CHAPTER – 1

INTRODUCTION

1.1 DUMPING DEFINED

1.1.1 The Basics of an Import

Countries import goods or services that their domestic industries cannot produce as efficiently or cheaply as the exporting country. Countries may also import raw materials or commodities that are not available from within their own borders. For example, many countries import oil because they cannot produce it domestically or cannot produce enough to meet their own demand. Free trade agreements and tariff schedules often dictate which goods and materials are less expensive to import. With globalization and the increasing prevalence of free-trade agreements between the United States, other countries and trading blocks, U.S. imports increased from $473 billion in 1989 to $2.3 trillion as of the third quarter of 2018.

Free-trade agreements and a reliance on imports from countries with cheaper labor and lower other basic costs often seem responsible for a large portion of the decline in manufacturing jobs in the importing nation. Free trade opens the ability to import goods and materials from cheaper production zones and reduces reliance on domestic goods. The impact on manufacturing jobs was evident between 2000 and 2007, and it was further exacerbated by the Great Recession and the slow recovery thereafter. Among Economists and policy analysts there is disagreement on the positive and negative impacts of imports.

Disagreement about Imports

Economists and policy analysts disagree on the positive and negative impacts of imports. Some critics argue that continued reliance on imports means reduced demand for products manufactured domestically, and thus can adversely affect entrepreneurship and the development of business ventures and the economy. Proponents say imports enhance the quality of life by providing consumers with greater choice and cheaper goods; the availability of these cheaper goods also helps to prevent hike in prices.
What the Balance of Payments (BOP) is:

[Investopedia (https://www.investopedia.com/terms/i/import-duty.asp)]

The balance of payments (BOP) is a difference between imports and exports of a country. Technically speaking, BOP is a statement of all transactions made between entities in one country and the rest of the world over a defined period of time, such as a quarter or a year.

The balance of payments (BOP), also known as balance of international payments, summarizes all transactions that a country's individuals, companies and government bodies complete with individuals, companies and government bodies outside the country. These transactions consist of imports and exports of goods, services and capital, as well as transfer payments, such as foreign aid and remittances.

The BOP divides transactions in two accounts: the current account and the capital account. The current account includes transactions in goods, services, investment income and current transactions. The capital account, broadly defined, includes transactions in financial instruments and central bank reserves. Narrowly defined, it includes only transactions in financial instruments. The current account is included in calculations of national output, and the capital account is not.

The sum of all transactions recorded in the balance of payments must be zero, as long as the capital account is defined broadly. The reason is that every credit appearing in the current account has a corresponding debit in the capital account, and vice-versa. If a country exports an item (a current account credit), it effectively imports foreign capital when that item is paid for (a capital account debit).

If a country cannot fund its imports through exports of capital, it must do so by running down its reserves. This situation is often referred to as a balance of payments deficit, using the narrow definition of the capital account that excludes central bank reserves. In reality, however, the broadly defined balance of payments must add up to zero by definition. In practice, statistical discrepancies arise due to the difficulty of accurately counting every transaction between an economy and other economies of the world.
What a Tariff is:

A tariff is a tax imposed on imported goods and services. Tariffs are used to restrict imports by increasing the price of goods and services purchased from overseas and make them less attractive to consumers. It is used to restrict imports and encourage domestic manufacturers. A specific tariff is levied as a fixed fee based on the type of item, such as a $900 tariff on a vehicle. An ad-valorem tariff is levied based on the item's value, such as 15% of the value of the vehicle.

Governments may impose tariffs to raise revenue or to protect domestic industries from foreign competition. By making foreign-produced goods more expensive, tariffs can make domestic-produced ones more attractive which will increase employment. By protecting these industries, governments can also protect jobs. Tariffs can also be used as a way to exert economic leverage by imposing import duty on a trading partner's main exports.

Tariffs can also have side-effects, however. They can make domestic industries less efficient by reducing competition. They can hurt domestic consumers, since a lack of competition tends to push up prices and restrict the choice. It can also be politicized by favoring certain industries over others, as well as certain regions over others: tariffs designed to benefit manufacturers in cities may hurt consumers in rural areas, who do not benefit from the policy and have to pay more for manufactured goods. Finally, an attempt to pressurize a rival country using tariffs can result into an unproductive cycle of retaliation, known as a trade war.

History of Tariffs

In the pre-modern Europe, a nation's wealth was believed to consist of fixed, tangible assets, such as gold, silver, land and other physical resources (but especially gold). Trade was seen as a zero-sum game that resulted either in a clear net loss of wealth or a clear net gain. If a country imported more than it exported, its gold would flow abroad, draining its wealth. Cross-border trade was viewed with suspicion, and countries preferred to acquire colonies with which they could establish exclusive trading relationships.

This system, known as mercantilism, relied heavily on tariffs and even outright bans on trade. The colonizing country, which saw itself as competing with other colonizers, would import raw materials from its colonies; these were generally barred from selling raw materials elsewhere. The colonizing country would convert these materials into manufactured goods, which it would
sell back to the colonies. High tariffs and other barriers were put in place to make sure that colonies purchased manufactured goods only from their colonizers.

Adam Smith was one of the first to question the wisdom of this arrangement. His Wealth of Nations was published in 1776, the same year that Britain's American colonies declared independence in response to high taxes and restrictive trade arrangements. David Ricardo and other writers further developed Smith's ideas, leading to the theory of comparative advantage: if one country is better at producing one product, while another country is better at producing another, each should devote its resources to the activity at which it excels. They should trade with one another, rather than erecting barriers that force them to divert some resources towards activities they do not perform well. Tariffs, according to this theory, hinder economic growth, even if they can be deployed to benefit certain narrow sectors.

