

# Anti-dumping actions on Indian exports: an exploratory analysis

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## Abstract

**Objective:** The study attempts to explore the usage of anti-dumping duty measures by developed and developing countries against Indian exports for the period 1995 to 2015. The present study identifies the pattern and direction of anti-dumping measures against India.

**Methods/Analysis:** The study uses secondary databases such as Global antidumping database and WTO reports on antidumping for the analysis of the period 1995 to 2015. The compiled information on 167 antidumping cases against Indian exports is disaggregated into countries and industries level. The trend analysis is performed for 20 years through the computation of percentages and averages.

**Findings:** The trend analysis of data points out that a large number of anti-dumping actions are invoked by the few developed countries, while a large number of developing countries invoked few anti-dumping measures against India. At an aggregate level, the frequency of cases against Indian exports comes in the fourth rank. At the sectoral level, antidumping cases target those export sectors in which India has a competitive advantage. Particularly, antidumping cases against Indian exports are localised in a few industries only.

**Application:** Finally, the study concludes with the emphasis on capacity building initiatives on ADMs at the industry level to prepare Indian exporting firms to cope up with such trade barriers.

**Keywords:** Anti-dumping, Exports, Case study, India, Industry study

## 1. Introduction

One of the significant accomplishments of the Uruguay round is the agreement on the functioning of the multilateral trading system for establishing open and free trade among its member countries. These negotiations resulted in the Agreement on Implementation of Article VI of the GATT 1994 (called Agreement on Antidumping). The agreement defines dumping as the introduction of a product into the commerce of another country at less than its normal value [1]. The normal value is the comparable price at which the dumped goods are sold, in the ordinary course of trade, in the domestic market of the exporting country or territory. The provision of antidumping duties allows member countries to offset the adverse effect of dumping. Typically, anti-dumping action means charging extra import duty on the particular product from the particular exporting country to bring its price closer to the "normal value" or to remove the injury to domestic industry in the importing country [2]. This agreement came into force with effect from 1 January 1995. If the normal value cannot be determined using domestic sales, the agreement provides for the following two alternative methods: Either comparable representative export price to third country or cost of production in the country of origin with reasonable addition for administrative, selling and general costs and profits [3].

The foremost explanation asserts that dumping is the price discrimination by exporter due to the different elasticity's of demand in the home and foreign markets. The motivation for dumping arises due to five different reasons, namely to dispose of excess surpluses, gain market share, remove competition, to gain lower price export advantage and economies of scale [4]. The antidumping measures are invoked to correct the price distortions, changes in the general economic conditions and the pressures on the political economy [5]. Anti-Dumping Measures (ADM) are suitable for the establishment of a fair-trading system in the absence of competition laws in exporting countries [6]. Critique argues that anti-dumping duty tantamount to kill the competition in the international trading system [7]. The dumping is a problem in the course of international trade and anti-dumping action as a suitable remedy, where anti-dumping measures create a level playing field when the competition laws are heterogeneous among various countries [8].

In the history of WTO, anti-dumping measures (ADMs) have become popular substitutes for traditional trade barriers, which are gradually being reduced in the course of regional and multilateral trade liberalisation [9]. These measures application is specific and immediate on the exporter, and no permission of WTO is required in the imposition of these measures. Although antidumping counters unfair trading practices, the advancement of these measures usage across countries has led to the global trade problem [10]. To the best of our understanding, there exist only few empirical studies examining the usage of antidumping duties by member countries against India. For instance, examination of the use of the provisions of anti-dumping by India against other countries and the retaliatory antidumping by other countries on Indian exports for the period of 1995 to 2002. The analysis of AD and CVD cases on exports from India for the period of 1995 to 2004 lists the cases initiated against India [11]. This report motivates our study of country and industry /product level examination to identify the domestic industries/stakeholders that might be affected by antidumping actions. The present analysis examines the trends in anti-dumping actions initiated against India by developed and developing countries during 1995-2015. The present study will fill this gap by providing the pattern and direction of ADMs during 1995-2015. Rest of the paper is structured into the following sections. The data and methodological details are given in Section 2. While Section 3 attempts to analyse the trends in anti-dumping measures against India. The conclusion and implications of the paper are presented in Section 4.

