

GLOBAL JOURNAL OF ENGINEERING SCIENCE AND RESEARCHES A COMPARATIVE STUDY OF DEVELOPED AND DEVELOPING OF TARIFF MEASURE

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I. INTRODUCTION

The general agreement on tariffs and trade was established in 1948 after World War II. GATT is an international trade agreement made to boost countries economy from World War II destruction. Eight round of GATT was held from 1948 to 1956 with each round has some significant results. The sixth round of GATT has dedicated to tariffs and in specific it is concern about the predatory pricing of dumping. The primary purpose of GATT is to increase the international trade by eliminating or minimising trade barriers like tariffs, subsidies and quotas. Eighth round held in Uruguay lead to the formation of WTO in 1995.¹

There is one principle of WTO named MFN clause i.e. most favoured nation clause which states that members countries of WTO should not discriminate between the products of its own and other countries that include non- imposition of any internal taxes or any other charges on foreign products regarding quantitative restrictions, fees and formalities related to imported products.¹

Article VI of GATT 1994 deals with anti-dumping agreement includes definition, measures of dumping and circumstances of the anti-dumping application.

Dumping in the GATT/WTO

Dumping is a situation where an exporting country sells a product to an importing country at a price lower than the home country. So one can say that dumping is occurred only by comparing the price of the product in question between the two countries, however, there may be a situation where there is very less or negligible sales in the domestic market of the exporting country, then to know the marginal price we compared the price with the third country provided due consideration is given to the product cost and administration and selling cost.

There may be a situation where price of the third country also become prevalent because it does not show the reliable price due to the arrangement made by the importer, exporter and third country in that situation dumping price is calculated on the basis of price resold to independent buyer or in absence of independent buyer on such basis considered suitable by authorities.

A condition in which a WTO member can impose anti-dumping restriction if in the investigation is proved that (a) dumping is occurred (b) exporting countries product are causing injury to the domestic industries by exporting the same type of product at lower price. (c) Establishment of a causal relationship between the above (a) and (b).

In this study, we analyse the trends of countries implementing tariff barriers i.e. anti-dumping measures. We will do a comparative study of developed and developing countries. Part I consist of introduction about the components of tariff measures. Part II consists of a review of literature about the tariff in question. Part III consists of data interpretation with the help of table and bar diagram and conclusion of the study.

II. LITERATURE REVIEW

Anti-Dumping Measures

Robert m. Feinberg (2010), analysis the impact of anti-dumping and the global financial crisis on LAC and found out protectionism has a strong influence on Latin America, in terms of both anti-dumping and safeguard clause cases: export growth by LAC countries it seems unlikely to get affected by antidumping actions taken by petitioners outside the region⁴. Nisha Malhotra (2004), Studied the use of United States anti-dumping legislation and found out that US protectionism behaviour is anti-competitive and also import legislation provide protection to the domestic market. The author raised two question whether US government should adopt the protectionist policy in case of

dumped imports and second would protection provide a protected environment for domestic industries for growth or, it would discourage competition and distort market condition.⁵K.Narayanan&lalithambalNatarajan studied the trend of anti-dumping by India against other countries and its countervailing actions They conclude that anti-dumping actions have increase manifold after WTO came into effect in 1995. India is the most active users of anti-dumping (AD) actions and unlike the expectation, it is targeted against developing countries rather than developed countries. India implements anti-dumping in monopoly and high concentrated industries of India and developed countries raise issues against India having great potential of export.⁶Xinhua Zhu (1997), say anti-dumping agreement designed as a weapon against dumping but now the role has changed from ensuring fair competition and protecting efficient competitors to use against an efficient competitor from developing countries.⁷MuslumYilmaz analysed anti-dumping measures were mainly used by a limited number of developed countries until the 1990s. After the establishment of the WTO in 1995, however, this pattern has changed considerably. It does not remain as a tool used predominantly by a small group of countries. Secondly, developing countries are using anti-dumping measures within the first twelve years of the WTO. The number of measures imposed by these countries as well as their share in total impositions increased considerably during this period. Nonetheless, statistics show that the more developing countries imposed anti-dumping measures the more they were targeted by other countries' measures. The share of measures imposed by developed as well as developing against other developing countries increased 1995-2006 compared with the period 1990-1994. It is no longer true to argue that it is a tool used by developed countries against developing countries.⁸ Vinícius de Azevedo Couto Firme & Cláudio R. FóffanoVasconcelos (2015),analyse the evolution of anti-dumping after the Uruguay Round, in the period of 1995 to 2012. They found Turkey and the European Union countries as main AD users using it to give more privilege to the competitive sectors. On the other hand, Argentina like other developing and developed countries trying to protect its inefficient or less efficient domestic industries from competition by implement it as a industrial policy. However, it seems like it only become significant to Turkey and the European Union countries. This result did not change even after including a variable to capture the retaliation effect. So, both countries seem to be favouring the most competitive sectors.

