

Third party anti-dumping: A tentative rationale

Martin Richardson

*School of Economics, Faculty of Economics and Commerce, Australian National University,
Canberra ACT 0200, Australia*

Received 12 February 2005; received in revised form 25 June 2005; accepted 1 October 2005
Available online 25 January 2006

Abstract

This paper considers the phenomenon of third party antidumping; that is, the ability of a firm to bring an AD case in a foreign country against third party dumpers. Recent experience in New Zealand is discussed and suggestions are offered as to why a country might wish to permit foreigners to demand that other foreigners increase prices in that country.

© 2005 Elsevier B.V. All rights reserved.

JEL classification: F12; F13; F15

Keywords: Anti-dumping; Third-party anti-dumping

1. Introduction

There are no producers of a product called “clear float glass”¹ in New Zealand (NZ) and there have been no producers of sheet glass in NZ since Pilkington (NZ) Ltd., a NZ subsidiary of the British multinational Pilkington PLC, closed its Whangarei plant in 1991.² In 1997 an antidumping (AD) case was lodged with the NZ Secretary of Commerce alleging dumping of

E-mail address: martin.richardson@anu.edu.au.

¹ The float process was invented by one Sir Alastair Pilkington in 1952 and makes glass for buildings and vehicles. Extremely hot molten glass is poured onto a pan of melted tin where it floats and spreads into a flat surface, the thickness of which can be adjusted by the speed at which the glass is drawn off the tin. Float plants are extremely capital intensive and have high minimum efficient scale. They are designed to operate continuously for over a decade and there are over 260 worldwide (source: www.pilkington.com).

² The reasons given for the plant’s closure were that it could not compete with imported glass (mainly from China) in the absence of tariff protection and that it was technologically outdated (*National Business Review*, 1991). The cost of converting the plant to a float plant was in the order of NZ\$70m and was not considered economic, given the limited size of the market. Pilkington PLC continued to serve the NZ market with imports of float glass from plants elsewhere, including Australia.

clear float glass in NZ by firms from China, Indonesia and Thailand. The application was lodged by Australian authorities on behalf of Pilkington Australia Ltd. (PAL), the Australian subsidiary of Pilkington PLC, claiming material injury resulted to PAL in the NZ market.

This is an example of third-party antidumping (TPAD) and raises the interesting question of why a country would permit an AD action to be brought in its territory on behalf of foreign firms. The basic economics of dumping suggests that it is almost invariably in the national interest of the importing country and the rationale for AD is that policy-makers weight the interests of domestic producers more heavily than those of domestic consumers.³ Hence TPAD is a bit of a puzzle: with no domestic industry interests at all, why inflict damage on domestic consumers?

One obvious answer might be ‘reciprocity’: yes, NZ loses from Australian TPAD actions but it gains from TPAD actions brought in Australia on behalf of NZ firms. This is possible but, in this particular instance, NZ has never brought a TPAD case in Australia while four have been brought by Australia in NZ in the 1990s.

This paper suggests another explanation for allowing TPAD. In a setting where firms can establish international subsidiaries, TPAD can enhance the efficient international location of production. One could then justify it on standard economic welfare grounds both from the perspective of the joint welfare of the importing country and the complainant and even, as we show, from the welfare perspective of the importing country alone, albeit in some very special circumstances.

The purpose of this paper, however, is not to suggest that TPAD is wise policy. Indeed, the circumstances we describe below in which the importing country alone gains from TPAD are very particular. Furthermore, the case for TPAD based on the joint welfare of the importing country and the complainant is a second-best case: the circumstances in which joint welfare is raised by TPAD are circumstances in which the abolition of AD would be even better still.

The remainder of the paper is organised as follows. In the next section we discuss in a little more detail the experience of NZ with TPAD and the legal context in which it operates. Section 3 outlines our argument and sets up a model to demonstrate our arguments. Section 4 then considers a practical caveat in the Australia–NZ case and a final section summarises and concludes.

2. Some background

The legal background for TPAD arises in the GATT agreement, Article VI: 6(b) of which states that, “[t]he contracting parties may... permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product... which causes or threatens material injury to an industry in the territory of *another* contracting party exporting the product concerned to the territory of the importing contracting party” (italics added. See GATT, 1947.) Furthermore, Part 1: Article 14 of the 1994 Agreement on Implementation of Article VI (Antidumping) of the GATT entitled *Anti-Dumping Action on Behalf of a Third Country* addresses TPAD directly and stresses that, “[t]he decision whether or not to proceed with a case shall rest with the importing country” (see WTO, 1994.)

These enabling treaties then find their way into the relevant law and trade agreements of a number of GATT signatory countries, of course. So Title 19: Chapter 4: Subtitle iv: Part iv: Sec. 1677k of the US Code, for instance (see US Code Title 19), outlines US TPAD procedures. It is

³ The one generally accepted exception to this is the case of predatory dumping which is not an issue here.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات