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New ECIPE Working Paper:

Ten years of anti-dumping in the EU: economic and political targeting

The economic crisis is showing once again that anti-dumping measures are a form of protectionism that is both conveniently discreet and susceptible to abuse. Last week's move by the EU to apply tariffs on US biodiesel was particularly riling to the US, coming as it did hot on the heels of Gordon Brown's lesson in resisting protectionism in Congress. But it was just the latest in a long line of anti-dumping measures. In this new paper, Lucy Davis sheds light on the 332 cases initiated by the EU since 1998.

Trends in the countries and products targeted, tariff levels applied and the industries making the complaints all indicate the use of anti-dumping as a protectionist measures against rising global competition. Specific sector interests have exploited concerns over falling European competitiveness, particularly in relation to China, to successfully galvanise political support for anti-dumping protectionism.

Anti-dumping is a trade-policy measure which tends to resurface in times of economic difficulty, reflecting conditions for domestic producers on the global market. It is a form of protectionism that creeps into trade policy almost undetected. Its use is legally justified on the grounds of eliminating dumping of low-cost goods in foreign markets, deemed as 'unfair' trade. This is appealing rhetoric, especially in times of economic contraction.

But anti-dumping actions often have little to do with unfair trade, or sound economics. They are more likely to construct barriers intended to protect inefficient and uncompetitive industries. They are an attractive option for industries threatened by more efficient rivals: particular exporters can be singled out, the rhetoric of 'unfair' foreign trade elicits political support for protection, and the resulting import duties often far exceed everyday tariff levels. Steel imports, for example, face an average EU tariff of 2% and an average anti-dumping duty of 30%.

A high proportion of EU anti-dumping actions have been concentrated in sectors where production has shifted to other countries and where European production is in decline. Since the 1990s, 81% of all cases have involved raw materials, input goods and textiles. Asian producers have overwhelmingly been the favourite targets: 59% of all cases have involved Asian exports, 22% from China alone. This figure rises to 42% from 2007 onwards. Paranoia over the threat of China's recent export success to European industries has been rife in EU trade-policy circles.

The sources of the complaints have been equally concentrated in countries whose processing industries are most threatened by global trade. Industries from Germany, France, Italy and Spain are the most active complainants. German industries have backed almost half of all anti-dumping duties applied since 1998. They are often backed by large and influential representative lobbies with the strength to galvanise political support. Whether the investigation convincingly proves that dumping has caused injury to European producers, or indeed that anti-dumping duties would benefit them, becomes somewhat irrelevant once the political wheels of EU anti-dumping are in motion.

Anti-dumping is a highly charged and opaque area of trade policy and generates defensive positioning. It can be difficult to understand just how it is being used and its significance for Europe's trade with the rest of the world. But this paper provides the evidence that it is at times used as a protectionist tactic against what is fair and legitimate trade. The result is distortion of markets and contraction of trade. The current economic climate makes it all the more important that the potential for protectionist abuse is fully and publicly exposed..

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The paper can be downloaded at www.ecipe.org.