

The Global Resort to Antidumping, Safeguards, and Other Trade Remedies Amidst the Economic Crisis

**Monitoring Update to the
*Global Antidumping Database***

www.brandeis.edu/~cbown/global_ad/

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Trade Implications of Policy Responses to the Crisis

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Outline

1. *Introduction to the Global Antidumping Database*

2. *Monitoring: Trade remedy use on the rise in 2008 and into 1Q 2009*

- Combined use of Antidumping (AD), Countervailing Duties (CVD), Global Safeguards (SG), China-specific Safeguards (CSG)
- Trade remedy-using countries
- Targeted exporters
 - Targeting China

3. *Questions raised by the early data during the crisis*

- Comparison of sectoral use by developed versus developing economies
 - Use by U.S./EC versus use by India/Argentina/Brazil/Turkey
- Examining the use of trade remedies across countries over “common products” and across “common firms” (multinational/subsidiary)
 - Trade deflection? Retaliation? Market segmentation?
- Trade remedy use in the era of fragmentation
 - “Antidumping jumping” foreign direct investment ? Downstream impacts...

4. *Appendices*

- Break down of data by policy
- Historical WTO dispute settlement activity over trade remedies

1. Introduction to the Global Antidumping Database

www.brandeis.edu/~cbohn/global_ad/

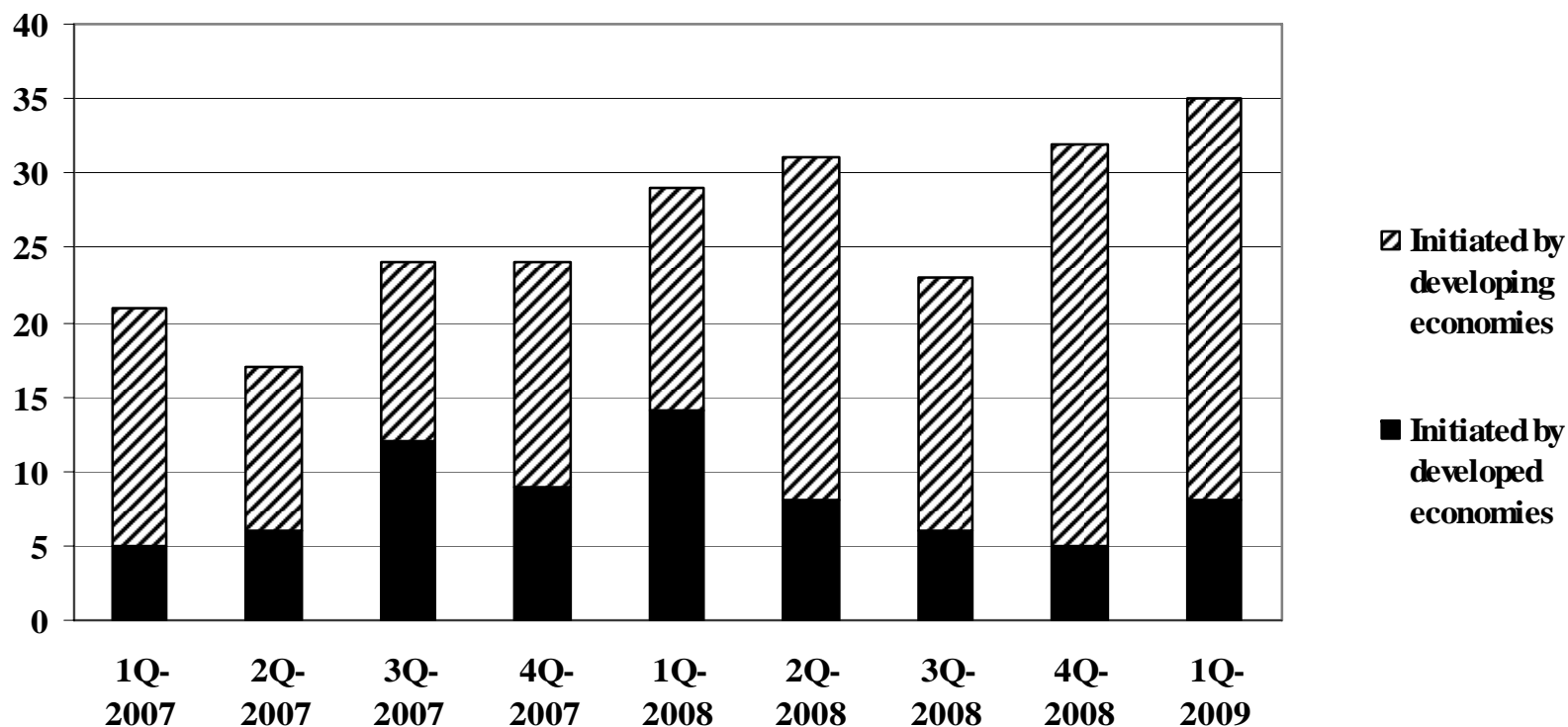
- **Data collection and dissemination project funded by the World Bank and Brandeis since 2004**
- **Provides detailed case-level information for more than 20 AD-using countries, more than 90% of the AD-using country activity**
 - Dates and outcomes of various stages of the investigation
 - Harmonized System (HS) codes for investigated products
 - Names of domestic petitioning firms
 - Names of foreign exporting firms and size of firm-specific measures
 - Sources of our data so researchers/analysts can go back and collect additional relevant information
- **Data derives directly from national government publications**
 - E.g., U.S. *Federal Register*; EC *Official Journal*, etc.
- **“Global Antidumping Database” is a misnomer: we also have detailed data on country use of Countervailing Measures (CVM), Global Safeguards (SG), China-specific Safeguards (CSG), and related Dispute Settlement Understanding (DSU) activity**
- **Current updating of database for AD activity through 2008**
 - Version 5.0 “beta” now available: AD use through 2008+ for Australia, Canada, European Union, India, New Zealand, Pakistan, Turkey, United States, and South Africa, plus use of CVD, SG, CSG...
 - Full version 5.0 will be available by summer 2009
- **It is all free! (to you...)**

