CHAPTER – 5
CONCLUSION AND RECOMMENDATIONS

5.1 CONCLUSION
The analysis of the data and experts’ views revealed interesting findings. Based on the findings, following may be concluded.

5.1.1 Pattern Of AD Initiations:
To understand pattern of AD initiations and to identify the country(ies) that has initiated maximum AD cases and the country(ies) that has faced maximum AD cases, data analysis of the anti-dumping cases at world level as well as in Indian context was carried out, which reveals:
It has been observed that the number of AD initiations have been increasing during the study period [1995 to 2016]. During the study period, China emerged out to be a country having faced the highest number of AD initiations [1217; 23.02%]. This was followed by Korea [398; 7.53%], and Chinese Taipei (285). If we observe the graph, China is far above any other country as far as facing the initiations is concerned. It is also found that China remained on the top of the list of 13 countries facing highest number of AD cases, followed by Republic of Korea, Chinese Taipei, the US, India, Thailand, Japan, Indonesia, Russian Federation, Brazil, Malaysia, E.U. and Germany.
India - being a major victim of dumping – has made highest number of AD initiations (839), followed by, U.S. (606), E.U. (493), Brazil (403), Argentina (348), Australia (316), China (234), South Africa (229), Canada (213), and Turkey (213) India being far above any other country in the graph. If we see the pattern, up to 1998, U.S. and E.U. continued to be the top user of antidumping activities (Initiations). Then India has emerged as the top user of Anti-dumping activities.
If we compare number of initiations made with those faced by individual country, China, Republic of Korea and Indonesia are the countries who have faced far more number of AD cases from other countries than they have made against other countries. India, U.S., E.U., Brazil and Argentina have filed quite higher number of initiations than they have faced.
The regression analysis with time series shows that developing countries like Brazil, India, China, Pakistan, have positive coefficient i.e. increasing trend; and developed countries like European Union, United States, Australia, Canada have negative coefficient i.e. decreasing trend.
By separating traditional users (U.S., E.U., Australia and Canada) and the new users of AD initiations over the period 1995-2016, we find that traditional users (who are also developed countries), account for 31%, whereas new users (who are developing countries) account for 53%. The analysis of actual measures (like imposing Anti-dumping duty) taken by different countries shows that India is leading with 609 (17.89%) measures, followed by U.S. with 395 (11.60%) measures.

In the study of measures taken by India against other individual countries, we find that India has taken maximum number of AD Measures against China (152 i.e. 25%), next highest against Chinese Taipei (48 i.e. 7.9%), next highest against E.U. (46 i.e. 7.6%), next highest against Republic of Korea (45 i.e. 7.4%), next highest against Thailand (32 i.e. 5.3%), next highest against U.S. (30 i.e. 4.9%).

5.1.2 Conclusion of section wise analysis:
Section-wise analysis was carried out to identify the industry sector that might be heavily affected by dumping and the major user(s) of AD initiations at world level and in Indian context, interesting facts have been revealed. As seen from table -24, at world level there are maximum initiations (30.53%) in group XV Base metals and articles, next group is VI Products of the chemical and allied industries (19.86%), third is in group VII Resins, plastics and articles; rubber and articles (13.19%), fourth is in group XVI Machinery and electrical equipment (8.14%), fifth is in group XI Textiles and articles (6.98%). Top five groups cover 78.70 % AD initiations.

Whereas India has made maximum initiations in section group VI, Products of Chemicals and allied Industries (43.86%), next in group VII, Resins, Plastics and Rubber and Articles (13.23%), next in group XV, Base metals and articles (12.40%), next in group XVI Machinery and electrical equipment (11.08%), next in group XI Textiles and articles (9.30%).

5.1.3 The Success Ratio:
Gunner Niels and Adriaan Ten Kate, in their study of “Antidumping Protection in a Liberalizing Country: Mexico’s Antidumping Policy and Practice” have revealed that

The overall success ratio (measures/Initiation) in Mexico is found 67.4 % as against worldwide ratio of 56% during 1987 to 2001.

