

Anti Dumping Agreement

A Double Edged Sword

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During the Seattle Ministerial Meeting of the WTO, the focus of the advanced countries like US, European Union, etc., was on the identification of new areas for further trade liberalisation while that of India and a number of other developing countries was different. The developing countries demanded a redressal of problems that have emerged in the course of implementation of the 1994 Uruguay Round (UR) Agreement of GATT/WTO.

One of the basic premises on which the UR pact was sold to the developing countries was that trade liberalisation was a mutually beneficial process. It is unfortunate that during the last few years after implementation of UR Agreement the developing countries like India faced new difficulties, even as the promised gains have not materialised.

Issues to be Addressed

The demands now are therefore, for a more meaningful liberalisation in products and markets of interest to them and for incorporating the requirements of development into the existing agreements. Infact the developed countries showed much interest, than the rest of the world, on the far-reaching and controversial aspects/areas. These are to be corrected. A good number of developing countries, excepts a few, strongly viewed that the iniquities in the UR pact be first addressed before taking up new negotiations aimed at further liberalisation. At the WTO, the Like Minded Group (LMG) of developing countries have been articulating these demands. The LMG mainly includes India, Indonesia, Malaysia, Egypt, Cuba, etc. The fact is that many difficulties arised in almost all areas and sectors negotiated in UR pact. The important issues discussed at Seattle Meeting are Textiles, TRIMs, Trade Related aspects of Intellectual Property Rights (TRIPs), Anti-Dumping Rules, Technical Barriers to Trade (TBTs), etc.

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Anti-Dumping Agreement

Article-IV of GATT is commonly known as Anti-Dumping Agreement (ADA). It establishes the circumstances for using anti-dumping measures. The primary objective of AD measures is to protect domestic industry from predatory pricing. The ADA is most exercised agreement irrespective of economic or geographical size of nations. It is vital tool for WTO member Govts. to protect their domestic industry against excessive import. The Govts. frequently levy AD duty on dumped imports burdening the domestic consumer to absorb additional levied cost. With the lowering of tariffs and elimination of non-tariff barriers, every nation needs to protect its domestic industry from unfair trade practice. Thus, the ADA has become an essential element of multilateral trading frame work.

Investigation—A Prerequisite

The ADA allows all WTO member nations to apply anti-dumping measures on unilateral basis after elaborate investigations. The AD investigations must determine the following conditions to initiate AD investigation :

- * An imported product has been dumped.
- * It has caused material injury to the domestic industry of the like product, and
- * There is causal link between dumped imports and the injury.

The ADA empowers all WTO member Govts. to levy anti-dumping duty on imports if the investigations successfully establish the above three conditions. The AD duty could be levied on import product/service from a specific country/group of countries/exporter/groups of exports.

Suo Moto Basis

The dumping of a product is calculated on the basis of comparison between value and export