2. Monitoring: Combined Use of Trade Remedies

- **Proliferation of new trade remedy investigations beyond AD (to CVD, SG, CSG) implies the need to “normalize” to formally track combined policy use**
- **Our approach:**
 - Define the unit of observation as an importing country’s “non-redundant” AD, CVD, SG, CSG investigation/measure at the product level
- **Examples for what that means:**
 - India’s two AD investigations of “Certain phosphorus based chemical compounds” from China and the EC are counted as one product-level investigation
 - U.S.’s three AD investigations of “Polyethylene retail carrier bags” from Indonesia, Taiwan and Vietnam and one CVD of “Polyethylene retail carrier bags” from Vietnam are counted as one product-level investigation (the AD and CVD investigations of the same product from the same country are “redundant”)
- This approach makes AD/CVD/CSG more comparable to a global safeguard (SG) investigation

2. Monitoring: Combined Use of Trade Remedies on the Rise in 2008-2009

Newly Initiated Import-Restricting Trade Remedy Investigations, 1Q 2007 - 1Q 2009
(non-redundant AD, CVD, SG, CSG at the product level)

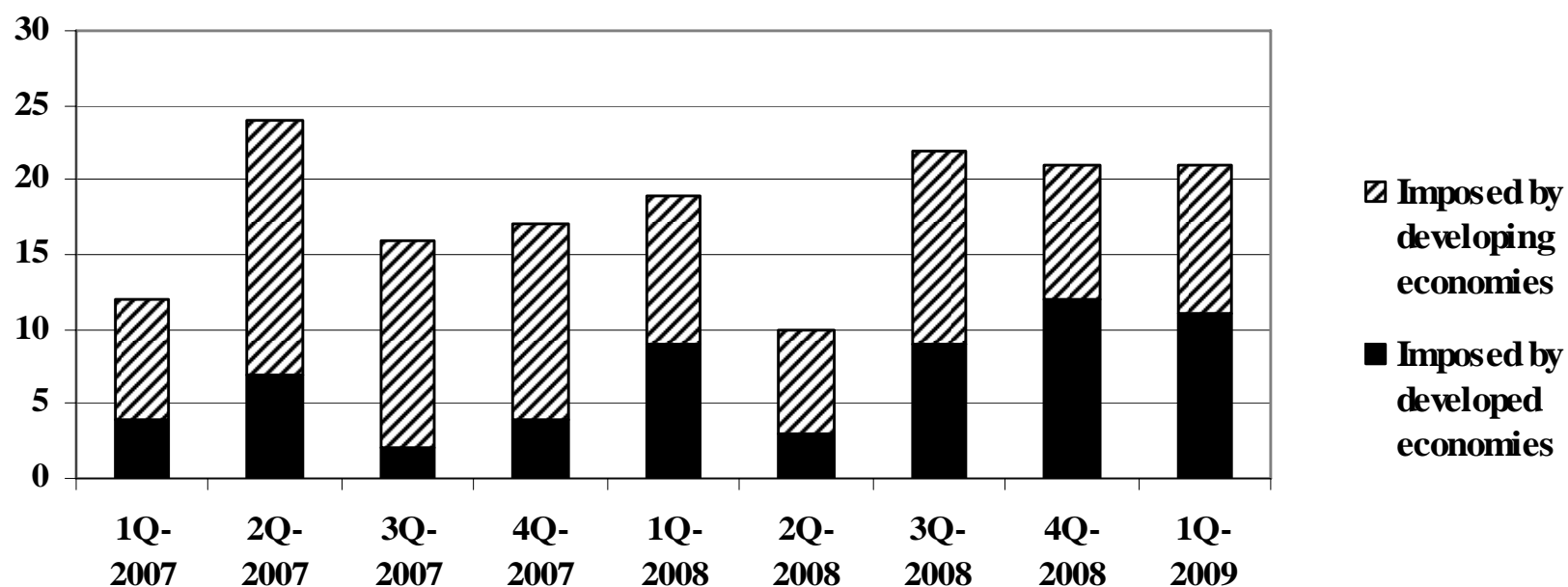


Source: Global Antidumping Database.

Implication: Starting from 2007 low point, 29.1% increase in 2008, 18.8% increase in 1Q 2009

2. Monitoring: Combined Use of Trade Remedies on the Rise in 2008-2009

Newly Imposed Import-Restricting Trade Remedies, 1Q 2007 - 1Q 2009
(non-redundant AD, CVD, SG, CSG at the product level)



•Source: Global Antidumping Database.

Implications: Low point is 2Q 2008; 24.6% increase in second half of 2008 (compared to second half of 2007), additional 15.4% increase in 1Q 2009 (compared to 1Q 2008)

**The 12 month lag (roughly) between new initiation (last figure) and new measures indicates we should expect a sharp increase in new measures in 3Q, 4Q 2009 and into 2010

2. Monitoring: Combined Use of Trade Remedies on the Rise in 2008-2009

Country Use of Non-redundant AD, CVD, SG, CSG at the Product Level, 1Q 2007 - 1Q 2009

Countries	Initiations			Measures		
	2007 Total	2008 Total	1Q 2009 Total	2007 Total	2008 Total	1Q 2009 Total
USA	14	12	2	3	14	4
European Union	6	10	1	8	9	1
Canada	1	3	1	1	3	1
Australia	2	4	1	2	0	3
New Zealand	2	0	0	1	1	0
South Korea	6	3	0	0	6	0
Taiwan	0	0	0	1	0	0
Argentina	6	11	8	5	4	2
Brazil	10	7	0	11	5	1
India	14	19	7	11	11	4
Turkey	3	11	1	3	6	2
China	1	6	2	6	1	0
South Africa	4	2	1	1	2	0
Pakistan	0	3	1	2	0	0
Colombia	1	6	1	7	0	1
<i>Developed countries total</i>	31	32	5	16	33	9
<i>Developing countries total</i>	39	65	21	46	29	10
Total	70	97	26	62	62	19

Source: National government publications described in the *Global Antidumping Database*.