In this study during the period 1995 to 2016, the overall success ratio in India is found to be 73%, which is higher than the world average i.e. 64%. The success ratio of China, Turkey and Mexico (all developing countries) are even higher, more than 80 %.
5.1.4 Conclusion from Regression Analysis:
To understand the relationship, if any, between the number of AD cases faced, number of AD cases initiated, country’s merchandise exports, and country’s merchandise imports, in Indian context regression analysis was carried out with the help of HPSS v16 software. It is found that AD cases faced” was highly correlated with one of the independent variables – “AD cases initiated”. It shows retaliatory effect. It is also related to “India’s Merchandise Exports”, which is quite logical.

5.1.5 Conclusion of Interviews:
Detailed interviews were conducted with the stake holders of such Anti-dumping cases so as to understand the views, opinions and perceptions of various stakeholders regarding dumping, ways of tackling it, antidumping, antidumping initiations and prevalent Anti-dumping regulatory framework and possible improvement in India. The conclusion can be distinctly grouped into four parts

1. General view of stake-holders
2. Ways of Tackling Dumping:
3. Problems Faced While Handling AD Cases
4. Suggestions for Improvement in the System

1 General view of stake-holders:
It is a common belief that Dumping is usually done to drive the competitors off the market and secure a monopoly or to hinder foreign competition. Dumping increases the competition to such an extent that local industries have to shut down. It increases the unemployment. China is the main threat- due to their mass production policy. Same is confirmed by data analysis. Under-invoicing of the import is a greater problem.
They made some positive remarks for dumping, like initial dumping is beneficial for consumer welfare and demand generation. Dumping compels the domestic industry to look at their own cost structure, try to re-engineer their operations, reduce cost and improve efficiency so as to become competitive. In the long run it will help in economic development of India.

Stake holders mentioned some reasons of high dumping in India. According to them India being a rapidly developing country with high population provides a big market and attracts all other countries for entry in to our market to capitalize on our developing
economy. Another reason is that Developing countries of South Asia which have immense production capacity and limited domestic market try to capture Indian market. Also Bangladesh, Vietnam, Nepal are having free trade agreement with India, and hence are windows for dumping into India. Stake holders believe that Government is responsible for high dumping, having weak implementation of laws, flexible rules and, corruption and poor infrastructure. Some of them have blamed our education system in the field of medical and engineering. The Indian talent goes to abroad and do not contribute to technological development in India. India is lacking R & D efforts, which results in obsolete technology and products. Government of India should encourage R & D activities in India to improve and innovate products and machineries. Presently we have to depend upon foreign sources. The cost structure in India is unfavourable due to low production, small size, obsolete technology, higher rate of interest for capital. This makes the Indian industry unable to compete with the imports. Consequently they are driven out of the market.
Some of them believed that AD is a short term solution. More constructive steps with long term planning should are required by people as well as Government of India.

2. **Ways of Tackling Dumping:**

To fight with international dumping the duty tariffs should be made flexible and increase the import duties whenever necessary. Increasing of duties can help in applying breaks on such dumped goods. Imposing. Anti-dumping duty is a temporary solution to the problem of dumping. The general view of the stakeholders is that long term planning and pro-active policies are required. India is lacking Research and Development. Encourage R & D, to update and upgrade technology, to improve products, process of manufacturing and machineries. The Customs Department should prevent under-invoicing which poses a greater problem. Government should stop the misuse of free Trade Agreement with Bangladesh, Vietnam, and Nepal.

Indian industry should make themselves cost effective by effectively managing man, machines and money, changing their mindset and becoming competitive. Workers should be given proper training to increase the productivity. Upgrade machineries with latest technology and efficiently utilize them. High R & D efforts may be required to improve products and processes. Money should be arranged from best and cheapest sources which may be in developed countries.
Indian manufacturers should increase their capacity and improve production and its quality so that they can be self sufficient to satisfy the local needs and can export the surplus. It will generate employment and earn foreign exchange. Government should focus on improving infrastructure and take measures to help the indigenous manufacturers with various incentives to improve the cost structure. Government should help small industries to become big and efficient, update and upgrade technology. Also the education system in India in Medical and Engineering which is in English medium and not in Indian Languages should be changed. They should be taught in Indian languages too. Improve education system to generate enough talented Engineers who will stay in India and contribute to R & D.

Indian Government should formulate better policies to create effective barrier like long registration procedures for foreign firms. The whole country (people, industry, Government) should develop integrity, honesty and national spirit.