## 2. Data sources and Methodology

The antidumping case wise information initiated by all the member countries against India for the period of 1995 to the year 2015 are taken from the World Bank's Global Antidumping Databases [12]. It is a comprehensive country-specific database that provides information of all antidumping cases by a country against its trading partners with the initiation date, the outcome of the cases, details of exporting and importing firms. The list of all countries that initiated and levied final antidumping duty measures against India is obtained from the World Trade Organisation report result on antidumping [13]. The corresponding countries global antidumping databases provide the case's information initiated against India for the period of 1995 to the year 2015. For our disaggregated country and industrial analysis, we employ harmonised system classification at 2-digit level for classification by industry type. Further, resulting data is analysed by calculating the percentages, and we obtained the country and industry-wise antidumping cases outcomes against India.

## 3. Results of analysis & Discussion

An attempt has been made to examine the broad pattern and direction of antidumping initiations against India. Although, 205 antidumping cases have been filed against India from the period of 1995 to 2015 according to World Trade Organisation antidumping reports [13]. The Global Antidumping Database has no reference for the cases initiated by Egypt, Kazakhstan, Poland, Peru and South Africa against India. Therefore, our analysis is limited to 167 cases. Table 1 describes the year wise trend of all Anti-Dumping cases (ADIs) initiated against India from the period of 1995 to 2015. In the 20 years, total 4987 antidumping cases are initiated out of which 167 are initiated against India. Overall India is targeted in more than 3% of ADIs. The percent share of ADIs against India has increased by 5.1% points from the 0.6% share in 1995 to 5.7% share in 2015. In the year 2014, marked improvement in the percentage share of ADIs, i.e., (5.9) against India is noticed. Whereas, during 20 years on an average of 8 to 9 (8.35 cases) cases per year are initiated against India. The highest number of AD cases are initiated against India in the year 2002, i.e., 15.

*Table 1. Trends in AD cases initiation against India during 1995-2015*

Year	Number of ADIs against India	Total Number of ADIs	Percent share of ADIs against India
1995	01	157	0.6
1996	08	226	3.5
1997	07	246	2.9
1998	08	264	3.0
1999	10	359	2.8
2000	06	296	2.0
2001	11	372	3.0
2002	15	311	4.8
2003	12	234	5.1
2004	06	220	2.7
2005	08	280	2.8
2006	04	203	2.0
2007	04	165	2.4
2008	07	218	3.2
2009	05	217	2.3
2010	04	173	3.2
2011	07	165	4.2
2012	08	208	3.8
2013	09	287	3.1
2014	14	236	5.9
2015	13	230	5.7
Total	167	4987	3.3

*Source: Authors calculation based on the WTO reports on Antidumping Initiation [13]*

Table 2 lists the year wise trend of all Anti-Dumping measures (ADMs) imposed against India from the period of 1995 to 2015. In the 20 years, a total of 3240 antidumping measures are imposed out of which 77 distinguished measures are imposed against India. Overall, India is targeted in more than 2% of ADMs. For the 20 years, the number of AD cases against India ending with positive measures has declined significantly due to which the percentage share of ADMs declined by two percentage points from the 0.8% share in the year 1995 to 0.6% share in the year 2015. The ADMs against India reached a peak in the year 1996 with the highest percent share, i.e., (5.9). Whereas, during 20 years on an average in 3-4 cases per year antidumping measures imposed against India.

*Table 2. Trend in AD cases measures against India from 1995-2015*

Year	Number of ADMs against India	Total Number of ADMs	Percent share of ADMs against India
1995	01	120	0.8
1996	05	92	5.4
1997	03	127	2.4
1998	05	185	2.7
1999	07	190	3.7
2000	02	238	0.8
2001	05	169	2.9
2002	04	218	1.8
2003	06	223	2.7
2004	05	154	3.2
2005	04	138	2.9
2006	04	142	2.8
2007	03	106	2.8
2008	04	143	1.4
2009	02	143	0.7
2010	01	134	3.0
2011	03	99	5.0
2012	06	120	3.1
2013	05	161	0.6
2014	01	157	0.6
2015	01	181	0.6
Total	77	3240	2.35