2. Monitoring: Combined Use of Trade Remedies on the Rise in 2008-2009

Exporting Countries Targeted

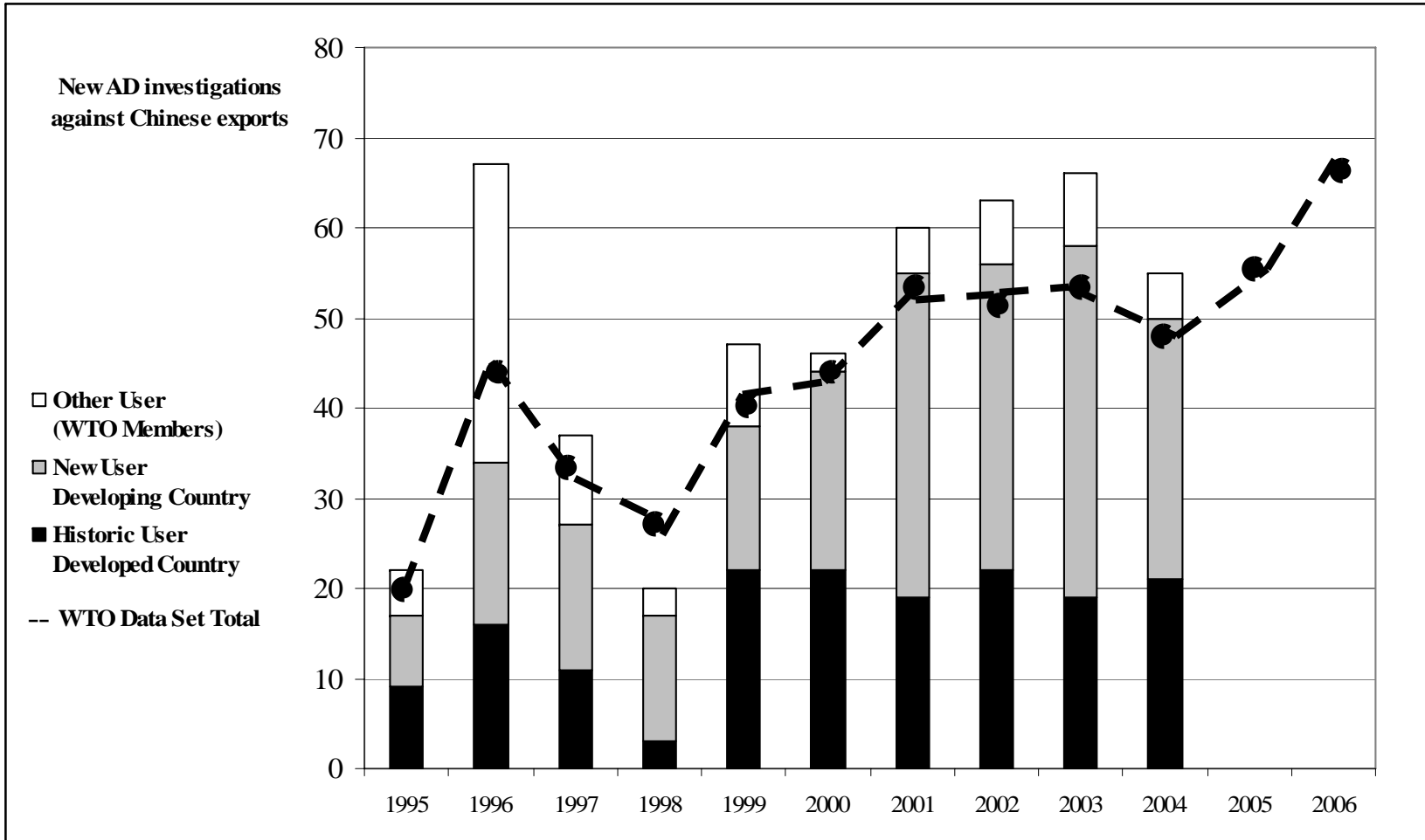
by Non-redundant AD, CVD, CSG at the Product Level, 1Q 2007 - 1Q 2009

Exporting (affected) country	Initiations			Measures		
	2007 Total	2008 Total	1Q 2009 Total	2007 Total	2008 Total	1Q 2009 Total
<i>Total</i>	143	189	43	102	114	32
<i>Developing country exporters (percent of total)</i>	95 (0.66)	143 (0.76)	32 (0.74)	70 (0.69)	77 (0.68)	27 (0.84)
<i>Developed country exporters</i>	48	46	11	32	37	5
China (percent of total)	52 (0.36)	68 (0.36)	18 (0.42)	45 (0.44)	47 (0.41)	15 (0.47)
South Korea	12	8	2	5	7	2
European Union	9	12	4	4	8	1
Thailand	8	11	2	5	1	2
USA	7	8	1	4	6	1
Taiwan	7	8	1	7	7	1
Malaysia	5	10	0	4	2	2
Indonesia	6	10	3	3	4	2
India	4	8	0	4	3	2
Japan	4	3	0	5	2	0
Russia	4	2	0	0	3	0
UAE	3	0	0	0	1	1
Brazil	2	3	3	2	2	0
Turkey	2	3	0	0	2	0
Others	18	35	9	14	19	3

Source: *Global Antidumping Database* – only contains data for 15 AD and CVD using countries for 2007 and 2008 so not comprehensive. (Historically these countries represented 84% of AD initiations by WTO members during 1995-2008.)

WTO Member AD Use in 2007-2008 is Following an Earlier Trend – Global AD is Increasingly Targeted Against China’s Exports

