



Indian Institute of Management, Bangalore

Post Graduate Programme in Public Policy and Management

Antidumping as a Trade Remedy Measure:

**Evidence from Three Countries
(US, EU and India)**

By

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**A dissertation submitted in partial fulfillment of the
requirements for the Post Graduate Programme in Public
Policy and Management of the**

Indian Institute of Management, Bangalore

2003

Chairperson

**Post Graduate Programme in
Public Policy & Management**

Dissertation

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Abstract

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Regulation of foreign trade has remained one of the most important policy issues faced by national governments. While the trade policy regime world over has been witnessing progressive liberalisation under multilateral arrangements, demand for trade remedy regulations for protecting domestic producers from unfair competition, has been increasing. Antidumping, as one of these trade remedy instruments or contingent protection measures, has occupied the center stage, as the instrument of first choice, due to inherent protectionist elements in the GATT code and national regulations. Increasing use of this instrument by both traditional and non-traditional user has been a matter of concern because of the trade distorting effects of such actions.

This paper examines the evolution and spread of the instrument of antidumping from economic, legal and political economy angles. It analyses the GATT Code of Antidumping and the national regulation of the three most frequent users of this instrument, i.e., the US, the EU and India. The paper observes that while it is essential to protect the domestic industry from unfair trade practices, it is also important to determine how 'unfair' these unfair practices are. Any trade remedy law should separate and distinguish between market distorting trade practices and monopolization attempts from normal price behaviour and competitive advantage of the exporting firms. The paper concludes that while political economy factors might have helped the evolution of this instrument, it is the lack of economic tests for dumping and injury determination, and in-built asymmetries and discretionary elements in the GATT AD codes that are responsible for the growing use of this instrument world over. The paper recommends major changes in the GATT code of antidumping to bring in economic rationality and public interest tests into the code, in order to prevent competition restricting practices under the garb of trade remedy actions.



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ACKNOWLEDGMENTS

The author wishes to express his sincere thanks and appreciation to Professors Rupa Chanda and Chiranjib Sen of Indian Institute of Management, Bangalore for their guidance and supervision in the preparation of this paper. In addition, special thanks to Professor P.K.M Tharakan, University of Antwerp for providing the much needed references and guidance at the very initial stages of the study. His familiarity with the needs and ideas of the subject was helpful during the early proposal phase of this thesis. Thanks are also due to Reinhard Ragonig and Sandra Gallina, of the European Commission, Directorate General Trade, and Krista Lucenti of World Trade Institute for their kind help and providing useful insight into the subject.

The author also wishes to record his sincere thanks to Shri L. Mansingh, Director General of Foreign Trade, and Shri L.V. Saptarishi, Designated Authority and Director General Antidumping and Allied Duties, Government of India, without whose kind support it would not have been possible to complete this thesis.

Special thanks are due to Professors Shyamal Roy and, Gopal Naik, all my colleagues and faculty members at IIM, Bangalore for their cooperation and timely feedback during presentations at various stages of preparation of this thesis.

My special thanks are also due to my wife, Manija and our children, Shweta and Saurav for their unflinching support and encouragement for completion of this thesis.

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