

CHAPTER 4

ANTI-DUMPING DUTIES

4.1 Introduction

Anti-dumping duties or **ADD** for short are duties that are imposed on imported goods to **protect EU industries from cheap imports** flooding the market. Anti-dumping duties are **levied in addition** to normal customs duties, and they are usually expressed as a **percentage** of the value of the goods. The aim is to put producers of these products in the EU back on a level playing field with those that import the products from abroad.

Illustration 1

You manufacture bicycles in the UK. Once complete these bicycles are sold to retailers for £150 each. Recently, bikes have been flooding in from China. These bikes are being sold for £80. You are concerned that no one will buy your bikes because of the cheaper Chinese alternatives. Is there anything you can do about this?

Remember what we've just said, the **aim of anti-dumping duties is to protect EU industry**. We don't want these manufacturers going out of business when they are giving jobs to EU citizens. Anti-dumping duties, therefore, might be imposed on the cheap imports.

4.2 ADD investigations

Regulation 1225/2009 covers the basic rules on protecting EU producers against dumped imports. As an EU producer of bikes we could **complain to the European Commission** about these cheap imports. This is generally done through the Department for Business, Innovation and Skills (BIS) which used to be called the BERR. The Commission may initiate an investigation into the allegation of 'dumping' and if it does it will publish a '**Notice of Initiation**' of Anti-Dumping proceedings.

Reg 1225/2009

This Notice of Initiation of Anti-Dumping proceedings is made under Article 5 of Regulation 1225/2009 and should be done **within 45 days** from the lodging of the complaint. A **notice is published in the Official Journal** and will announce the initiation of an investigation and will:

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Art 5

- indicate the product(s) and countries concerned;
- give a summary of the information received; and
- state the periods within which interested parties may make themselves known and present their views and supply all relevant information to the Commission.

As investigations can take some time to complete, **provisional ADD** may be imposed in the interim period. An importer can **provide security** for the amount, which will not be invoked if the allegation is not sustained.

4.3 Origin of goods

Generally, anti-dumping duties apply to a **specific tariff code** and a **specific country** of origin. In order to decide if the product originates in the country affected by dumping, **rules of origin** need to be looked at. These rules are contained within Articles 22-26 of the Code and Article 35 of the Implementing Regs. Article 23 of the Code gives the basic rule that goods must be **wholly obtained or produced** in that country.

[Art 22-26
2913/92](#)

[Art 35
2454/93](#)

What constitutes **wholly obtained or produced** depends on the product that we are looking at.

Illustration 2

For something like bikes, they would count as wholly produced in China if they have been **produced exclusively from goods that were wholly produced within that country**. The imported bicycles may not have been produced exclusively from goods wholly produced in China. For instance, the handlebars, the frame and the saddle may have been manufactured in the factory in China, wholly from materials that were obtained there. However, perhaps the wheels and the pedals have been imported from another country.

To determine whether the bike is classed as originating in China we look at Article 24 of the Code. This says "**goods whose production involves more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working.**" As most of the production of the imported bikes takes place at the factory in China it is likely that they originate within China and would therefore be liable to anti-dumping duty if the complaint to the Commission is upheld.

[Art 24
2913/92](#)

4.4 Dumping

However, even if the bikes originate in China, the complaint to the Commission will only be upheld if the bikes have been 'dumped'. In deciding this they look at the **prices** of the bikes. Generally they will compare the price that the foreign producer charges to people in his own country for the bikes, with the price he charges when exporting them.

Illustration 3

Continuing with illustration 2...

If the bikes are sold within China for £100 and we have already seen that they are being sold for export to the EU at £80 then the Commission might decide that bikes are being dumped. **The anti-dumping duty % will be calculated to bring the price of the exported bikes back to the price at which they are sold on the Chinese home market.** If anti-dumping duty is imposed then it will be shown within the tariff and we have already mentioned that it applies by tariff code and country of origin.

4.5 Exemptions from ADD

Certain exporters or importers could **apply for an exemption** from anti-dumping duties or apply for a reduced rate. They would do this on the grounds that the bikes they are purchasing are either **not being dumped** on the EU or perhaps the **dumping margin is lower** than that by other exporters.

If either of these are confirmed then an importer could **claim a refund** of anti-dumping duty. This has to be made **within 6 months of the import** of the products.

Although anti-dumping duties are usually shown in the Tariff, if new measures are implemented, the Tariff might not reflect them for some time. The importer can visit The BIS website, (www.bis.gov.uk) in order to find out the latest measures.

4.6 Avoiding ADD

One way of avoiding ADD is to import the bikes in parts, rather than a finished bike.

A word of warning though - look at the chapter on classification because if you import finished articles unassembled then they retain the classification code as for the finished article.

So in order to get out of paying anti-dumping duty the parts would have to be **shipped in individual separate boxes**. This might work for a time, but someone might then complain that bicycle parts are being dumped on the EU market as well, and consequently parts may then have anti-dumping duties imposed on them!

Example 1

You have to decide if the statement is true or false.

	True	False
Anti-dumping duties are EU wide		
Anti-dumping duties are imposed instead of normal duties		
The UK determines the rate of anti dumping duties		
The rules of origin are contained in Articles 22-26 of the Code		
In the UK Customs control anti-dumping duty measures		
An importer can apply to be exempt from ADD		

Answer 1

	True	False
Anti-dumping duties are EU wide	✓	
Anti-dumping duties are imposed instead of normal duties		✓
The UK determines the rate of anti dumping duties		✓
The rules of origin are contained in Articles 22-26 of the Code	✓	
In the UK Customs control anti dumping duty measures		✓
An importer can apply to be exempt from ADD	✓	