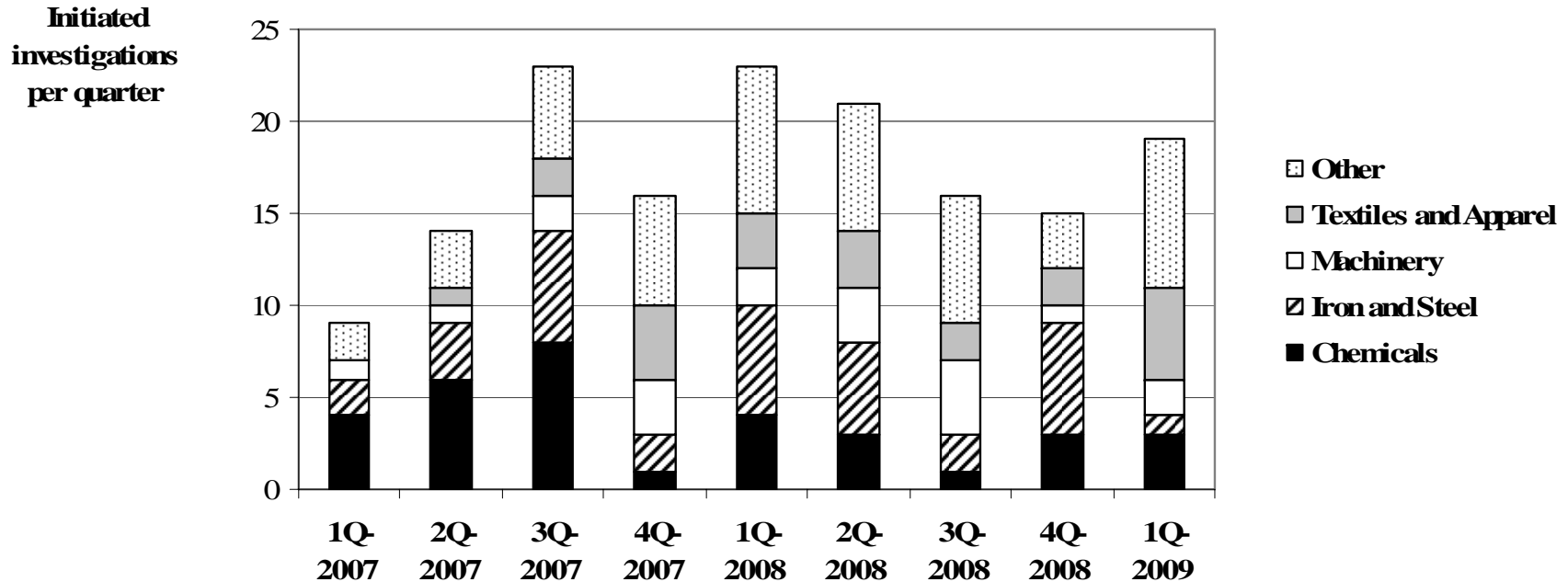
WTO Member New Antidumping Investigations against Chinese Exports, 1995-2006



Source: Figure 1 of Chad P. Bown (2009) “China’s WTO Entry: Antidumping, Safeguards, and Dispute Settlement,” in Robert Feenstra and Shang-Jin Wei (eds.) *China’s Growing Role in World Trade*. Chicago, IL: University of Chicago Press for NBER, forthcoming.

2. Monitoring: Combined Use of Trade Remedies Against China's Exporters 2007-2009, by Sector

**Newly Initiated Import-Restricting Trade Remedy Investigations, 1Q 2007 - 1Q 2009
(non-redundant AD, CVD, CSG at the product level)**



• *Source:* Global Antidumping Database.

Implications: China's exporters have been the dominant target for these new investigations that may result in import restrictions, in 1Q 2009 facing over 2/3 of all WTO members' new product-level investigations under AD/CVD/CSG

Of the 156 non-redundant product-level initiations against China's exporter's between 1Q 2007 and 1Q 2009 pictured above, the main sectoral targets include chemicals, iron and steel, machinery, and textiles and apparel

But China became a WTO member in 2001 and since then receives “MFN treatment.”

Why hasn't the intensity of trade remedy use against China declined since 2001?

- China's increasing exports implies more products to target with antidumping
- China's WTO accession and receipt of MFN treatment in foreign tariff schedules
 - Implication: any domestic political-economic pressure to discriminate against China since 2001 needs to be funneled through a WTO-consistent instrument of protection such as antidumping
- China continues to face non-market economy (NME) status in many countries' AD process
 - Implication: antidumping authorities have additional discretion in anti-China investigations which allows them to more easily impose more stringent measures against China's exporters when compared to exports from other WTO members
- China only began late 2008 to legally challenging any foreign use of AD/CVD through WTO dispute settlement provisions (i.e., formal “self-enforcement”)
 - September 2008: *US – AD/CVD on Steel Pipes and Tubes, Tires, and Laminated Woven Sacks* (China initiates WTO dispute DS379)

3. Questions Raised by the Early Data on 2007-2009 Trade Remedy Use

3.1 Comparison of sectoral use by developed versus developing economies

- Use by U.S./EC versus use by India/Argentina/Brazil/Turkey

3.2 Examining the use of trade remedies across countries over “common products” and across “common firms” (multinational/subsidiary)

- Trade deflection? Retaliation? Market segmentation?

3.3 Trade remedy use in the era of fragmentation

- Does historically-induced “Antidumping jumping” foreign direct investment affect the current discriminatory nature of new trade remedy protectionism?
- Worries of spread up the “input” process

3.1 Developed Economy Use of Trade Remedies by Sector

Use of Non-redundant AD, CVD, SG, CSG at the Product Level, 1Q 2007 - 1Q 2009

Sectors	Initiations			Measures		
	2007 Total	2008 Total	1Q 2009 Total	2007 Total	2008 Total	1Q 2009 Total
Agriculture	1	1	0	4	1	1
Chemicals	10	8	0	3	10	0
Iron and steel	8	10	0	2	9	3
Machinery	1	5	1	0	3	1
Materials	1	0	2	1	2	0
Misc. manufactures	0	1	1	0	1	1
Other metals	0	3	0	2	0	1
Plastics and rubber	4	0	1	1	3	0
Textiles	1	1	0	1	1	0
Vehicles	0	1	0	1	0	1
Wood	5	2	0	1	3	1
Total	31	32	5	16	33	9

Source: National government publications described in the *Global Antidumping Database*. Developed countries are USA, European Union, Canada, Australia, New Zealand, South Korea, Taiwan.