These two approaches – free trade based on the idea of comparative advantage, on the one hand, and restricted trade based on the idea of a zero-sum game, on the other – have experienced their ebbs and flows. Relatively free trade enjoyed a heyday in the late 19th and early 20th centuries, when the idea took hold that international commerce had made large-scale wars between states so expensive and counterproductive that they were obsolete. World War I proved that idea wrong, and nationalist approaches to trade, including high tariffs, dominated until the end of World War II.

At that point, free trade enjoyed a 50-year resurgence, which resulted in the creation of the World Trade Organization in 1995. WTO acts as an international forum for settling disputes and laying down ground rules. Free trade agreements, such as NAFTA and the European Union, also proliferated. Skepticism of this model of "neoliberalism" grew, however, and Britain voted to leave the European Union in 2016, while Donald Trump won the U.S. presidential election in the same year on a platform that called for steep tariffs on Chinese and Mexican and other imports.

Critics of multilateral trade deals to eliminate tariffs argue that these deals erode national sovereignty and encourage a race to the bottom in terms of wages, worker protections, quality and standards. Their defenders argue that tariffs lead to trade wars, hurt consumers, and hamper innovation.
What an Import Duty is:

Import duty/ customs duty/ import tax/ import tariff is a tax collected on imports and some exports by a country's customs authorities. It is usually based on the imported good's value. Import Duty Explained

Import duties have three distinct purposes:

1. To raise income for the local government and
2. To give a market advantage to locally grown or produced goods.
3. To penalize a particular nation by charging high import duties on its products.

In the United States, Congress established import duties. The rates for imports are listed in the Harmonized Tariff Schedule (HTS), which is published by the International Trade Commission. Different rates are applied depending on the countries' trade relations status with the United States. The general rate applies to countries that have normal trade relations with the United States. The special rate is for countries that are not developed or are eligible for an international trade program.

International Organizations

Around the world, several organizations like WTO (1995), Commonwealth and treaties like Regional Trade Blocks have a direct impact on import duties. Several countries have tried to reduce duties to promote free trade. The World Trade Organization promotes and enforces commitments that its member nations have made to cut tariffs during negotiation rounds.

Another example of an international effort to reduce tariffs was the North American Free Trade Agreement between Canada, the United States, and Mexico. NAFTA eliminated tariffs, except those on certain agriculture, between the three North American nations. In 2018, the U.S., Canada, and Mexico signed a new deal to replace NAFTA called the USMCA.

In February 2016, 12 Pacific Rim nations entered into the Trans-Pacific Partnership, which significantly impacts the import duties between these countries. It is expected to take several years before the TPP comes into force.

The amount of duty payable varies greatly depending on the imported good, the country of origin and several other factors. In the United States, Customs uses the HTS (Harmonized Tariff Schedule), which has several hundred entries, to determine the correct rate. For consumers, the
price they pay includes duty costs. Therefore, all other things being equal, the same good
produced internally should cost less, giving local producers an advantage.

The HTS is so complex that it takes years for someone to learn how to properly classify an item
to determine its correct duty rate. Every product requires specialized knowledge to set a correct
import duty. For instance, you might want to know the rate of duty of a wool suit. A
classification specialist will need to know, does it have darts? Did the wool come from Israel or
another country that qualifies for duty-free treatment for certain of its products? Where was the
suit assembled, does it have any synthetic fibers in the lining?

The Effect of Tariffs/ Import duty

Tariffs on imported goods, affect the domestic price of the goods. Tariffs also affect the domestic
production of goods that compete with the imported goods, and they also affect the production of
the good in foreign countries. Tariffs can change the structure of the domestic economy.

A criticism of the multiple column tariff system is that it is opposite to free trade. However,
advocates of this system maintain that it is necessary to improve the competitiveness of exports
from lesser developed and developing nations and aid their economic development.

The United States uses a two-column tariff schedule because the United States has lower tariffs
for countries to which they grant most-favored-nation treatment. Some British Commonwealth
countries, such as India, maintain a double-column tariff that provides preferential tariff
treatment to other members of the Commonwealth.

What a Multiple Column Tariff is:

When the tariff rate or import tax is assessed on a particular product depends on its country of
origin, it is called a multiple column tariff system. A single tariff system, levies the same tariff
rate on a product regardless of its point of origin.

Tariffs can take the form of either a single column tariff, a multiple column tariff, or a traditional
or conventional tariff.

Dumping, a term generally used in the context of international trade, is a kind of injuring pricing
practice followed by the exporting firms. Dumping is considered a form of price discrimination.
Dumping occurs when manufacturers export a product to another country at a price below the
normal price. Thus, exporters engage in to dumping with an objective to increase market share in
a foreign market by driving out competition and thereby create a monopoly situation. This further helps the exporter firm to unilaterally dictate price and quality of the product. The dumping is done to obtain a competitive advantage in the importing market.

1.1.2 Dumping - an Overview:

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. Dumping is also prohibited when it causes "material retardation" in the establishment of an industry in the domestic market.

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.

While there are few examples of a national scale dumping that succeeded in producing a national-level monopoly, there are several examples of local 'dumping' that produced a monopoly in regional markets for certain industries. Ron Chernow points to the example of regional oil monopolies in Titan where oil in one market, Cincinnati, would be sold at or below cost to drive competition's profits down and force them to exit the market. In another area where other independent businesses were already driven out, namely in Chicago, prices would be increased.

1.1.3 Characteristics of Dumping:

From various definitions we can list down the characteristics of Dumping

1. Dumping occurs when a country or company exports a product at a price that is lower in the foreign importing market than the price in the exporter's domestic market.
2. The biggest advantage of dumping is the ability to flood a market with product prices that are often considered unfair.

3. Dumping is not prohibited under WTO rules unless the foreign country can reliably show the negative effects the exporting firm has caused its domestic producers.

