Anti Dumping Duty

Anti Dumping Duty in India

The circumstances under which the Central Government may impose anti-dumping duties on dumping goods in the domestic Indian market are outlined in the Customs Tariff Act, 1975. The 1995 amendment's anti-dumping rules provide guidelines for identifying, assessing, and collecting anti-dumping duties from importers.

According to the anti-dumping rules, the Indian government can levy anti-dumping duties upon the completion of an investigation and the determination of normal value, export value, and the margin between the two. To determine whether goods are subject to the imposition of anti-dumping duties, the government may establish anti-dumping rules.

The Indian government is empowered to impose additional taxes on top of anti-dumping duties in the event that the domestic industry suffers any kind of serious or significant harm. The quantity of products dumped, their consumption, and their impact on the domestic market are taken into consideration when calculating the amount of harm.

Anti-dumping duties are only effective for five years, after which they expire if they are not assessed and renewed.

Anti Dumping Duty - Fair Market Value

Fair Market Value (FMV) refers to the market-approved value of a product, security, or stock. FMV also refers to the asset price mutually accepted by buyers and sellers.

- FMV applies to products that are traded or sold in the domestic market under normal conditions. The government imposes Anti Dumping Duty on foreign goods being imported into the country when it believes that the foreign goods are sold at a lower price than the FMV of similar goods in the domestic market.
- Also, the government determines the duty by analysing the dumping margin, which is the difference between the domestic selling price and the export price. The export price, coupled with the dumping margin, is aimed at making the price equal to the FMV of the product in question.
- The government imposes an Anti-Dumping Duty to protect domestic businesses from unfair competition.

Anti Dumping Duty - International Law

Article VI of the General Agreement on Tariffs and Trade 1994 presents a detailed explanation of Dumping. It also contains the Anti Dumping Agreement that specifies clearly that any importing country can levy a duty to provide relief to businesses in the domestic market injured by imports.

- Before the Uruguay Round negotiation, the Anti Dumping Agreement was referred to as the Tokyo Round Anti Dumping Code. Amending the Code became necessary because the existing price discovery procedures measuring the damage to domestic industries were too complex and highly technical.

- Moreover, the Tokyo Round Anti Dumping Code was not suited to tackle the complexities of ongoing international transactions. Due to the outdated rules of the Tokyo Round, traders rampantly abused the anti-dumping provisions, thus necessitating an overhaul.
- The World Trade Organization (WTO) conducts two meetings of the AD (Anti Dumping) Committee every year to discuss the implementation of several anti-dumping measures. The Committee also reviews anti-dumping implementation laws and hears reports. The AD Committee works under the Council for Trade in Goods.

Anti Dumping Duty - Example

Some American steel companies, including Steel Dynamics Inc., United States Steel Corp, ArcelorMittal USA, etc., complained to the US Department of Commerce and the International Trade Centre (ITC) about the Dumping of steel in the US by some countries, including China. After carefully analysing the complaint, the US imposed an Anti Dumping Duty of 522% on the steel imported from China.

Anti Dumping Duty has emerged as a tool to protect the interests of domestic businesses. It offers a level-playing field for domestic businesses to compete with international businesses.

Anti Dumping Duty - Summary

The key takeaways from this article have been summarised below;

- When a national government applies a protectionist charge on goods from abroad that it deems to be priced below fair market value, it is known as an anti-dumping duty.
- Many nations apply taxes on goods they fear are being dropped in their domestic market in order to defend their own economies, on the grounds that they may undermine domestic firms and the local economy.
- Anti-dumping duties may result in higher pricing for domestic customers even though their primary goal is to protect domestic jobs.
- Anti-dumping duties may eventually lessen the foreign competitiveness faced by domestic producers of comparable goods.
- The International Trade Commission (ITC), a separate government organisation, is in charge of enforcing anti-dumping tariffs in the United States.
- A series of international trade regulations, such as the global regulation of anti-dumping measures, are also operated by the World Commerce Institution (WTO), an international organisation that deals with the laws of trade between nations.