3.1 Developing Economy Use of Trade Remedies by Sector

Use of Non-redundant AD, CVD, SG, CSG at the Product Level, 1Q 2007 - 1Q 2009

Sectors	Initiations			Measures		
	2007 Total	2008 Total	1Q 2009 Total	2007 Total	2008 Total	1Q 2009 Total
Agriculture	0	0	0	1	0	0
Chemicals	15	14	5	9	13	1
Iron and steel	2	9	1	3	1	2
Machinery	6	7	3	6	2	3
Materials	0	4	1	2	1	0
Misc. manufactures	1	3	0	6	0	0
Other metals	1	4	3	1	1	0
Plastics and rubber	5	10	1	5	5	2
Textiles	6	10	5	9	3	1
Vehicles	1	2	1	3	0	1
Wood	2	2	1	1	3	0
Total	39	65	21	46	29	10

Source: National government publications described in the *Global Antidumping Database*. Developing countries are Argentina, Brazil, India, Turkey, China, South Africa, Pakistan, Colombia.

3.2 Concern for Retaliation? “Trade Deflection”? Market Segmentation?

The following are samples of the 34 examples of HS-06 “product overlap” across trade remedy-using countries between 1Q 2007 - 1Q2009 (covering 58 unique 6-digit HS codes)

Product	Common HS Code (6-digit)	First Initiating Country	Subsequent Initiating Countries	Targeted exporters (initiated case in which named)
1 Sodium	280511	1. USA	2. EU	EU (1); USA (2)
9 Bus and truck tires	401120	1. USA	2. Brazil 3. India	China (1,2,3); Thailand (3)
12 Cotton yarn	520500, 520600	1. Turkey (SG)	2. Peru (SG)	All because SG
14 Polyester fibre	550320	1. Pakistan	2. Argentina 3. South Africa	China (1,2,3); India (2); Indonesia (2); Taiwan (2)
21 Flat-rolled products of stainless steel	721931, 721932, 721933, 721934, 721935	1. EU	2. India	China (1,2); Korea (1,2); Taiwan (1,2); Japan (2); EU (2); South Africa (2); Thailand (2); USA (2)
22 Pipes and tubes	730630	1. USA	2. EU 3. Canada 4. Australia	China (1,2,3,4); Belarus (2); Bosnia Herzegovina (2); Malaysia (4); Russia (2)
27 Aluminum foil	760711	1. EU	2. India (CSG)	China (1,2); Armenia (1); Brazil (1)
31 Optical media	852340	1. India	2. Brazil (SG) 3. Argentina	China (1); Hong Kong (1); Paraguay (3); Taiwan (1)
34 Parts and accessories of motor vehicles	870899	1. Argentina	2. India	China (1,2)

Source: *Global Antidumping Database*.

3.2 Concern for Retaliation?

Example of U.S. – EC “tit-for-tat” cases over Sodium Metal

October 2007 – U.S. initiates AD investigation over *Sodium Metal* from France, including “Métaux Spéciaux (MSSA SAS)”

- U.S. domestic petitioning firm is “E.I. DuPont de Nemours & Co. Inc.”
- May 2008, preliminary AD duty of 62.62% is imposed

July 2008 – EC initiates AD/CVD investigations over *Sodium Metal* from the U.S.

- December 2008, in the U.S. investigation, the USITC rules negative on injury determination so no final measures imposed
- EC investigation is still ongoing

3.2 Concern for Market Segmentation?

Anti-competitive concerns for trade remedy use by multinational firms?

November 2008 – U.S. imposes definitive AD duties on *Polyethylene Terephthalate Film, Sheet, and Strip (PET Film)* from China, including 3.49% on “DuPont Teijin Films China Ltd”

- **DuPont Teijin Films** is a 50-50 global joint venture between DuPont and Teijin [Japan]
(<http://www.dupontteijinfilms.com>)
- The American subsidiary “DuPont Teijin Films” is one of the domestic petitioners thus targeting the Chinese subsidiary of the same firm

February 2009 – India imposes definitive AD measure (price undertakings) on *Compact Fluorescent Lamps* from China, including with “Osram China Lighting Co. Ltd.”

- **Osram** is a German lamps and lighting systems firm
(http://www.osram.com/osram.com/About_Us/The_Company/index.html)
- The Indian subsidiary “Osram India Pvt. Ltd.” is one of the domestic petitioners thus targeting the Chinese subsidiary of the same multinational firm

3.3. Trade remedy use in the era of fragmentation

The Impact of Antidumping-Jumping Foreign Direct Investment?

Specific examples of recent EC/Canada Trade Remedy Initiations over Steel Products

- **In a recent major wave of EC AD use over steel (2000) India's steel producers were a target, being hit with new AD import restrictions (revoked after sunset in 2004-05)**
- **Indian Steel Firm Mergers & Acquisitions: ArcelorMittal (2006), Corus/Tata (2007)**
- **Subsequently, ArcelorMittal and Corus have become domestic EC petitioners...**
 - December 2008 EC imposes definitive AD duties on *Certain Welded Tubes And Pipes Of Iron Or Non-Alloy Steel* from Belarus, China and Russia (but not India)
 - February 2009, EC imposes preliminary AD duties on *Wire Rod* from China, Moldova, and Turkey (but not India)
 - April 2009, EC imposes preliminary AD duties on *Certain Seamless Pipes And Tubes* from China (but not India) [NB: domestic petitioners include Arcelor Mittal but not Corus]
- **ArcelorMittal is one of Canada's domestic petitioners...**
 - August 2008 Canada imposes definitive AD duties on *Certain Carbon Steel Welded Pipe* from China (but not India)

3.3. Trade remedy use in the era of fragmentation

The Impact of Antidumping-Jumping Foreign Direct Investment?

Specific examples of recent Indian Trade Remedy Initiations over Steel Products

March 2009 India imposes preliminary AD duties on *Cold-Rolled Flat Products of Stainless Steel* from the EC and 7 other exporting countries

- Indian domestic petitioner is Jindal Stainless Limited (not Tata, not Ispat)
- Jindal Stainless Limited does report subsidiaries in UK (Jindal Stainless UK Limited, London) and Italy (Jindal Stainless Italy S.r.l.) (<http://www.jindalstainless.com/subsidiary-companies.html>)

December 2008, India initiates AD investigation over *Hot Rolled Steel Products* from 15 exporting countries, the only EC member state named is Romania

- Indian domestic petitioners are Ispat Industries Limited (Mittal group), Essar Steels Limited, JSW Steel Limited

3.3. Trade remedy use in the era of fragmentation

The Global Supply Chain: Concerns over new trade remedy use over inputs...