1.2 TYPES OF DUMPING

Dumping can be classified in the following three ways:

1. **Sporadic or Intermittent Dumping:**

   It is exercised under exceptional or unforeseen circumstances when the domestic production of the commodity is more than the target or there are unsold stocks of the commodity even after sales. In such a situation, the producer sells the unsold stocks at a low price in the foreign market without reducing the domestic price.

   This is possible only if the foreign demand for his commodity is elastic and the producer is a monopolist in the domestic market. His aim may be to introduce his commodity in a new market or to establish himself in a foreign market to drive out competitors from a foreign market. In this type of dumping, the producer sells his commodity in a foreign country at a price which covers his variable costs and some current fixed costs in order to reduce his loss and get rid of the surplus production.

2. **Persistent Dumping:**

   When a manufacturer enjoys the monopoly in the domestic market, continuously sells a portion of his commodity at a high price in the domestic market and the remaining output at a low price in the foreign market, it is called persistent dumping. This is possible only if the domestic demand for that commodity is less elastic and the demand in foreign market is highly elastic. When costs fall continuously with increasing production, the producer does not lower the price of the product more in the domestic market because the home demand is less elastic.

   However, he keeps a low price in the foreign market because the demand is highly elastic there. Thus, he earns more profit by selling more quantity of the commodity in the
foreign market. As a result, the consumers of the importing country also benefit from it because the price they are required to pay is lower.

3. Predatory Dumping:

The predatory dumping is one in which a monopolist firm sells its commodity at a very low price or at a loss in the foreign market in order to drive out some competitors. Once the competitors are out, he raises the price of the commodity in the foreign market. Thus, the firm covers loss and if the demand in the foreign market is less elastic, its profit may increase.

As per Investopedia Predatory dumping is a type of anti-competitive behavior in which a foreign company prices its products below market value in an attempt to drive out domestic competition. This may lead to conditions where the company has a monopoly in a certain product or industry in the targeted market. The practice is also referred to as "predatory pricing."

Predatory dumping is done with the intention to drive out domestic and other competitors in the targeted market, and ultimately create a monopoly in that market.

In predatory dumping, the foreign company, as well as domestic companies (and any other exporters active in the market), will be selling at a loss. For predatory dumping to work, the foreign company needs to be able to finance this loss until it can drive its competitors out of business — this could be done by subsidizing these sales through higher prices in the home country, or using other resources like subsidy. Once domestic producers are driven out of business (and any other exporters in the market driven out of it through low prices), the foreign company would have a monopoly and then be able to raise prices again as it deems fit.

The European Union (EU) has a specific framework to deal with dumping, and many countries (including the U.S., India and China) use anti-dumping measures. It is of course not only domestic producers who might be harmed, but other exporters too who cannot compete with artificially low export prices. However, the latter have no remedy under anti-dumping rules.
Anti-dumping measures are not considered protectionism, as predatory dumping is not a fair trade practice. The WTO rules are designed to help ensure that any anti-dumping measures that countries take are justifiable, and are not used as a tool for protectionism.

1.2.1 Objectives of Dumping:

The main objectives of dumping are as follows:

1. To Find a Place in the Foreign Market:

 Dumping is done to enter or to continue oneself in the foreign market. Due to perfect competition in the foreign market he lowers the price of his commodity in comparison to the other competitors so that the demand for his commodity may increase. For this, he often sells his commodity by incurring loss for certain period in the foreign market.

2. To Sell Surplus Commodity:

When there is excessive production of a monopolist’s commodity and he is not able to sell the whole quantity of production in the domestic market, he sells the surplus at a very low price in the foreign market to get rid of the surplus. But it happens occasionally.

3. Expansion of Industry:

A monopolist also adopts dumping for the expansion of his industry. When he expands it, he receives both internal and external markets which lead to the application of the law of increasing returns. Consequently, the cost of production of his commodity is reduced and by selling more quantity of his commodity at a lower price in the foreign market, he earns larger profit.

4. New Trade Relations:

The monopolist resorts to dumping in order to develop new trade relations abroad. For this, he sells his commodity at a low price in the foreign market, thereby establishing new market relations with those countries. As a result, the monopolist increases his production, lowers his costs and earns more profit.

Greg Mastel classified the motivations of dumping into four categories in his book “American Trade Laws after the Uruguay Round“( p. 77–84):
(1) over-capacity dumping,
(2) government-support dumping,
(3) tactical dumping (discriminatory pricing), and
(4) predatory dumping

1.3. DETERMINATION OF PRICE UNDER DUMPING:

Under dumping, the price is determined just like discriminating monopoly. The only difference is that under discriminating monopoly both markets are domestic while under dumping one is a domestic market and the other is a foreign market. In dumping, a monopolist sells his commodity at a high price in the domestic market and at a low price in the foreign market.

1.3.1. Conditions for Price Determination:

Price determination under dumping is based on the following conditions or assumptions:

1. The main aim of the monopolist is to maximize his profit. He, therefore, produces that output at which his marginal revenue equals marginal cost. Since he sells his commodity in the domestic market and the foreign market separately, he adjusts the quantity in such a way that in each market the marginal revenues in both markets are equal.

Given the marginal cost of producing the commodity, the most profitable monopoly output will be determined at a point where the combined marginal revenue of both the markets equals the combined marginal cost.

2. The elasticity’s of demand must be different in the two markets. The demand should be less elastic in the domestic market and perfectly elastic in the foreign market. As a result, the monopolist sells his commodity at a low price in the foreign market and at a high price in the domestic market.

3. The foreign market should be perfectly competitive and the domestic market is monopolistic

4. The buyers in the domestic market cannot buy the cheap commodity from the foreign market and bring it in the domestic market.
1.4. EFFECTS OF DUMPING:

Dumping affects both the importer country as well as the exporter countries in different ways:

1.4.1. Effects on Importing Country:

Dumping affects the country, in which an exporter dumps his commodity. The effect depends on whether dumping is for a short period or a long period and what are the nature of the product and the objective of dumping.

