Concerns on Anti-dumping duty

What is the issue?

\n\n

Indian economy continues to be hurt by dumping of products from other countries and there is a need for a clear procedure to levy anti-dumping duties.

\n\n

Why should an anti-dumping duty be levied?

\n\n

\n
- Dumping is a process where a company exports a product at a price lower than the price it normally charges in its home market.
\n
- An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.
\n
- India is one of the largest consumption economies in the world and a potential ground for dumping a wide variety of goods, especially from China, Taiwan and South Korea.
\n
- Thus, India must have strong anti-dumping defences in place.
\n

\n\n

What are the concerns in dealing with dumping?

\n\n

\n
- **Under-staffing** - The Directorate General of Trade Remedies (DGTR) that looks at unfair trade practices by exporters from other countries, is inadequately staffed.
\n
- DGTR has just seven costing officers and five investigating officers and the allocation of work is uneven among them.
\n

- This has resulted in delay and arbitrariness in decision-making.
\n
- **Duty Imposition** - Generally, once initial investigation reveals injury on account of dumping, an interim duty is levied for immediate relief.
\n
- A final duty is levied after extensive investigation.
\n
- Every case taken up for investigation had interim duties levied in 2009.
\n
- But this has gradually declined in recent years.
\n
- Imposition of interim and final duties are also invariably delayed.
\n
- This has resulted in shutting down of MSMEs who are unable to compete in the market.
\n
- e.g In many case, getting the case initiated itself takes about a year, which is followed by Finance Ministry taking another 3 months to impose ADD.
\n

\n\n

\n
- **Sunset review** - ADD is applicable only for a selective period.
\n
- If dumping still continues, the industry can apply for a sunset review at the end of 5 years.
\n
- Globally, once a sunset review is applied for, the ADD is extended for 1 year pending investigation.
\n
- In India, industries has been asked to apply for sunset review 9 months before the expiry of ADD.
\n
- This made the Indian players getting deprived of protection for a year compared to their peers across the world.
\n
- This is critical because the DGTR has been rejecting almost every sunset review application.
\n
- **Difference of opinion -** In 2018, only one of seven reviews was duty extended.
\n
- DGTR is increasingly hesitant to extend ADD beyond 10 years on the grounds that this period is good enough for the industry to become competitive.
\n

- But the industry players argue that as long as dumping continues ADDs need to be in place to protect the domestic industry.
  \n
- **Duty calculation** - Dumping margin is the difference between the normal value and the export price of the goods under complaint.
  \n
- Lesser duty means lesser of dumping margin or injury margin.
  \n
- Anti-dumping duty should be either equal to dumping margin or lesser amount, which is sufficient to redress injury.
  \n
- India follows a 'lesser duty' rule.
  \n
- Also, at times, even when DGTR recommends ADD, the Finance Ministry declines on the ground that low-priced imports are good for the country.
  \n

\n\n

What should be done?

\n\n

\n

- Predatorily priced imports will eventually kill the domestic industry and make the country dependent on imports.
  \n
- Hence DGTR has to lay down a clear procedure on levying anti-dumping duties in India such that a balance between domestic production and local consumption be ensured.
  \n

\n\n

Source: Business Line

\n

