Dumping And Anti-Dumping Measures

New era of international trade has begun with the concept of globalization. Government of India has to adopt the New Economic Policy 1991 in order to welcome globalization. Before this Indian economy was governed by restrictive economic policies. After 1991 the economic liberalization in India started resulting in many changes like relicensing of industries, removal of restriction on growth import liberalization etc. As par as Indian is concern it gave good opportunities to business world to compete with foreign business and to enter into international trade.

However with the advantages of transnational trades there are certain disadvantages also and one of the factors being problem of dumping.

Dumping is resorted to by foreign companies by means of reducing the price of their products to make entry into foreign market. The domestic industry suffers by it. In a long run the dumping industry gets advantages by entry into domestic markets thereby causing damage to the industries in domestic market.

In economics dumping can refer to any kind of predatory pricing. However, the world is now generally use only in the context of international trade law, were dumping is define as the act of a manufacturer in one country exporting a product to another country at a price which is either below the price it charges in into home market or is below its costs of production. The term has a negative connotation, but advocates of free markets see dumping as beneficially for consumers. Advocates for workers and labours however, believe that safeguarding business against predatory practices, such as dumping; help alleviate some of the harsher consequences of free trade between economies at different stages of development. A standard technical definition of dumping is the act of charging lower price for a good in a foreign market than one charge for the same good in a domestic market. This is often referred to a selling act less than fair value". Under the World Trade Organization (WTO) Agreement, dumping is condemned (but is not prohibited) if is causes or threatens to cause material injury to a domestic industry in the importing country.

While not prohibited by the WTO, general agreement on Tariffs and Trade (GATT) (Article VI) allows countries the option of taking actions against dumping. The anti-dumping agreement clarifies and expands Article VI, and to operate together. They allow countries to act in a way that would normally break the GATT principles of binding a Tariff and not discrimination between trading partners-topically anti dumping actins 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 o 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 lightly the arrangements narrows down the range of possible options. It provides three methods to calculate a product's a normal value. The main one is based on the price in the exports 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 n can be made between the export price and what would be a normal price.

Calculating the extent of dumping on a product is not enough. Anti0dumping measures can only be applied if the dumping is hurting the industry in the Importing country. Therefore, a detail investigation has to be conducted according to specified rules first. The investigation must evaluate all relevant economic factors that have a bearing on the state of industry in question. If the investigation shows dumping is taking place and domestic industry is being hurt, the exporting company can undertake to raise its price to an agreed level in an order to anti-dumping import duty.

Anti-dumping measure 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. that is volume from one country is less than 3% of total imports of that products- although investigations can proceed if several countries, each supplying less that 3% of the imports, together account for 7% or more of total imports). The agreement says member countries must inform the committee on Anti0dumping 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.

India And Anti-Dumping

In India, anti-dumping actions are taken by the Directorate of Anti-dumping and Allied Duties, Ministry of Commerce, as per the Customs Tariff Act, 1975, as amended in 1995 based on Article VI GATT 1994. For the government to initiate anti-dumping action the Indian industry must be able to show that dumped import are casing or threatening to cause material injury to the Indian Domestic industries. Obviously the ability of India to do so depends on proper environmental monitoring, data base and procedural familiarity.

Material retardation to the establishment of an industry is also regarded as injury. For anti0dumping action a causal link between the material injury being suffered by the Indian industries and the dumped import must be established. The economic and financial impact of the dumped imports on the Indian Industries concern can be demonstrated, inter-allia, by decline in output loss of sells, loss of market shares, reduce profits, decline in productivity, decline in capacity utilization, reduce return on investment, price effects, and adverse effects on cash flow, employment, wage, growth, investments, ability to raise capital etc.