Yarn

- May 2008 India initiates AD investigation over *Fully Drawn or Fully Oriented Yarn/Spin Draw Yarn Flat Yarn of Polyester* from China, Thailand and Vietnam
- May 2008 Brazil initiated AD investigation over *Rayon Yarn* from Austria, India, Indonesia, China, Thailand, Taiwan
- November 2008 Argentina initiates AD investigation over *Polyester Fiber and Yarn* from China, India, Indonesia, and Taiwan

Electronics-and IT-Type Products

- Since September 2007, India has initiated distinct AD investigations and/or imposed AD measures over imports (almost exclusively from East Asian suppliers) of all of the following
 - *Compact Disc - Recordable (CD-R)*
 - *Cathode Ray Colour Television Picture Tubes*
 - *Digital Versatile Discs - Recordable (DVD-R)*
 - *SDH Transmission Equipment*
 - *Recordable Digital Versatile Disc (DVD) of all kinds*

Conclusions

- **Trade remedy use on the rise in 2008-2009 with the crisis**
 - Some developed economy users, dominated by developing economy users
 - **Targets: developing country exporters**
 - **A major component to the story is the increasing share of global targeting of China's exports, especially with AD**
- **While trade remedy protection is only a small part of the “rising protectionism” story, it is important to point out that even among the instruments of “contingent protection,” antidumping is not the whole story**
 - **CVM, China-SG, global SG also indicate worrisome trends, much with the same underlying political-economy flavor as the AD trends (e.g., targeting China)**
- **Many other interesting elements of the data on spread of trade remedy use**
 - **Trade deflection, market segmentation, retaliation, antidumping jumping FDI, downstream impacts**
- **Roll-out of version 5.0 of the detailed data in Global Antidumping Database**

www.brandeis.edu/~cbohn/global_ad/

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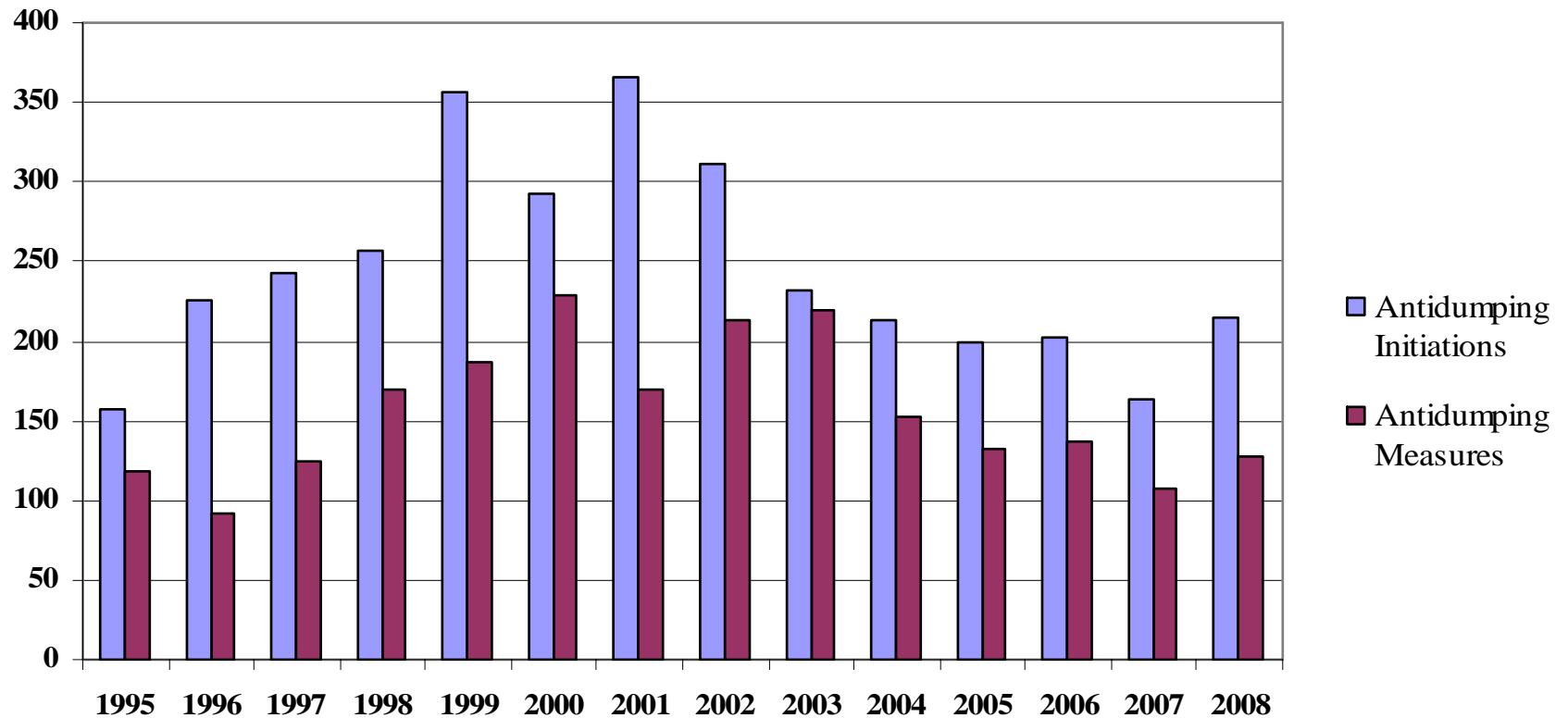
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Appendix Slides

