

to address the entry barrier issue through the use of a measure of sunk machine and equipment costs. Where potential future entry is comparatively easy, predation is unlikely. In only 23 cases are the sunk-cost ratios above the mean value of the sunk-cost-to-total-sales ratio for all U.S. manufacturing industries.

Other chapters of the same OECD study look at Canadian and Australian practices. Although the filtering is less rigorously constructed than in the U.S. and EC cases, the analysis is much the same. A review of the products subject to Canadian antidumping investigations during 1980-91 suggests that no single exporting country appears to have had a sustainable dominant share of the Canadian market, or the good was very price-sensitive, while there was a multiplicity of international suppliers of most products subject to antidumping petitions in Canada.¹⁶ With regard to Australia, imports subject to antidumping actions either have been from diverse sources or hold only a small market share.¹⁷

The above analysis clearly implies that successful predation by the foreign firm would be very difficult if not impossible in almost all cases reviewed, confirming that an antidumping regime is not, in practice, an appropriate tool for addressing alleged predatory behaviour. Antidumping in practice captures too many pro-competitive activities.

3. Incrementalism Unchained

There is a convincing rationale in favour of tightening, at the very least, the international disciplines applicable to antidumping rules. Leaving aside the practicalities of how this might be done, as well as the even larger issue of reform versus replacement, what changes could we usefully explore in the context of future NAFTA discussions with the U.S.? In this section, I suggest a number of possible modifications representing various degrees of ambitiousness, without implying any ranking by importance. I do not mean to imply that such changes are easily achievable, given the very politicized nature of the trade remedy debate in the U.S..

¹⁶ OECD, "Competition Policy and Antidumping: The Economic Impact of Canadian Antidumping Law", DAF/CLP/WP1(92)4/REV1, paragraphs 55-8. The unlikelihood of predation is also the conclusion reached in S. Hutton and M.J. Trebilcock, "An Empirical Study of the Application of Canadian Antidumping Laws: A Search for Normative Rationales", *Journal of World Trade*, Vol. 24 (1990), p.129.

¹⁷ OECD, "Competition Policy and Antidumping: Australia's Antidumping Policies and Practices", DAF/CLP/WP1(94)6, paragraphs 28-32.