1. If a producer dumps his commodity abroad for a short period, then the industry of the importing country is affected for a short while. Due to the low price of the dumped commodity, the industry of that country has to incur a loss for some time because of the decrease in their market share and sales.

2. Dumping is harmful for the importing country if it continues for a long period. This is because it takes time for changing production in the importing country and its domestic industry is not able to face the competition and gradually dies out. Later on when cheap imports stop or dumping does not exist, it becomes difficult to resume the production again.

3. If the dumped commodity is a consumer good, the demand of the people in the importing country will change for the cheap goods. When dumping stops, this demand will reverse. As the tastes and preferences of the customers have changed, it will be harmful for the economy.

4. If the dumped commodities are cheap capital goods, they will lead to the setting up of a new industry. But when the imports of such goods stop, the growth of the new industry will stop. Thus ultimately, the importing country will incur a loss.

5. If the monopolist dumps the commodity for removing his competitors from the foreign market, the importing country gets the benefit of cheap commodity in the beginning. But after competition ends and he sells the same commodity at a high monopoly price, the importing country will suffer because now it has to pay a high price.

6. If a tariff duty is imposed to force the dumper to equalize prices of the domestic and imported commodity, it will not benefit the importing country.
7. But a lower fixed tariff duty benefits the importing country if the dumper delivers the commodity at a lower price. It increases consumer welfare. Also the domestic industries try to improve their efficiency.

1.4.2. Effects on Exporting Country:

Dumping affects the exporting country in the following ways:

1. When domestic consumers have to buy the monopolistic commodity at a high price than the price at which it is exported, there is loss in their consumers’ surplus. But if a monopolist produces more goods in order to dump it in another country, consumers benefit. This is because with more production of the commodity, the marginal cost falls. As a result, the price of the commodity will be less than the monopoly price without dumping.

However if the industry is producing under the law of diminishing returns, the price will not fall because costs will increase and so will the price increase.

The consumers will be losers and the monopolist will profit. There will be no change in price under fixed costs. It is only when costs fall under the law of increasing returns that both the consumers and the monopolist will be benefited from dumping.

2. The exporting country also benefits from dumping when the monopolist produces more commodity resulting in the demand for the required inputs such as raw materials, etc. for the production of that commodity increases. It expands the means of employment in the country.

3. The exporting country earns foreign exchange by selling its commodity in large quantity in the foreign market through dumping. As a result, its balance of trade improves.
1.5. HOW DUMPING IS TACKLED:

1.5.1. Measures adopted to stop dumping:

a. Tariff Duty:

To stop dumping, the importing country imposes high tariff on the dumped commodity. As a result, the price of the importing commodity increases and the fear of dumping ends. But it is necessary that the rate of duty on imports should be equal to the difference between the domestic price of the commodity and the price of the dumped commodity. If the tariff duty is imposed more than this difference to end dumping, it is likely to have adverse effects on other imports.

b. Import Quota:

Import quota is another measure to stop dumping in which a commodity of a specific volume or value is allowed to be imported into the country. For this purpose, it includes the imposition of a duty along with fixing quota, and providing a limited amount of foreign exchange to the importers.

c. Import Embargo:

Import embargo is a sort of retaliatory measure against dumping. According to it, the imports of certain or all types of goods from the dumping country are banned.

d. Voluntary Export Restraint:

To restrict dumping, developed countries enter into bilateral agreements with other countries from which they fear dumping of commodities. These agreements ban the export of specified commodities so that the exporting country may not dump its commodities in other country. An example of such bilateral VER agreements exists between India and EU countries in exporting Indian textiles.

It is generally observed that anti-dumping measures explained above, harm more and benefit less to the country adopting these measures. The producers of the country never want that commodities should be imported from abroad. They, therefore, pressurize the government to restrict the import of better and cheaper imports by proving them dumped articles.

The reason for this is the misinterpretation of dumping. According to Article IV of GATT 1984, which now forms part of the World Trade Organization (WTO), a country can adopt anti-
dumping measures only if the dumped imports “injure” the industry of the country. A commodity is regarded as dumped which is exported to the other country at a price lower than its normal value, or it is less than its comparable price for final consumption in the exporting country. Under these situations, the importing country can impose anti-dumping duty, provided the margin of dumping is more than 2% of the export price or is more than 7% of the dumped import.

1.6. HISTORY OF DUMPING

History shows that in the late nineteenth century there was a tremendous temptation in the U.S., whenever business was dull, to cut prices in order to bring in some revenues, even if they were not enough to make a profit (Heilbroner, 1865) [The Economic Transformation of America to 1865 by Robert L. Heilbroner]. Suppose this is the beginning of “dumping”, it became more and more popular as time went on with the progress of the world economy. According to the World Trade Organization’s report, 1,157 cases of dumping occurred across the world from the beginning of 1990 to the end of June, 1996 (Ministry of International Trade and Industry, Japan, 1998).

“Jacob Viner (1923) [1923. Dumping: A Problem in International Trade. Chicago: University of Chicago Press.], the first scholar to pull together precious writing on the subject, notes a sixteenth century English writer who charged foreigners with selling paper at a loss to smother the infant paper industry in England”

Dumping is an unfair trade practice by exporters because dumping aims at forcing competitors out of their markets. Besides, it allows the dumped country to take protective measures; the dumped country imposes exorbitant tariffs or countervailing duties on the imports from dumping countries to protect its industry from such dumping.

