


Current Status of Anti-Dumping Investigations: The Korean Perspective



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Since the global economic crisis occurred in 2008, international trade communities have worried about rising protectionism, as protectionist measures such as import restrictions and tariff increases have been historically prevalent during periods of economic slowdown.

Moreover, Mr. Donald Trump, the US President-elect, maintained a protectionist stance in his campaigns. Specifically, he claimed that foreign countries have dumped huge quantities of underpriced products into US markets in order to drive US products out of domestic markets. He announced that he would use his powers of the presidency to raise tariff rates, accusing China and Mexico of unfair trade practices.

WTO statistics indicate that anti-dumping measures have been widely used to protect domestic industries in recent years. The number of anti-dumping measures initiated amounted to 177 in 2005, while 141 measures were in force. In 2015, the number of anti-dumping measures initiated amounted to 226, while 182 measures were in force.

Before 1995, when the WTO anti-dumping agreement was in force, developed countries were the main instigators of anti-dumping measures.

Since 1995, however, developing countries have also become frequent users. Four countries, namely India, the European Union, the United States and China, have turned out to be the most frequent users of anti-dumping measures.¹ The number of investigations in 2005 by India and China amounted to 24 each, followed by the European Union (22) and the US (9). In 2015, the number of US investigation amounted to 42, followed by India (30), the European Union (12), and China (11).

When we review the total sum of anti-dumping measures initiated and in force by industry,² the chemical and metal sectors are revealed to be the main targets of anti-dumping measures along with machinery, textile and wood sectors. The number of anti-dumping measures initiated and in force targeting the metal sector amounted to 87 in 2005, followed by the chemical (60), textile (21), wood (7) and machinery (6) sectors. In 2015, however, the metal sector became the most frequent target (167), followed by the chemical (134), machinery (25), textile (17) and wood (16) sectors.

Five anti-dumping measures targeted Korea in 2005; this number jumped to 18 in 2015. As of July 2016, 15 anti-dumping measures targeting Korea are now in force. On the other hand, to deal with complaints from Korean domestic industries, the Korea Trade Commission investigated four anti-dumping cases in 2005. The number of Korean investigations temporarily increased to six cases in 2009, but dropped to four cases as of July 2016. The number of investigations is clearly much lower than the number at which Korea is being targeted. For its part, Korea has been a frequent target of anti-dumping measures by trading partners.

Trade remedy measures such as anti-dumping measures are widely known to be consistent with the WTO rules on curing the unfair trade practices. However, they were reputed to be grey-area measures in the sense that they were not controlled by the international trade regime before the Uruguay Round agreements came into effect in 1995. They became WTO-consistent measures only since WTO member countries agreed upon the WTO Anti-Dumping Agreement.

The current WTO Anti-Dumping Agreement deals with many articles related to (i) evidence of dumping actions by the exporters, (ii) material injuries to domestic industries, and (iii) causal relationship between dumping actions and industry injuries. In order to prevent overuse of an

¹ We choose four representative frequent user countries.

² The chemical sector covers the chemical (S06), plastics, and rubber industries (S07); the textile sector covers the textile (S11) and footwear industries (S12) in the WTO I-TIP Goods database.

anti-dumping duty, WTO member countries need to introduce more transparent mechanisms and due process regarding the determination of dumping and injury, initiation and subsequent investigations, and evidence, among others. Specifically, the WTO Anti-Dumping Friends Group composed of 15 WTO members has raised various issues including zeroing, lesser duty rule, and anti-circumvention in the DDA negotiations.

In addition, WTO members need to regulate the review process of examining whether the continued imposition of a duty is necessary to offset dumping. An anti-dumping duty needs to be terminated without exception in the case that the injury would not be likely to continue or recur if the duty were removed. **KIEP**