3. **Problems Faced While Handling AD Cases:**

More than 60% of the respondents have faced or witnessed one or more Anti-dumping cases. They pointed out many problems in handling AD cases. It is very difficult to prove that domestic industries have suffered material injury due to dumping and establishment of Period of injury because of dumping. Year by year data verification is done. Also customers’ presentation is being heard. It can also be opposed by exporting country at WTO level. Gathering and correlating past data related to manufacturing, costing, and presenting the data is the biggest task. Scattered industries make the data collection difficult. Government is in favour, provided the case is proved. But proving the case is extremely difficult. Another problem is that Ministry may get influenced by lobbies in deciding final imposition of AD duty. DGAD has got only one office and that in Delhi. People from industry all over the country have to rush to Delhi office for handling AD cases.

Also AD duty is imposed for certain period of time, and then it is reviewed. In review whole procedure is repeated. Data gathering, its verification, proving injury etc. is to be done again. The procedure is complex and time consuming, requiring a lot of efforts. Till the completion of the case so much time is taken that the suffering industry cannot survive. For filing and proving AD case, Industries need assistance from special AD lawyers/consultants who charge very high fees.

4. **Suggestions for Improvement in the System:**
The stake holders who have been interviewed have suggested some concrete suggestions along with general remarks.

There should be a provisional AD duty within a fixed short time of application if the case seems to be genuine. Because till the completion of the case so much time is taken that the suffering industry cannot survive. Also The process should be completed within three months. The procedure for filing application, making analysis and review should be simplified.

Data collection can be done by Government through agencies available on internet. For proving of case small units should not be asked to collect data, particularly those pertaining to foreign firms.

If AD duty is there on raw material (like Yarn), it should also be imposed on finish products (like clothes) also. Otherwise industry will not be able to survive. To make the access easy more DGAD offices should be there at different places in India.

To improve the situation in local market the Government has to restructure the present tax regime. Government should try and take initiative to reduce local taxes which can help producers in procuring the material at cheaper rates in local market, which will ultimately help them in reducing cost of production rather than to resort to imports. Government should focus on improving infrastructure, and provide incentives to small and medium industries to become big, and become cost effective and competitive. The industries should work in this direction and go for mass production. The Government, Industry as well people should create an atmosphere of cost effective and qualitative products locally which can be achieved by reducing local taxes and improving infrastructure with honesty integrity and national spirit.

An attempt was also made to analyze the responses using Word Cloud technique. It gave an idea of the frequency of the words used by the respondents. However it did not give much useful inference.
5.2 RECOMMENDATIONS:

The suggestions made by the respondents may be considered by the regulatory authority of Anti-dumping regime in India for improvement in the present system and creating a better environment for tackling dumping. For example

a. Imposition of a provisional AD duty within a fixed short time of application if the case seems to be genuine.

b. Simplification of the procedure and the related formats.

c. Faster proceedings of the AD cases.

d. Data collection can be done by Government through agencies available on internet. For proving of case small units should not be asked to collect data, particularly those pertaining to foreign firms.

e. Genuine Government efforts to improve the infrastructure, restructure the present tax regime, creating awareness for R & D and quality, and help the Indian Industry to become big and cost effective.
5.3 LIMITATION AND SCOPE FOR FUTURE STUDY

The scope of this study is limited to understand the trend in dumping and antidumping activities based on the number of AD initiations made by different countries, affected industries / sectors, understand the predictors of AD cases faced by India and experts views and opinion. This is an exploratory study which has revealed facts related to Dumping, Anti-dumping across various nations of the world, with special reference to India.

Further research may be conducted on the basis of the result obtained in this exploratory study; detailed analysis may be taken up to suggest concrete steps for improvement in the AD regulatory framework provided by WTO. This study is made with reference to Indian context. It may be furthered at world level.

Three predictor variables are taken for the regression analysis. There is a possibility that some other macro-economic variables may be affecting the number of AD cases faced. A more advanced econometric model with several possible factors may be more useful.

In qualitative analysis structured interviews were conducted. The data collection was very difficult due to non co-operation from corporate sector. The number of responses is limited due to difficulty in getting hold of the qualified respondents. If this could be overcome, more useful and concrete results can be obtained.