Not much information is available as to how the practice dumping of goods started; which country started it and how it was interpreted by the importing countries. However, some sources mention that the Europeans in general and Germans in specific were engaged to trade cartels in the late 19th century. This may be very evident from the history of evolution of anti-dumping mechanism and enactment of certain laws by the affected nations to counter dumping activities.

In the post World War-II era, the US carried out dumping of agricultural products on a large scale. This was possible due to heavy subsidies given by the Government on agricultural
products. For example, the subsidy on wheat was 23% and on cotton was 36% during 1961-65. For almost a decade (1954-55 to 1963-64), 54% of all US agriculture export was financed by the State. At the end of the 1960s, the forms and the methods of dumping became more concealed in nature. Export subsidies showed a decreasing trend, but a direct supplementary payments was introduced for the agricultural producers.

According to a study, American firms have tried to slow down imports of a wide variety of products by claiming they were being sold to the US customers at a price lower than its production cost or less than its fair market value during much of the 20th century (Irwin, 2005). The conventional wisdom prevails that that there were not many antidumping cases prior to 1980. However, the study shows that the number of antidumping investigations in the 1930s, 1950s, and 1960s was roughly equivalent to the current rate (Irwin, 2005).

Present trade war between two top economies of the world has attracted the attention of intellectuals and politicians all over the world. U.S. producers have filed cases accusing foreign steelmakers of dumping and subsidizing four varieties of steel products. In December, the U.S. government found that China, India, Italy and South Korea had dumped corrosion-resistant steel in the U.S. and levied taxes of 256% on imports from China. Other duties ranged from 3% to 9%. (Bloomberg | Mar 02, 2016. Trump signed an executive memorandum on March, 01, 2018, that will impose tariffs on up to $60 billion in Chinese imports. The world's second-largest economy has responded to President Donald Trump's controversial trade tariffs. China's commerce ministry proposed a list of 128 U.S. products as potential retaliation targets, according to a statement on its website posted Friday morning. (CNBC, 22 March 2018).

The U.S. goods, which had an import value of $3 billion in 2017, include wine, fresh fruit, dried fruit and nuts, steel pipes, modified ethanol, and ginseng, the ministry said. Those products could see a 15 percent duty, while a 25 percent tariff could be imposed on U.S. pork and recycled aluminum goods, according to the statement. (CNBC, 22 March 2018).

1.7. PROS AND CONS OF DUMPING
Dumping is legal under WTO rules unless the foreign country can reliably show the negative effects the exporting firm has caused its domestic producers. Therefore, the exporters are motivated to gain the biggest advantage of dumping – flooding a market with product prices that
are often considered unfair. This helps exporting firms establish their business interest in the importing firm’s market.

However, one of the biggest disadvantages of trade dumping is that subsidies (provided by the Governments of the exporting firms) can become too costly over time to be sustainable. Moreover, trade partners who wish to restrict this form of market activity may increase restrictions on the good, which could result in increased export costs to the affected country or limits on the quantity a country will import.

**1.7.1. Advantages and disadvantages of trade dumping as per Investopedia:**

The primary advantage of trade dumping is the ability to permeate a market with product prices that are often considered unfair. The exporting country may offer the producer a subsidy to counterbalance the losses incurred when the products sell below their manufacturing cost. One of the biggest disadvantages of trade dumping is that subsidies can become too costly over time to be sustainable. Additionally, trade partners who wish to restrict this form of market activity may increase restrictions on the good, which could result in increased export costs to the affected country or limits on the quantity a country will import.

**1.8. SAFEGURAD MEASURES**

Safeguard measures over and above AD duty, includes Anti-subsidy and Countervailing measures

**1.8.1. Countervailing Measures and Subsidies**

What A Countervailing Duties (CVD) is:

Countervailing Duties (CVDs) are tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country. CVDs are meant to level the playing field between domestic producers of a product and foreign producers of the same product who can afford to sell it at a lower price because of the subsidy they receive from their government.

Countervailing duties (CVDs) are a key regulation meant to neutralize the negative effects that subsidies of the production of a good in one country have on that same industry in another country, in which the production of that good is not subsidized. If left unchecked, such subsidized imports can have a severe effect on domestic industry, forcing factory closures and
causing huge unemployment. As export subsidies are considered to be an unfair trade practice, the World Trade Organization (WTO) – which deals with the global rules of trade between nations – has detailed procedures in place to establish the circumstances under which countervailing duties can be imposed by an importing nation.

The WTO’s “Agreement on Subsidies and Countervailing Measures,” which is contained in the General Agreement on Tariffs and Trade (GATT) 1994, defines when and how export subsidies can be used and regulates the measures that nations can take to offset the effect of such subsidies. These measures include the affected nation using the WTO’s dispute settlement procedure to seek withdrawal of the subsidy, or imposing countervailing duties on subsidized imports that are hurting domestic producers.

The definition of “subsidy” in this regard is quite broad. It includes any financial contribution made by a government or government agency, including a direct transfer of funds (such as grants, loans and infusion of equity), potential direct transfer of funds (for example, loan guarantees), fiscal incentives such as tax credits, and any form of income or price support.

The WTO only permits countervailing duties to be charged after the importing nation has conducted an in-depth investigation into the subsidized exports. The agreement contains detailed rules for determining whether a product is being subsidized and calculating the amount of such subsidy, criteria for establishing whether these subsidized imports are affecting domestic industry, and rules for the implementation and duration of countervailing duties, which is typically five years.

1.8.2. Anti-dumping Legislation

In order to counter the act of dumping, importing countries resort to flexible import tariffs. Canada was the first country to bring in to force the anti-dumping legislation in 1904. Subsequently, the United States passed several acts related to tariffs. In 1921, it enacted the Emergency Tariff Act to impose special duties on goods imported for sale at less than their fair value or cost of production. This was later on amended to Customs Simplification Act of 1954.

