

The collapse of global trade, murky protectionism, and the crisis: Recommendations for the G20

Edited by:

Richard Baldwin and Simon Evenett



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CEPR gratefully acknowledges financial support for the preparation and publication of this e-book from the joint **BERR-DFID Trade Policy Unit** and the **Graduate Institute, Geneva**. The views expressed in these papers are those of the authors and not those of the UK Government, the Graduate Institute or CEPR (which takes no institutional policy positions).

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11. Protectionism is on the rise: antidumping investigations

Chad P. Bown

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As many WTO members' tariffs are bound – and thus cannot be raised – protectionist pressure often show up as WTO-legal protection such as antidumping, anti-subsidy, and safeguard tariffs. The latest data shows that the spreading economic crisis has been accompanied by a marked increase in such protection.

Comparing 2008 to 2007, the number of new anti-dumping investigations opened in 2008 was up 31%, while the number of anti-dumping measures actually applied increased by 19%. Developing countries dominated this trend on both sides; they initiated 73% of all new investigations and were the target of 78% of them.¹⁸

These new figures continue a worrisome trend beginning in the second half of 2007 (WTO 2008). In particular, the surge in antidumping use in the last six months of 2008 topped the totals of both the previous six months as well as the period covered by July – December 2007.

Using the best available data

Due to data availability and transparency issues, the data is not yet available for all WTO members. However, we do have reliable statistics for the 16 WTO members that traditionally account for the lion's share of antidumping measures (about 85% of all antidumping investigations during 1995-2006).

Under WTO rules, members must conduct a proper investigation of dumping and subsidy allegations before imposing tariffs. Research shows that the vast majority of new investigations result in the imposition of restrictions, so the 2008 surge in new investigations is very likely to result in a surge in newly imposed import restricting measures in 2009.

Leading initiators

India initiated the most anti-dumping investigations in 2008, filing 54 cases in all with 23 stemming from just 2 types of imports (Cold-Rolled Flat Products of Stainless Steel, where the Indian government initiated cases against 8 different exporting countries, and Hot Rolled Steel Products where they initiated cases against 15 different exporting countries. India's lead position was followed by Turkey and Brazil (23 inves-

¹⁸ Here "developed" is not the WTO definition but is rather based on the World Bank's income classification. Specifically, it includes Australia, Canada, the EU, Hong Kong, Israel, Japan, Kuwait, New Zealand, Saudi Arabia, Korea, Switzerland, United Arab Emirates, and the US.

tigations each), Argentina (19), the US and the EU (18 each), China (7), Colombia and Australia (6 each), Korea (5), and Canada, Pakistan, and South Africa (3 each).

Compared to 2007 figures, these numbers represent increases for Canada, the EU, India, Pakistan, Turkey, China, Colombia, Australia, Brazil, and Argentina, and declines for the US, South Africa, and Korea. Egypt and New Zealand, which had initiated new investigations in 2007, did not initiate any new investigations in 2008.

Leading targets

Exporters in developing countries were the subject of 147 anti-dumping investigations in 2008 – 45% more than the 101 investigations directed against them in 2007. In addition, 92 of the 120 new measures in 2008 were applied to developing countries' exported products, compared with 78 of 100 new measures in 2007. China was the most frequent subject of anti-dumping investigations in 2008, as 35% (66 initiations) of all the new initiations in 2008 were directed at its exports. This represented a 27% increase over the 52 new investigations that targeted China's exports in 2007. The EU, Thailand, and Indonesia each had 11 investigations directed at their exports, followed by Malaysia (10), Taiwan (9), South Korea (8), India (7), the US (6), Brazil, Japan, and Saudi Arabia (4 each), Iran, South Africa, Turkey, Vietnam (3 each), Belarus, Canada, Hong Kong, Peru, Russia, and Ukraine (2 each). Thirteen other countries were the subject of one new anti-dumping investigation each in 2008.

Iron and steel most common products

In keeping with past trends, the most frequently investigated products in 2008 were in the iron and steel sector (48 initiations), followed by the chemical sector and the textile/apparel sectors (35 initiations each). Concerning the investigations that targeted the iron and steel sector, India initiated one half of them, while the EU initiated 11.

Data on antidumping measures actually applied

Regarding the application of new final anti-dumping measures, India applied 26 new measures in 2008—two measures less than it applied in 2007. The US applied 23 new measures in 2008, followed by the EU and Brazil (15 each), Turkey (11), South Korea (8), Argentina and China (4 each), Canada, Egypt, South Africa, Australia (3 each), and New Zealand (2). This represented increases for the US, the EU, Egypt, Turkey, South Africa, New Zealand, Australia, Brazil, and Korea, and declines for India, China, and Argentina, compared with the figures in 2007. In addition, Pakistan, Taiwan, and Colombia, which had applied new measures in 2007, did not apply new measures in 2008.

China's products were the most frequent subject to new anti-dumping measures in 2008, comprising 41% (49 new measures) of the 120 new measures applied during this period. These 49 measures applied on Chinese exports represent an increase of 5 new measures from 2007. Exports from the EU were next, with 9 new measures applied, followed by Taiwan (8), South Korea (7), the US (6), India and Indonesia (4

each), Brazil, Russia, Singapore, and South Africa (3 each), Japan, Malaysia, Thailand, Turkey, and Vietnam (2 each). Exports from eleven other countries were subject to one new anti-dumping measure each in 2008.

The chemical sector was the industry most frequently affected by the new measures applied in 2008—accounting for 47 of the 120 new measures applied. The iron and steel sector was subject to 18 new measures, and the plastics and rubber sector was subject to 14 new measures in 2008. Concerning the new measures that were imposed on products in the chemical sector, nearly one half (23) of the 47 new measures were applied by India.

Sources

With only two exceptions, the data provided above are collected from the each national government publications that are publicly available on websites (see Bown 2009 for details). Thus the statistics are reliable to the extent that these countries publish their new anti-dumping initiations and applied measures on their websites. Korea's data for 2008 was collected via a trade news website, *antidumpingpublishing.com*, and its data for 2007 was collected via its semi-annual reports to the WTO. Argentina's data for November and December 2008 was not available from its government website and thus was based on reports made on *antidumpingpublishing.com*.

The Global Antidumping Database can be found at http://www.brandeis.edu/~cbown/global_ad/. The complete and detailed data on antidumping investigations will be made available in early summer 2009 as version 5.0 of the Global Antidumping Database.

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About the author

Chad P. Bown is an Associate Professor of economics at Brandeis University and a Nonresident Fellow in the Global Economy and Development Program at the Brookings Institution. He prepared this report as part of the World Bank's trade policy transparency initiative to expand and update data made freely and publicly available via the Global Antidumping Database. Aksel Erbahar provided outstanding research assistance.