Contents

<table>
<thead>
<tr>
<th>Table of cases</th>
<th>xiii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of international instruments</td>
<td>xvii</td>
</tr>
</tbody>
</table>

PART I ANTI-DUMPING

1 General introduction 3
   A. Dumping: an unfair (?) trade practice 7
      1. Dumping is price discrimination 7
      2. Price discrimination in antitrust statutes 8
      3. Price discrimination in economic theory: three stories 10
         (a) Predation 11
         (b) Discriminatory pricing 13
         (c) Strategic dumping 17
      4. Anti-dumping enforcement: lessons from an economic perspective 18
         (a) Determinants of anti-dumping complaints 19
         (b) Determinants of anti-dumping investigations 20
         (c) The direct costs of anti-dumping measures 23
         (d) The magnified costs of anti-dumping protection 24
   B. Thou shall not discourage dumping (other than through duties) 25

2 Section I: dumping 30
   A. Normal Value (NV) 30
      1. Ordinary course of trade 31
         (a) Sales below cost 32
         (b) Sales otherwise outside the ordinary course of trade 34
      2. No sales or insufficient volume of sales 40
      3. Constructing NV 41
         (a) Constructing the cost of production 41
         (b) Constructing SG&A and profits 45
      4. Determining the normal value in the case of imports from non-market economies 51
   B. Export price 52
   C. Establishing the dumping margin 55
      1. The duty to perform a fair comparison 58
(a) The obligation to compare prices at the same level of trade 56
(b) Due allowances: an indicative list 57
(c) Due allowances: a reasonableness standard 59
(d) Due allowances: the burden of proof issue 60
(e) The end result 62
2. Three alternative methods for comparing NV and export price 62

D. Zeroing and its discontents 65
1. Zeroing – the practice 66
2. Overview of the case-law 67
   (i) The original cases: EC – Bed Linen and US – Softwood Lumber V: establishing the principle 68
3. Conclusion 86
4. Commentary 87

3 Section II: injury and causality analysis 95
A. General introduction 95
B. Findings of injury must be based on positive evidence and involve an objective examination 97
   1. Positive evidence 97
   2. Objective examination 98
C. Substance of an injury determination 99
   1. Volume of dumped imports 100
      (a) No increased dumped imports, no injury? 100
      (b) An increase in ‘dumped imports’ 102
   2. Price effect of dumped imports 104
   3. Factors evidencing the impact of the dumped imports (injury indicators) 106
      (a) All factors reflected in Art. 3.4 AD must be examined 106
      (b) The need to evaluate all relevant factors 109
      (c) No need for a causation analysis under Article 3.4 111
   4. Threat of injury 112
   5. Cumulation 117
D. The causation requirement 119
   1. Causation and non-attribution 119
   2. Other known factors must be examined as well 123
E. The domestic industry producing the like product 126
3 Section III: procedural obligations – the tasks of the domestic investigating authority

A. The overarching obligation: an objective and unbiased investigation with respect for due process
   1. The need to conduct an objective and active investigation
   2. Respect for due process
B. Initiating the investigation process
   1. Two tracks: *ex officio*, upon request
   2. A proper application for initiation
   3. Standing requirements
   4. Sufficient accurate and adequate evidence to justify initiation
      (a) Sufficient evidence of what?
      (b) What is sufficient as evidence?
C. The investigation – choosing the period of investigation (POI)
   1. General
   2. POI-related questions
      (a) The need for an accurate and unbiased picture
      (b) The end of the POI – the recent past?
D. The investigation: defining the subject product and the like product
E. The investigation: information gathering and due process
   (a) The information gathering process
   (b) Publication and notification requirements
   (c) Specific aspects of the investigation: recourse to best information available (BIA)
      (i) The conditions for recourse to best information available (‘BIA’)
      (ii) Necessary information
      (iii) Submitted within a reasonable period of time
      (iv) Which information to use as best information available
   (d) The need for a company-specific margin calculation – and the sampling exception
      (i) An individual margin of dumping – collapsing
      (ii) The exception to the rule – sampling
F. The investigation – the end
   1. Termination for reason of *de minimis* margin or negligible volume of dumped imports
   2. Price undertakings
## Contents

3. Imposing and monitoring AD duties 207
   (a) Imposing duties is a right, not an obligation 207
   (b) Non-discrimination 208
   (c) *Ad valorem*, fixed or variable duties 208
   (d) The level of the duty 209
   (e) Prospective and retrospective imposition of duties 225
   (f) No retroactive AD duties 227
   (g) Provisional duties 230
4. Duration and review of AD duties 231
   (a) The necessity principle 231
   (b) Sunset clause 231
5. Administrative review of AD duties 251
   G. Remedies against illegally imposed AD duties 258
      1. Reimbursing definitive duties? 258
      2. Alternative ways of implementation 260
      3. Which AD measures can be challenged before Panels 262
      4. The standard of review that WTO adjudicating bodies will adopt in disputes under the AD Agreement 265
         (a) The relationship between the generic and the specific standard 265
         (b) No *de novo* review 268
         (c) Reviewing an investigating authority’s determination – neither *de novo* review, nor total deference 272
         (d) Proper establishment of facts 274
         (e) Permissible interpretations 277
   H. Provisions specific to developing countries 280
      1. What are constructive remedies? 280
      2. The obligation to explore possibilities of constructive remedies in Article 15 282

5 Conclusions 286
   A. Actions in the short term 287
   B. Action in the medium run 288
   C. Anti-dumping as a safeguard 288