*Source: Authors calculation based on the WTO reports on antidumping measures*

## 1. Country wise AD measures against India from 1995-2015

Table 3 lists the antidumping cases initiated against India by the developed countries from the period of 1995 to 2015. Only six developed countries-initiated AD cases against India. Interestingly from these six countries; the European Union (37) and United States (32) figures in the top two countries. Both of these accounts for 41% of AD initiations, 50% of the ADMs and 50% of withdrawals. For 20 years period on an average 1.9 cases are initiated against European Union and 1.6 against the United States. European Union leads with 51 percent of ADMs followed by South Korea with 50%. Overall, in about 42% of the cases, ADMs are imposed, 4% of cases are terminated, and in 53% of cases, no information is given regarding the final outcome. Table 4 lists the antidumping cases initiated by developing countries against India. Here, the top five antidumping case initiating countries are Brazil (18), Indonesia (14), Turkey (13), Argentina (12) and China (07). In terms of ADM's imposition, Turkey tops the list followed by Indonesia, Brazil, Argentina and China. In all the AD cases initiated by China and Russia ADMs are imposed. These five countries account for 82% of ADIs, 93% of ADMs and 1% withdrawals. Overall, in 52% of the cases, ADMs are imposed whereas only 1% is terminated and in 46% of cases no information is given regarding the final outcome. Table 5 depicts the summary of all countries AD cases against India. It is evident that sixteen countries initiated 167 cases out of which the developed countries initiated 89 cases (53%), and developing countries initiated 78 cases (47%). Developed countries successfully imposed anti-dumping measures in more than 40% of cases (41.9%) and the developing countries in more than 50% cases (52.5%). The overall success rate of antidumping cases against India is (47%) out of which developing countries leads with (53%) of ADMs. In (51%) of cases, no information on outcomes of the case is given whereas, (3%) of the cases are terminated. The above analysis identifies that developing countries ADMs hurt India's exports industry more than developed ones ADMs.

Table 3. Developed countries antidumping outcomes against India (1995-2015)

Country	Number of ADIs (% of total ADI)	Number of ADMs (% of corresponding ADIs)	Number of terminated cases (% of corresponding ADIs)	Number of missing cases (% of corresponding ADIs)
Australia	06(6.7)	-	01(16.7)	05(83.3)
Canada	08(8.9)	03(37.5)	01(12.5)	04(50)
European Union	37(41.6)	19(51.4)	02(5.40)	16(43.2)
South Korea	06(6.7)	03(50)	-	03(50)
United States	32(35.9)	12(37.5)	-	20(62.5)
Total	89	37(41.6)	04(4.5)	48(53.9)

Source: Authors calculation based on WTO reports on AD initiations and final measures [13]

Table 4. Developing countries antidumping outcomes against India (1995-2015)

Country	Number of ADIs (% of total ADIs)	Number of ADMs (% of corresponding ADIs)	Number of terminated cases (% of corresponding ADIs)	Number of missing cases (% of corresponding ADIs)
Argentina	12(15.4)	04(33.3)	01(8.3)	07(58.3)
Brazil	18(23.1)	08(44.4)	-	10(55.6)
China	07(9.0)	07(100)	-	01(14.3)
Colombia	02(2.6)	-	-	02(100)
Indonesia	14(17.9)	08(57.1)	-	06(42.9)
Israel	01(1.3)	-	-	01(100)
Malaysia	01(1.3)	-	-	01(100)
Mexico	03(3.8)	-	-	03(100)
Pakistan	04(5.1)	02(50)	-	02(50)
Russia	01(1.3)	01(100)	-	-
Thailand	02(2.6)	-	02(100)	-
Turkey	13(16.7)	11(84.6)	-	02(15.4)
Total	78	41(52.6)	02(2.6)	36(46.2)

Source: Author's calculation based on WTO reports on AD initiations and final measures

## 2. Industry by Industry antidumping outcome

Table 6 provides a summary of 167 antidumping cases outcomes against the 12 Indian export Industries for the period of 1995-15. For each Industry, case wise outcome is presented in each column.

Overall, in 45% cases ADMs are imposed whereas in 49% cases no information regarding final outcome is given and 5% of cases are withdrawn. For 20 years, the following five industries are targeted in 145 cases which are more than 80% of cases: Metals (57), Chemicals (39), Plastics/Rubber (24), Textiles (22) and Machinery and electrical equipment (3). Among these five industries, Textile industry ranks at the first place due to the highest success rate, i.e., the successful imposition of AD measures in (63) cases. It leaves behind the Plastics/rubber industry that faced (50%). Chemicals industry closely follows it with (46%) of successful measures. Surprisingly, cases against Metals industry met with the lesser success percent (38.6) in comparison to other countries. Finally, cases against Machinery and electrical industry met with the lowest success rate at (37.5%). These five industries account for roughly 44% of withdrawn cases and 92% share of cases with missing final outcome.

