus required to improve its market regulations and conquer the free trade barriers to improve the situation and produce a properly judged pricing level to assess the "dumping" behaviour. In January , the Indian government imposed anti-dumping duty on colour coated steel products imported from the European Union and China for 6 months. The primary reason behind the probe was that the price differential between domestic and imported MDF stood at percent and net MDF imports was at around percent, majority of which came from Indonesia and Vietnam. On 26 October , India imposes anti-dumping duty on stainless steel from US, EU and China India has imposed anti-dumping duty on certain stainless steel products from the European Union and other nations including China and Korea, in order to protect the domestic industry from cheap imports. Abuse of Anti-dumping Measures[edit] Although anti-dumping measure has been provided as a vital rule in preventing protectionism and promote free trade, many instances of anti-dumping practices suggest that anti-dumping measures have been used as a tool of protectionism. The USA has been consistently alleged to have abused anti-dumping measures with its practice of Zeroing. Initially, the CAP sought to increase European agricultural production and provide support to European farmers through a process of market intervention whereby a special fund, the European Agricultural Guidance and Guarantee Fund , would buy up surplus agricultural produce if the price fell below the centrally-determined intervention level. European farmers were given a "guaranteed" price for their produce when it was sold in the European Community, and a system of export reimbursements ensured that European exports would sell at or below world prices, at no detriment to the European producer. The policy was heavily criticised as distorting world trade, and since , the policy has moved away from market intervention and towards direct payments to farmers regardless of production, called "decoupling". Furthermore, the payments are generally dependent on farmers fulfilling certain environmental or animal welfare requirements to encourage responsible, sustainable farming in what is termed "multifunctional" agricultural subsidies. Social, environmental and other benefits of subsidies would no longer not include a simple increase in production.

Chapter 2 : Antidumping Industrial Policy

*Antidumping Industrial Policy: Legalized Protectionism in the Wto and What to Do About It [Brian Hindley] on calendrierdelascience.com *FREE* shipping on qualifying offers. Discusses legalized protectionism in the World Trade Organization and what to do about it.*

Chapter 3 : Dumping (pricing policy) - Wikipedia

Dumping, in economics, is a kind of injuring pricing, especially in the context of international calendrierdelascience.com occurs when manufacturers export a product to another country at a price below the normal price with an injuring effect.

Chapter 4 : EconPapers: Antidumping Industrial Policy

Downloadable! This book discusses legalized protectionism in the World Trade Organization and what to do about it.