PART II SUBSIDIES

6 General introduction to the agreement on subsidies and countervailing measures: ‘thou shall not subsidize’ 293
   A. Export subsidies 293
   B. Production and other subsidies 294
C. From the GATT to the WTO 297
7 Conditions for imposition of countervailing measures 300
A. Subsidized imports 300
1. Financial contribution by a government or public body 302
   (a) Financial contribution sensu stricto – direct or potential direct transfer of funds or liabilities 304
   (b) Financial contribution by omission – forgoing government revenue otherwise due 305
   (c) Financial contribution ‘in kind’ – government provision of goods or services other than general infrastructure 311
   (d) Financial contribution by the government or a public body 314
2. Any form of income or price support 323
3. Benefit 324
   (a) Benefit: the private investor benchmark 325
   (b) Benefit is not ‘cost to government’ 328
   (c) Benefit in terms of cost of production – agricultural subsidies 329
   (d) Benefit to the recipient 333
   (e) The market benchmark – but which market? 343
   (f) Distinguishing between the existence of a benefit and the calculation of the amount of benefit 347
4. Specificity 350
   (a) Specific to ‘certain enterprises’ 352
   (b) De iure and de facto specificity 354
B. Injury and causation 356
1. Injury 357
   (a) An objective examination based on positive evidence 357
   (b) Volume of subsidized imports 359
   (c) Price effect of subsidized imports 362
   (d) Consequent impact on the state of the domestic industry 362
2. Causation and non-attribution 363
3. Threat of injury 367
C. The domestic industry producing the like product 369

8 Procedural requirements relevant to the countervailing duty investigation 373
1. Initiation 373
   (a) Financial contribution sensu stricto – direct or potential direct transfer of funds or liabilities 304
   (b) Financial contribution by omission – forgoing government revenue otherwise due 305
   (c) Financial contribution ‘in kind’ – government provision of goods or services other than general infrastructure 311
   (d) Financial contribution by the government or a public body 314
   (e) The market benchmark – but which market? 343
   (f) Distinguishing between the existence of a benefit and the calculation of the amount of benefit 347
   (g) Specificity 350
   (h) De iure and de facto specificity 354
   (i) An objective examination based on positive evidence 357
   (j) Volume of subsidized imports 359
   (k) Price effect of subsidized imports 362
   (l) Consequent impact on the state of the domestic industry 362
   (m) Causation and non-attribution 363
   (n) Threat of injury 367
   (o) The domestic industry producing the like product 369
2. Evidence gathering/conduct of the investigation
   (a) Due process in the investigation
   (b) Facts available
   (c) Consultation requirement
3. Provisional measures
4. End of the investigation and imposition of measures
   (a) Undertakings
   (b) Imposition and collection of countervailing duties
5. Duration and review of countervailing measures
   (a) Sunset reviews
   (b) Administrative reviews or changed circumstances reviews

9 Counteracting subsidies – a two-track approach
   A. Countervail as a unilateral remedy
   B. Multilateral approach – using the WTO dispute settlement mechanism
      1. Multilateral disciplines on prohibited subsidies
         (a) Illustrative list of export subsidies – annex I
         (b) Prohibited subsidies (Article 3.1): contingency on export performance or import substitution
         (c) Remedies in case of prohibited subsidies
      2. Multilateral disciplines on actionable subsidies
         (a) Injury
         (b) Nullification or impairment
         (c) Serious prejudice
         (d) Remedies in case of actionable subsidies

10 Thou shall not be punished in any other way

11 Special and differential treatment
   A. Export subsidies
      1. Annex VII countries including least developed countries
      2. Other developing countries
   B. Import substitution subsidies
   C. Additional special and differential rules
      1. Serious prejudice
      2. De minimis levels of subsidization
      3. Privatization-related subsidies

12 Standard of review

13 Concluding remarks
PART III  SAFEGUARDS

14  The rationale for safeguards  
A. Safeguards as a ‘safety valve easing adjustment’?  
B. Safeguards as an insurance scheme  
C. Drawbacks  
D. Safeguards and voluntary export restraints (VERs)  
E. Safeguards and unfair trade  
F. Injury and causation in the safeguard context  

15  The regulation of safeguards in the WTO  
A. A typology of safeguard measures  
B. Who can impose safeguards and against whom?  
   1. Who can impose measures?  
   2. Against whom are measures to be applied?  
   (a) Application on an MFN basis  
   (b) The special case of customs unions or free trade areas – the parallelism principle  
   3. Exclusion of developing countries  
C. The conditions for a lawful imposition of safeguards  
   1. Due process  
   (a) Initiation  
   (b) Article 3.1 and the general due process requirement  
   (c) Publication and notification  
   2. Distinguishing the right to safeguard action, and its application  
   3. The right to impose safeguards – the conditions  
   (a) Condition 1: unforeseen developments  
   (b) Condition 2: increased quantities of imports  
   (c) Condition 3: serious injury or threat of serious injury to the domestic industry  
   (d) Condition 4: existence of a causal link between increased imports and serious injury  
   4. A safeguard to protect the domestic industry producing the like or directly competitive product  
   (a) Like or directly competitive products  
   (b) Representativeness of the data concerning the ‘domestic industry’  
   5. Panel’s standard of review when evaluating injury and causation  
D. The application of safeguards  
   1. Strictly to the extent necessary
2. Safeguard measures: the special case of quantitative restrictions 560
   (a) Minimum quantity of imports in case of QRs 560
   (b) Quota allocation and quota modulation 563
   (c) Measures other than quantitative restrictions 564
3. Provisional safeguards 564
4. The need ‘to pay’ for safeguards: maintaining an equivalent level of concessions 565
5. The duration of safeguards 567
6. Standard of review 569
7. Special safeguard regime with respect to China 572
   (a) China-specific transitional safeguards 573
   (b) Textile-specific safeguards 575

16 Conclusions 577

References 579
Index 587