

Practical constrains with anti-dumping duties

What is the issue?

\n\n

\n

- In the global trade scenario, dumping activity is seen as a potential threat, to address which WTO has a provision of Anti-dumping duties.

\n

- However, practical constrains with anti-dumping duties diminish the global trade growth.

\n

\n\n

What is dumping?

\n\n

\n

- 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.

\n

- 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.

\n

\n\n

What is anti-dumping agreement?

\n\n

\n

- Anti-dumping Agreement (AD Agreement) provides for the right of contracting members to apply anti-dumping measures.

\n

- This is to safeguard their domestic industry against the dumping and its injurious effect.

\n

- 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 exporting country.

\n

- The purpose of the trade remedy action against dumping is to provide a level playing field to the domestic industry by imposing additional duty.

\n

\n\n

How does an Anti-dumping duty work?

\n\n

\n

- 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.

\n

- Anti-dumping investigation conducted by affected countries involves the process of “non-injurious price”.

\n

- To do this the authorities call for costing information from the complainant.

\n

- And undertakes detailed analysis of relevant factors of the costs involved.

\n

- This allows the authority to compute the anti-dumping duty based on the cost data and in the manner it thinks appropriate.

\n

\n\n

What are the practical constraints with this?

\n\n

\n

- In order to disprove the assertion that dumping has harmed the importing economy, producers/exporters have an uphill task of convincing the customs authorities.

\n

- 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.

\n

- 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.

\n

- Genuine competitive disadvantages should not be masked by the cloak of

anti-dumping duties.

\n

- Member countries of the WTO have the responsibility to exercise restraint in invoking the unfair anti-dumping provisions.

\n

\n\n

\n\n

Source: Business Standard

\n