1.8.3. Antidumping in Historical Perspective

Over the last 20 years it has become much easier for American firms to successfully block certain imports from other countries by claiming that they are being sold or "dumped" in the
United States at artificially low prices and thus should be subjected to high import duties. But while these so-called "antidumping" claims are now a more prominent feature of American trade policy, the number of products targeted in complaints has actually fallen since the mid-1980s.

In The Rise of U.S. Antidumping Action in Historical Perspective, (The National Bureau of Economic Research - Working Paper No. 10582), NBER Research Associate Douglas Irwin looks back at the evolution of antidumping actions which, in this era of trade liberalization, have become one of the few legal ways for countries to protect domestic firms from foreign competition.

Irwin notes that the current interest in antidumping laws is largely uninformed by an historical view of their application. He suggests that there has been insufficient appreciation of the political and economic variables that have made antidumping claims today's import-fighting weapon of choice.

Irwin identifies two major differences between pre- and post-1980 antidumping policy. In the past, most antidumping complains did not result in the imposition of import duties. Today's antidumping cases are much more likely to be successful. Irwin attributes the high success rate of today's cases to "legal changes and bureaucratic incentives." For example, legislation was enacted in 1980 stripping the authority to review antidumping cases from the Treasury Department, which many in Congress considered unsympathetic to domestic industry concerns, and giving the authority to what was widely seen as the more business-friendly Commerce Department.

The other difference is that contemporary cases usually charge that the dumping involved imports from several countries simultaneously. After 1980 there was increase in antidumping actions. But if measured by the number of products subjected to complaints, antidumping complaints peaked around 1985 and declined since then.

This is also attributable to legislative changes. In 1984, the International Trade Commission, which reviews complaints after the Commerce Department, was directed to add up the total value of the imports involved when calculating whether a domestic industry had suffered any harm. This shift motivated companies to file antidumping complaints that focused on many countries. An antidumping complaint that includes petitions targeting imports from more than one nation boosts the total value of what's being labelled as suspect, thus increasing the chances
of gaining a favourable decision. The combination of a particularly favourable venue and the shift to multi-country complaints appears to have dramatically altered the dynamic in favour of domestic industries alleging harm. Irwin finds that prior to 1980, most cases alleging dumping were rejected at an early stage; of those given a full review, only about one quarter -- or five percent of all cases -- were decided in favour of the domestic industry. But he notes that since the mid-1980s, almost every antidumping complaint has gotten a full review. And, in roughly half of the complaints the government determined that dumping had in fact occurred and that punitive duties should be imposed.

Irwin reports that other variables can make antidumping complaints more likely in a given year. These include a rise in the value of the dollar, which makes imports cheaper, and a rise in the unemployment rate. Irwin also points out, that the attractiveness of antidumping complaints also is influenced by international trade agreements, which are producing ever-lower tariffs. According to Irwin, "this decline in trade barriers exposed many industries to foreign competition and may have pushed them toward using antidumping duties to protect themselves."


1.9 Anti-dumping actions

1.9.1. Legal issues

If a company exports a product at a price that is lower than the price it normally charges in its own home market, or sells at a price that does not meet its full cost of production, it is said to be "dumping" the product. 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. The WTO agreement does not pass judgment. Its focus is on how governments can or cannot react to dumping—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. To do so, the government has to show that dumping is taking place, calculate the extent of dumping (how much lower the export price is compared to the exporter’s home market price), and show that the dumping is causing injury or threatening to cause injury.

As permitted by the WTO, General Agreement on Tariffs and Trade (GATT) (Article VI) allows countries the option of taking action against dumping. The Anti-Dumping Agreement clarifies and expands Article VI, and the two operate together. They allow countries to act in a way that would normally break the GATT principles of binding a tariff and not discriminating between trading partners—typically anti-dumping action means charging extra import duty on the particular product from the particular exporting country in order to bring its price closer to the “normal value” or to remove the injury to domestic industry in the importing country.

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. It provides three methods to calculate a product’s “normal value”. The main one is based on the price in the exporter’s domestic market. When this cannot be used, two alternatives are available—the price charged by the exporter in another country, or a calculation based on the combination of the exporter’s production costs, other expenses and normal profit margins. And the agreement also specifies how a fair comparison can be made between the export price and what would be a normal price.

1.9.2 Five-percent rule

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.

Normal value cannot be based on the price in the exporter’s domestic market when there are no domestic sales. 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.

1.9.4 Procedures in investigation and litigation

Detailed procedures are set out on how anti-dumping cases are to be initiated, how the investigations are to be conducted, and the conditions for ensuring that all interested parties are given an opportunity to present evidence. 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: domestic producer(s) make(s) a request to the relevant authority to initiate an anti-dumping investigation. Then investigation to the foreign producer is conducted to determine if the allegation is valid. It uses questionnaires completed by the interested parties to compare the foreign producer's (or producers') export price to the normal value (the price in the exporter’s domestic market, the price charged by the exporter in another country, or a calculation based on the combination of the exporter’s production costs, other expenses and normal profit margins). If the foreign producer's export price is lower than the normal price and the investigating body proves a causal link between the alleged dumping and the injury suffered by the domestic industry, it comes to a conclusion that the foreign producer is dumping its products. 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. Anti-dumping measures must expire five years after the date of imposition, unless a review shows that ending the measure would lead to injury.

Anti-dumping investigations are to end immediately in cases where the authorities determine that the margin of dumping is insignificantly small (defined as less than 2% of the export price of the
product). Other conditions are also set. For example, the investigations also have to end if the volume of dumped imports is negligible (i.e., if the volume from one country is less than 3% of total imports of that product—although investigations can proceed if several countries, each supplying less than 3% of the imports, together account for 7% or more of total imports).

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. They can also use the WTO’s dispute settlement procedure.