2. Monitoring: Antidumping Use on the Rise in 2008

Antidumping Initiations and Measures by WTO Members, 1995-2008



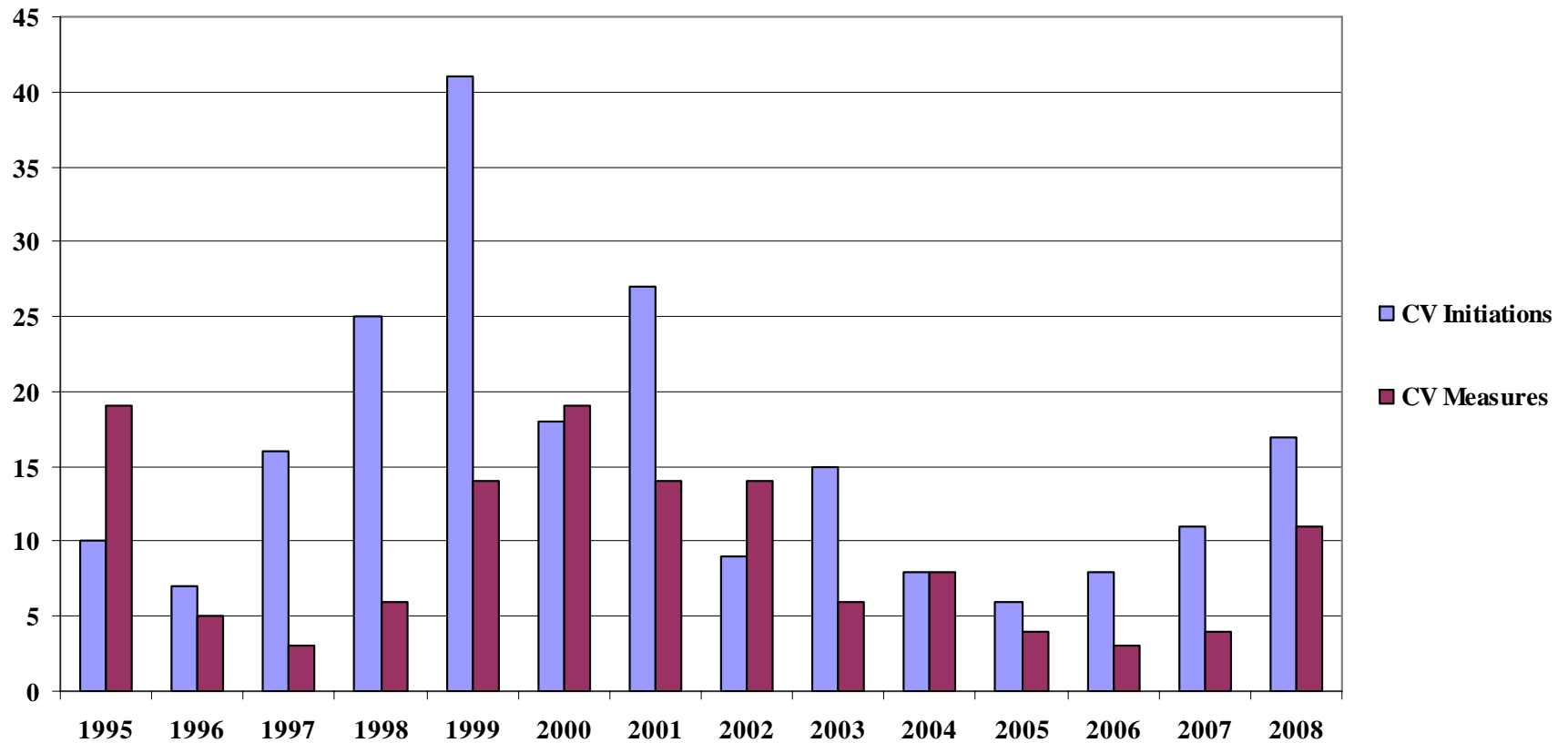
Source: 1995-2007 is from the WTO, 2008 data is estimated based on Global Antidumping Database.

Implication: Increase in AD use by the WTO membership in 2008, after decline between 2002-2007

Note: at the product level, use of AD is flat so far in 1Q 2009

2. Monitoring: Countervailing Measure Use on the Rise in 2008

CVD Initiations and Measures by WTO Members, 1995-2008



Source: 1995-2007 is from the WTO, 2008 data is estimated based on Global Antidumping Database.

Implication: CVM smaller scale than AD overall, but on the rise in 2008.

2. Countervailing (Anti-subsidy) Measures

Notable events in the “world” of CVM

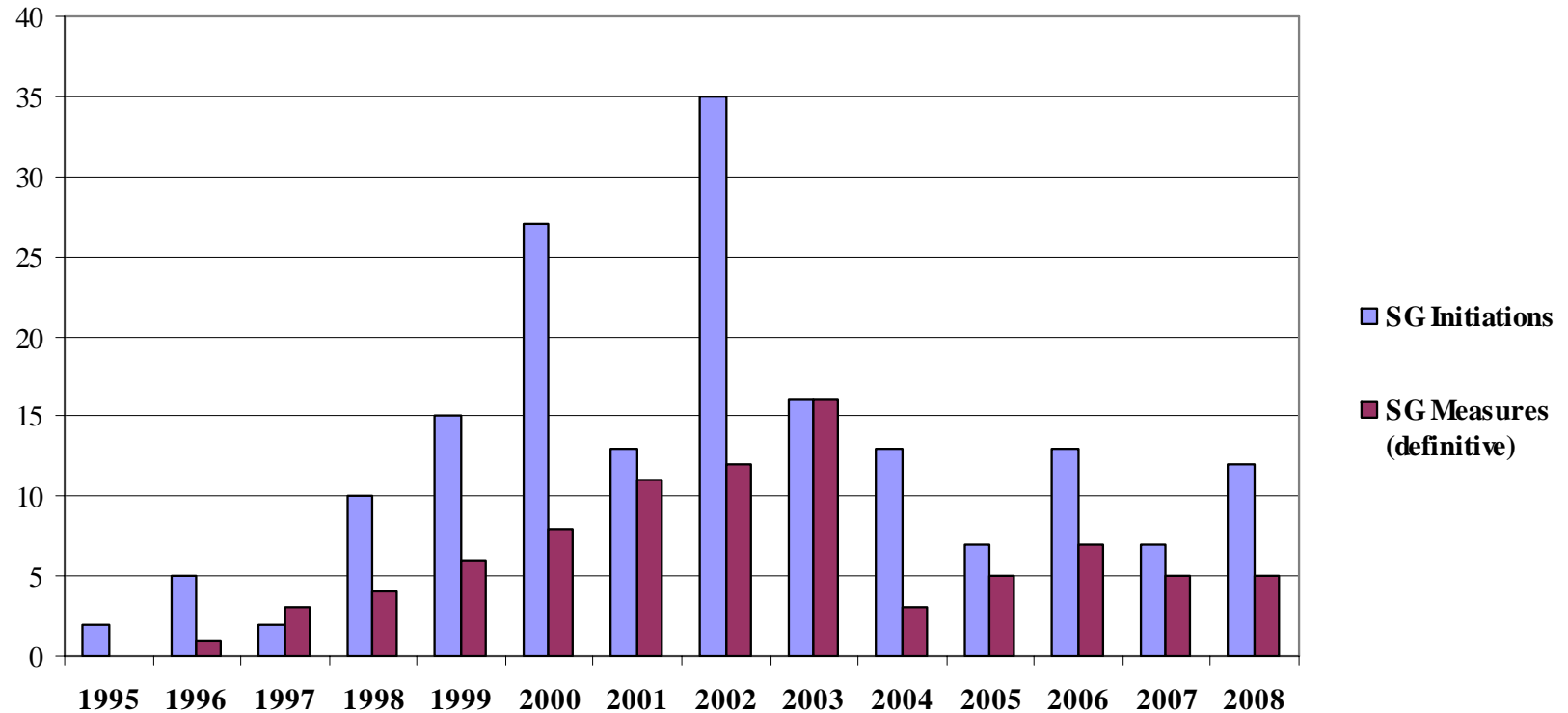
- **U.S. policy shift in March 2007 (reversing 1984 *Georgetown Steel* decision) – it is now willing to “consider” countervailing duty initiations against China**
 - U.S.: more than 14 CVM investigations against China since March 2007
 - A number of which have resulted in the imposition of CVDs (e.g., by 2008 this included *Circular Welded Carbon Quality Steel Pipe, Light-Walled Rectangular Pipe and Tube, Laminated Woven Sacks, Sodium Nitrite, Certain New Pneumatic Off-the-Road Tires, Raw Flexible Magnets, Lightweight Thermal Paper*)

