Practical constrains with anti-dumping duties

What is the issue?

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- In the global trade scenario, dumping activity is seen as a potential threat, to address which WTO has a provision of Anti-dumping duties.
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- However, practical constrains with anti-dumping duties diminish the global trade growth.
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What is dumping?

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- An export sale of a commodity at a price lower than the normal value (the price at which goods is ordinarily sold) prevailing in the exporting country is construed as dumping.
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- A country can exercise trade remedial action against dumping only if dumping causes or has a threat of causing any adverse impact its domestic industry.
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What is anti-dumping agreement?

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- Anti-dumping Agreement (AD Agreement) provides for the right of contracting members to apply anti-dumping measures.
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- This is to safeguard their domestic industry against the dumping and its injurious effect.
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- By this, no country shall export a commodity to another WTO member

country at a price that is lower than the price at which a similar commodity is traded in the exportingcountry.
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- The purpose of the trade remedy action against dumping is to provide a level playing field to the domestic industry by imposing additional duty.
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How does an Anti-dumping duty work?

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- A country impacted by unfair anti-dumping duties can get it resolved either through mutual consultation or through the mechanism of the dispute settlement body of the WTO.
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- Anti-dumping investigation conducted by affected countries involves the process of “non-injurious price”.
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- To do this the authorities call for costing information from the complainant.
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- And undertakes detailed analysis of relevant factors of the costs involved.
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- This allows the authority to compute the anti-dumping duty based on the cost data and in the manner it thinks appropriate.
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What are the practical constrains with this?

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- In order to disprove the assertion that dumping has harmed the importing economy, producers/exporters have an uphill task of convincing the customs authorities.
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- They need to demonstrate that the export price is higher than the price at which they themselves sell the same products in their own domestic market.
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- Due to this, many of the producers/exporters are unable to satisfy the investigating officials of the importing economy about levying either a nil or lower anti-dumping rate.
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- Genuine competitive disadvantages should not be masked by the cloak of

anti-dumping duties.
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- Member countries of the WTO have the responsibility to exercise restraint in invoking the unfair anti-dumping provisions.
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Source: Business Standard

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