1.9.4 Actions in the United States

In the United States, domestic firms can file an anti-dumping petition under the regulations determined by the U.S. 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.S. law. The Department of Commerce has regularly found that products have been sold at less than fair value in U.S. markets. If the domestic industry is able to establish that it is being injured by the dumping, then anti-dumping duties are imposed on goods imported from the dumpers' country at a percentage rate calculated to counteract the dumping margin.

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, leads to the unpredictable institutional process surrounding investigation. Members of the WTO can file complaints against anti-dumping measures.

Because of the 1997 Asian financial crisis, October 27, 1997 mini-crash, and 1998 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 10,000 steel production jobs in 1998, 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.S. steel producers. As a result, Congress passed the Emergency Steel Loan Guarantee and
Emergency Oil and Gas Guaranteed Loan Act of 1999, also known as the Emergency Steel Loan Guarantee Act of 1999.

1.9.5 Actions in the European Union

European Union anti-dumping is under the purview of the European Commission. It is governed by Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community and the Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community. However, implementation of anti-dumping actions (trade defense actions) is taken after voting by various committees with member state representation.

Regulation (EC) No 384/96 is repealed by Regulation (EC) No 1225/2009, however, the repeal of Regulation (EC) No 384/96 shall not prejudice the validity of proceedings initiated there under.

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. If they are found to represent at least 25% of community industry, the investigation will probably begin. 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.

As is implied by the criterion for beginning an investigation, EU anti-dumping actions are primarily considered part of a "trade defense" portfolio. 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 48.5%. The tax has also been extended to imports from Indonesia, Malaysia, Sri Lanka and Tunisia. However, some companies are excluded or have a reduced rate.

1.9.6 Chinese Economic Situation:

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 cannot be used as the reference. Instead, the DG Trade must decide upon an analogue market: a market which does have market economy status, and which is similar enough to China. 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.

However, China has one of the world's cheapest labour costs. Criticisms have argued that it is quite unreasonable to compare China's goods price to the United States as analogue. China is now developing to a freer and open market, unlike its planned-economy in the early 1960s, 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.

1.9.7 Actions in India

The current set of anti-dumping laws in India is defined by Section 9A and 9B of Customs and Tariffs Act, 1975 (Amended 1995) and The Anti-dumping rules such as (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules of 1995, Section 9A of customs and tariffs Act 1975 states that “If any article is exported from any country or territory to India at less than its normal value, then, upon the importation of such article into India, the central government may by notification in the official gazette, impose an anti-dumping duty not exceeding the margin of dumping in relation to such article.” As of November 28, 2016, 353 anti-dumping cases has been initiated by Directorate General of Anti-Dumping and Allied Duties (DGAD) out of which in one hundred and thirty cases, anti-dumping measures are in force. In January 2017, the Indian government imposed anti-dumping duty on colour coated steel products imported from the European Union and China for 6 months.

Though, the move was applauded by Essar Steel India Commercial Director, H Shivram Krishnan but, importers expressed their concern regarding protective measures like minimum import price and ant-dumping duty especially when domestic is narrowing and imports are falling.

On July, 2015, the government imposed anti-dumping duty on fiberboard imported from Indonesia and Vietnam. This came after CEO and joint-Managing Director of Greenply Industries, Shobhan Mittal filed an application for anti-dumping probe initiation. The primary reason behind the probe was that the price differential between domestic and imported MDF stood at 5-6 percent and net MDF imports was at around 30-35 percent, majority of which came from Indonesia and Vietnam.

On 8 March 2017, government of India imposed anti-dumping duty ranging from USD 6.30 to USD 351.72 per ton on imports of jute and its products from Bangladesh and Nepal. Later the government of India withdrew the anti-dumping duty in case of Nepal.
On 26 October 2017, 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.

The duty was imposed by the Revenue department following the recommendation by the Directorate General of Anti-Dumping and Allied Duties (DGAD).

• The levied duty will range between 4.58 per cent and 57.39 per cent of the landed value of cold-rolled flat products of stainless steel.

• The anti-dumping duty will be in effect until 10 December 2020.

• The direction however, exempts certain grades of stainless steel from the duty.

• The duty will be levied on the imports of stainless steel products from China, Taiwan, South Korea, South Africa, Thailand, the United States and the European Union.

1.9.8 Abuse of Anti-dumping Measures

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. India and China have been alleged to have used Anti-dumping Duty (ADD) as a form of “safety valves” – to ease competitive pressure in domestic market. Anti-dumping measures have also been used as a form of “retaliation” against products of countries that impose ADDs against the products of the host country. The USA has been consistently alleged to have abused anti-dumping measures with its practice of Zeroing. Similarly, in only around 2% cases the EU has been found to have imposed ADDs to offset dumping. In the remaining 98% cases of anti-dumping have been used for purposes other than offsetting dumping.

1.9.9 Common Agricultural Policy

The Common Agricultural Policy of the European Union has often been accused of dumping despite significant reforms, as part of the Agreement on Agriculture at the Uruguay round of GATT negotiations in 1992 and in subsequent incremental reforms, notably the Luxembourg
Agreement in 2003. 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 criticized as distorting world trade, and since 1992, 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.

1.10 Trade war

Is it a beginning of a wave of anti globalization?

*Times of India 21-6-18, Economic Times 21-6-18*

On March 9, US President Donald Trump imposed heavy tariffs on imported steel and aluminium items, a move that has sparked fears of a global trade war.

India has said the duty imposed by the US has affected steel exports by $198.6 million and aluminium shipments by $42.4 million.

India has also dragged the US to the World Trade Organization’s (WTO) dispute settlement mechanism over the imposition of import duties on steel and aluminium.

India exports steel and aluminium products worth about $1.5 billion to the US every year.