III. DATA INTERPRETATION

Trends with respect to anti dumping measures by importing member

Table 1 illustrate the importing member data on anti-dumping measures (in force).

Country	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17
Australia	1	1	1	20	6	5	11	9	10	4	3	5	1	3	2	2	5	10	9	14	10	5	14
United States	33	12	20	16	24	31	33	27	13	14	18	5	4	23	15	17	4	7	7	22	14	35	33
European union	15	23	23	28	18	41	13	25	2	10	20	12	12	16	9	5	11	3	12	1	10	5	11
mexico	16	4	7	7	7	6	3	4	7	7	8	5			1	2	1	4	2	8	9	12	2
Canada	7		7	10	10	14	19		5	8	4		3	3	2	3	1	10	7	6	13	3	10
Brazil	3	6	2	14	5	9	13	5	2	5	3		9	11	16	5	13	14	30	32	31	13	10
Argentina	13	20	11	13	9	14	14	22	19	1	8	4	8	5	16	15	8	9	9	9	11	1	2
New Zealand	3	4		1			2	1		2	4	2	3				2						
turkey	11				1	8	2	11	28	16	9	21	6	11	9	10	2	1	8	9	7	9	10
Poland				1		6			2														
Korea, Rep. of		5	10	8		5		1	4	10	3	8		12	4		2		5	5	3	3	4
South Africa		8	18	13	36	13	5	15	1	4		7	1	3	3	1		1	2	1	5		

India	7	2	8	22	23	55	38	64	52	29	18	16	24	31	30	32	26	30	12	15	38	37	47
Thailand			1	2				1	20	1	2		1		3		3	2	7	4		5	7
Peru	2	2	3		3	4	1	7	7	8	3	4	1		2	1	1		1		1	1	
china				3	2	5		5	33	14	16	24	12	4	12	15	6	5	8	12	5	11	5
indonesia			4	2	7		1		1	8	4	2		5	1	5	2	4	5	3	6		3
egypt				5	14	1	2	7	4	1		12	2	3		1	1		1		1	4	6
malaysia		2	2	4	1	1		1	7		7								11	2	5	5	
philippines		2	1	1	3	4															1		1
japan	1							2						4							1	2	1
others	8	1	9	15	21	14	12	11	7	12	8	15	18	9	18	20	11	21	25	14	10	20	28
Total	120	92	127	185	190	236	169	218	224	154	138	142	105	143	143	134	99	121	161	157	181	171	194

Source: WTO semi-annual report

Total anti-dumping measure (in force) from top ten users account for 75 per cent of total anti-dumping measure in period 1995-2017. Among top ten users of anti-dumping measures 6 are developing countries and in percentage they account for 46 per cent of total measures Prevailing in the countries. Active user in developing countries is India, Argentina, Turkey, Brazil, China and South Africa. Top ten users include only 4 developed countries which account for 29 per cent of total measures. Active user in developed countries is United States of America, Canada, Australia and European Union. From this analysis it is clear that developing countries are more active in anti-dumping Implementation than developed countries. Most active user among developing country is India with 656 measures (in force) from period 1995-2017.

IV. CONCLUSION

World Trade Organisation is only international organisation which ensures countries around the World to perform its trade as smoothly, freely and predictably as possible. it provide platform to the countries for any issues related to trade. WTO provides protection to the countries from another countries trade injury. There are number of prevailing measures which countries initiate and implement to protect its domestic industries. Initially measures were allowed to protect owns country but now a days it is being used to restrict other countries trade and protect own inefficient domestic industry.

This study analysis the trends of these measures from establishment of WTO i.e. Period 1995 to 2017 and comparative study between developed and developing countries trend of anti-dumping measures,. This study concludes that developing countries implement more anti-dumping measures as compared to developed countries. We found that top ten active users of anti-dumping measures account for 75% of total dumping. Among top ten 6 are developing countries which account for 46% of total anti-dumping and 4 are developed countries which account for 29% only. Top ten countries include 4 developing countries and 6 developed countries.

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