

ANTI-DUMPING REGULATIONS

ISSUE

Dumping is said to happen when a foreign exporter sells a good in a foreign market for less than the comparable price in its home market, or less than the cost of production plus "reasonable" profit. The prices of the foreign products may be so low that they drive or threaten to drive the competing domestic industry out of business, or materially retard the establishment of such an industry. The European Community frequently imposes anti-dumping duties on foreign exporters. The Community has been criticized for the manner in which it has applied its anti-dumping legislation.

BACKGROUND

In response to a complaint filed by an industry, the EC may initiate an investigation as to whether (1) foreign products have been dumped, and, if so, (2) the dumping has caused injury. If these two conditions have been met, the Commission imposes provisional anti-dumping duties. The Council subsequently determines, after reviewing the Commission decision, the definitive imposition of such duties. The exporter may avoid duties by offering a minimum price or quantitative undertaking during the course of the investigation. When a price agreement is concluded, the exporter agrees to sell its products at a sufficiently high minimum price. Under a quantitative undertaking, the foreign firm agrees to restrict its exports, which also has a price increasing effect.

Between 1983-1987, the Community initiated some 150 anti-dumping investigations, while still having to decide on an equally large number of cases from previous years. About half of these investigations were concluded by imposition of definitive anti-dumping duties, acceptance of price undertakings or a determination of insufficient proof.

EC POSITION

The Community maintains that its anti-dumping regulations and practices are consistent with GATT rules.

CANADIAN POSITION

Canada has not been a major target of EC anti-dumping practices. During the period 1985-1987, only 1 out of the 99 cases initiated by the EC involved Canada. Nevertheless, EC anti-dumping practices present the following concern: the general nature of GATT rules allows the EC to interpret these rules in a broad manner. Canada has sought to establish a more rigorous GATT anti-dumping regime.