India's exports to the US in 2016-17 stood at $42.21 billion, while imports were $22.3 billion.

India hits back at US, hikes import duty on 29 products

- The import duty hike would be effective from August 4, said the Indian finance ministry
• The import duty on chickpeas and Bengal gram has been increased to 60 per cent, lentils hiked to 30 per cent

India has increased customs duty on 29 products, including pulses and iron and steel products, imported from the US as a retaliatory action against the tariff hike by Washington

With the United States adopting protectionist policies and hiking import duties, a trade war like situation has emerged. The European Union has decided to levy higher import duties on a variety of US products and a similar action is being contemplated by China.

Last week, India had submitted to the WTO a list of 30 items on which it proposed to raise customs duty by up to 50 per cent.

The decision to hike duties is in retaliation to the unilateral increase in tariff by the US on certain steel and aluminium products earlier this year which had tariff implication of $241 million on India.

Is this heading towards anti globalization?

1.10.1 Question arises

The creation of an international free trade system through the formation of World Trade Organization, 1995, has given a major thrust to phenomenal growth of globalization and cross country trade and business, aided by advancement in the field of Information Technology, communication and transportation. This in turn has had a profound effect on the lives of people around the world, improving the quality of their lives, redefining the way they live.

As stated by Claude Barfield Dumping is one of the ill effects of increased international trade. It has resulted from the undue advantage taken by some countries (developed as well as developing countries like China, Korea), that adversely affect the health of the industries in the importing countries.


With increasing cross border trade and business, the member countries opened the doors for internationalization by reducing tariff rates and removing trade barriers. The business firms of developing countries had to face the competition with large companies and multinationals from
developed countries. To save and protect the firms from unfair trade practices, e.g. dumping or predatory prices by the multinationals of developing countries, many countries resorted to imposing anti dumping duty as per the provisions of WTO.

Antidumping laws target allegedly “unfair” trading practices of foreign countries accused of exporting (or dumping) products into other countries at price below the cost of the production, or the price charged in the domestic or third market. Then using the provision of the WTO Antidumping Agreement of 1994, importing countries can impose duties on the dumped products, rendering domestic products more competitive. (Claude Barfield)

According to Sagnik Bagchi, The sudden spurt in AD activities across the world over the last 15-20 years has led to the dilemma of **whether actually anti-dumping is a form of protection from genuine harmful practices or is it a modified form of a protectionism measure.** Over the period 1995-2012, the traditional and new users account for 32% and 48%, respectively of the total AD cases filed worldwide amongst the WTO member countries.

Increased antidumping cases by various countries of the world during last two decades are the clear indication of increased unfair practices of dumping. On the other side antidumping activities may inhibit the pace of growth of the international trade and hence global welfare. Thus antidumping has become the burning and most controversial issue the world over.

Traditionally developed countries, particularly European Union, Canada, Australia and United States were heavy users of antidumping actions but since inception of WTO in 1995, developing countries like India, Brazil and China have increasingly been using antidumping actions.

India has been one of the leading countries who have tried to combat the dumping activities by filing a large number of cases, resulting in imposition of Antidumping duties with a view to protect the health of domestic industry and the economy.

On worldwide basis, during the period 1995 to 2010, India has taken the highest number of Antidumping investigations (637) which exceeds far above those by United States which stands second in the number of Antidumping investigations (443). (Rekha Acharya and Raksha Thakur)

The most plausible explanation for such a rapid spread of AD activities was that most of the newly industrialized countries across the world are now members of the WTO and have undertaken substantial trade liberalization. With the increased volume of trade among these
nations and to protect their newly developed industries, AD has emerged as a major policy tool for protectionism.

The WTO data indicate India to be one of the top users of AD. In fact, India has filed 16% of all global anti-dumping cases, quite disproportionate to its share in global imports (2.75% in 2011-12).

The upsurge in AD activities in India can be mainly attributed to the gradual shift in trade policy post 1990s, and also adopting the liberalizing multilateral trade policies. By 2001, India removed almost all quantitative restrictions. In addition, the basic custom duty for non-agricultural products was reduced from 150% in 1991-92 to 10% in 2007-08. Since, the last review of Indian trade policy in 2009 the simple Most Favoured Nation (MFN) average tariff rate declined from 79.2% in 1991-92 to 10.1% in 2009-10. This led to a reduction in protection for the Indian manufacturing industries; and subsequently a rise in AD.

It will be worthwhile to analyze and understand the anti-dumping activities around the world so as to suggest some measures which can strengthen the bond of globalization among nations resulting in global welfare.

In light of the above the author has analyzed the incidences of antidumping initiations and measures with the help of graphical analysis, to find some important inference which can be useful for further study and analysis so as to improve international trade and reduce the incidences of the necessary evil, i.e. anti dumping activities.

Which countries of the world make maximum use of AD activities?
Which countries of the world face maximum AD actions?
What is the pattern of AD activities by various countries over the years?
Does dumping tend to increase along with the development of the world economy?
Does free trade stand on the balance of power between unfair trade and countervailing measures?
Is it possible to eliminate dumping practices from international trade?
For the analysis the secondary data from WTO web sites for the period 1-1-1995 to 31-12-2016 are taken to analyze the anti dumping activities of various nations which are members of WTO.

International Trade must be kept developing and growing perpetually for the benefits of both companies and countries and for the welfare of people across the world. International Trade must
be carried on smoothly and peacefully. Unfair trade practices like dumping and antidumping measures pose a great threat to the development of International Trade. This most controversial and complex issue needs a rigorous thorough study.

A thorough examination on these issues and in-depth study of International Agreements on dumping and the present practices, hopefully will reveal the mechanism that underlies the unfair trade and protectionism. This will be helpful in foreseeing what and how international trading practices should be, in order to sustain continuous, stable growth of the world economy.