Table 5. Summary of all countries AD cases against India (1995-2015)

Overall	Number of ADIs (% of total ADI)	Number of ADMs (% of corresponding ADMs)	Number of terminated cases (% of corresponding ADIs)	Number of missing cases (% of corresponding ADIs)
Developed Countries	89(53.3)	37(41.6)	04(4.5)	48(53.9)
Developing Countries	78(46.7)	41(52.6)	02(2.6)	36(46.2)
Total	167	78(46.7)	06(3.6)	84(50.3)

Source: Author's calculation based on table 3 and table 4 results

Table 6. Summary of AD cases against Indian export Industries

Industry	Number of ADIs (% of total ADI)	Number of ADMs (% of corresponding ADIs)	Number of terminated cases (% of corresponding ADIs)	Number of missing cases (% of corresponding ADIs)
Animal products	01	01(100)	-	-
Food products	02(1.2)	01(50)	-	01(50)
Metal products	57(34.1)	22(38.6)	-	35(61.4)
Chemical Products	39(23.4)	18(46.2)	01(2.6)	20(51.3)
Plastics/Rubber	24(14.37)	12(50)	01(4.2)	11(45.8)
Textile products	22(13.17)	14(63.6)	02(9.1)	06(27.3)
Stone and glass products	03(1.8)	-	-	03(100)
Machinery and electrical products	08(4.8)	03(37.5)	01(12.5)	04(50)
Footwear products	02(1.2)	01(50)	01(50)	-
Vegetable products	04(2.4)	-	02(50)	02(50)
Wood products	02(1.2)	02(100)	-	-
Miscellaneous	01	01(100)	-	-
Total	167	75(45)	09(5.4)	82(49)

Source: Authors analysis based on Global Anti-dumping database and WTO reports

Table 7. Summary of the top five industries affected by AD cases

Industry	Number of ADMs	Percent of total ADMs
Metal	22	29.7
Chemical	18	24.3
Plastics/Rubber	12	16.2
Textile	14	18.9
Machinery and Electrical	03	4.05
Total	69	93.15

Source: Authors analysis based on table 6 results

Table 7 presents the results for the top five Indian industries affected by anti-dumping measures. It follows that Indian metal industry is drastically affected by the highest number of anti-dumping actions. This industry group alone accounts for the highest share, i.e., (29.7%) ADM across industries. The Chemical industries exports are inflicted with the (24.3%) of ADMs, and the textiles industry exports are target of (18.9%) ADMs. Exports of plastics/rubber industry met with final anti-dumping measures in (16%) of cases whereas, ADMs against Machinery and electrical equipment constitute (4%) share of ADMs. In terms of final ADMs, the cumulative share of these five industries account for 93%. This concentration reflects an essential aspect of the extent of international competition which exists in these industries. The concentration also reflects the experience and knowledge gained through repeated exposure to the antidumping process.

This is undoubtedly the case in the metals industry which has borne the most extensive use of antidumping cases. The antidumping cases against the remaining seven industries constitute only a meagre share of antidumping initiation and success rate in effect.

#### 4. Conclusion and Implications

It is quite evident from the above analysis that anti-dumping actions against India have increased during the two decades. Overall our study reveals that developed countries antidumping actions targeted the highest number of anti-dumping measures against India whereas developing countries remain slow but rapidly catching up with the developed countries antidumping actions against India. As India has been the leading initiator of anti-dumping duties and surges in the incidence of antidumping duties against Indian exports points in retaliatory antidumping actions in response to India's anti-dumping duties against developing countries. The adverse effect of antidumping measures on export has not been studied in detail. This examination concludes that more cautious efforts by India are required in exercising its anti-dumping actions, particularly against developing countries, to avoid the reciprocity by other countries that unjustly hurts the domestic manufacturers. The study concludes that there is a strong need for capacity building initiatives on ADMs at the industry level. Such initiatives will better prepare the Indian exporting firms in different industries to cope up with such trade barriers.

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