Other CVM-using countries: following the U.S. lead? (Examples)

- **Canada**: 3 CVM initiations against China in 2008 (NB: Canada’s first CVM preceded the first U.S. measure)
- **Australia**: 2 CVM initiations against China in 2008
- **South Africa**: 1 CVM initiation against China in 2008
- **India** initiated its first ever CVM investigation in January 2009
 - *Imports of Sodium Nitrite from China*

2. Monitoring: Global Safeguard Use on the Rise in 2008

SG Initiations and Measures by WTO Members, 1995-2008



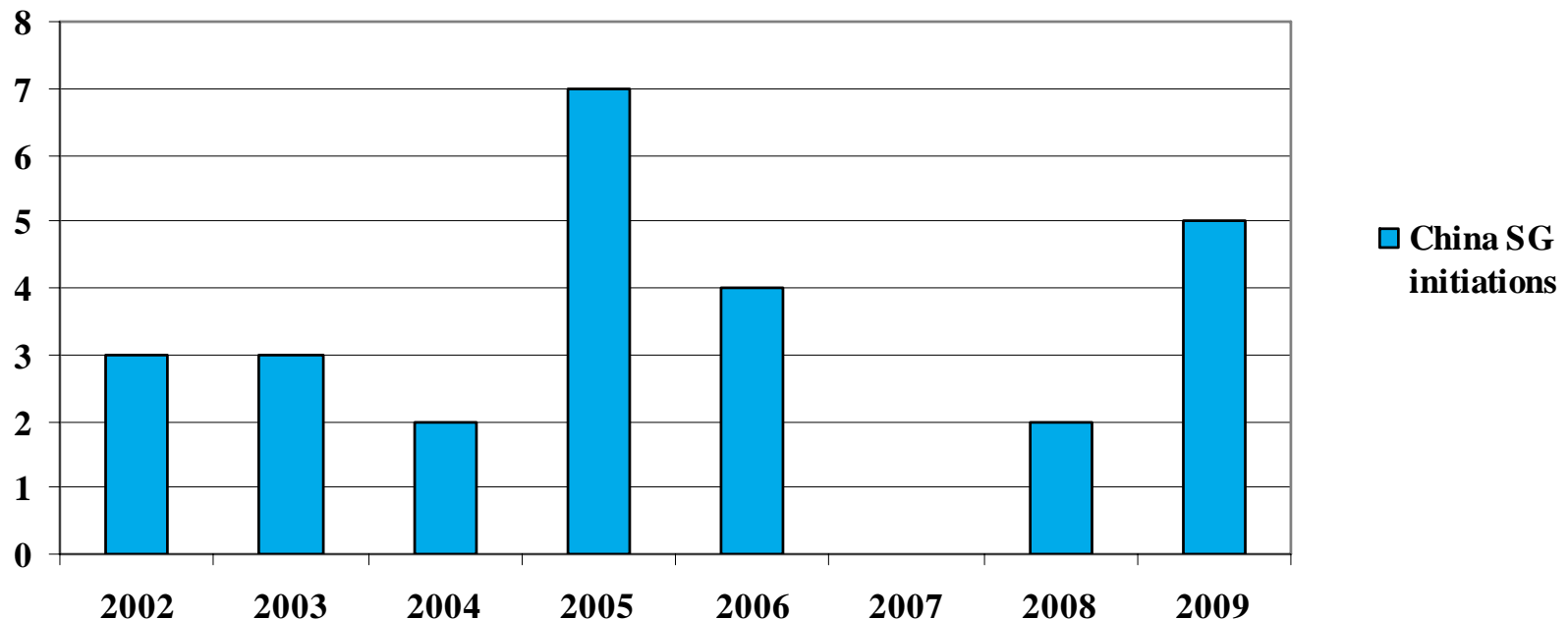
Source: government reports to the WTO Committee on Safeguards

Implications:

- Compared to AD, Global SG initiations less likely to result in definitive new measures (1995-2008= 177 investigations but only 86 definitive measures imposed)
- Note: 15 of the remaining 91 initiations did result in preliminary SG measures (so temporary protection)
- The crisis is not yet leading to a spike in SG use comparable to 2000 or 2002 (steel safeguard proliferation)

2. Monitoring: China-specific Safeguard (CSG) Use on the Rise in 2008-2009

CSG Initiations by WTO Members, 2002-2009



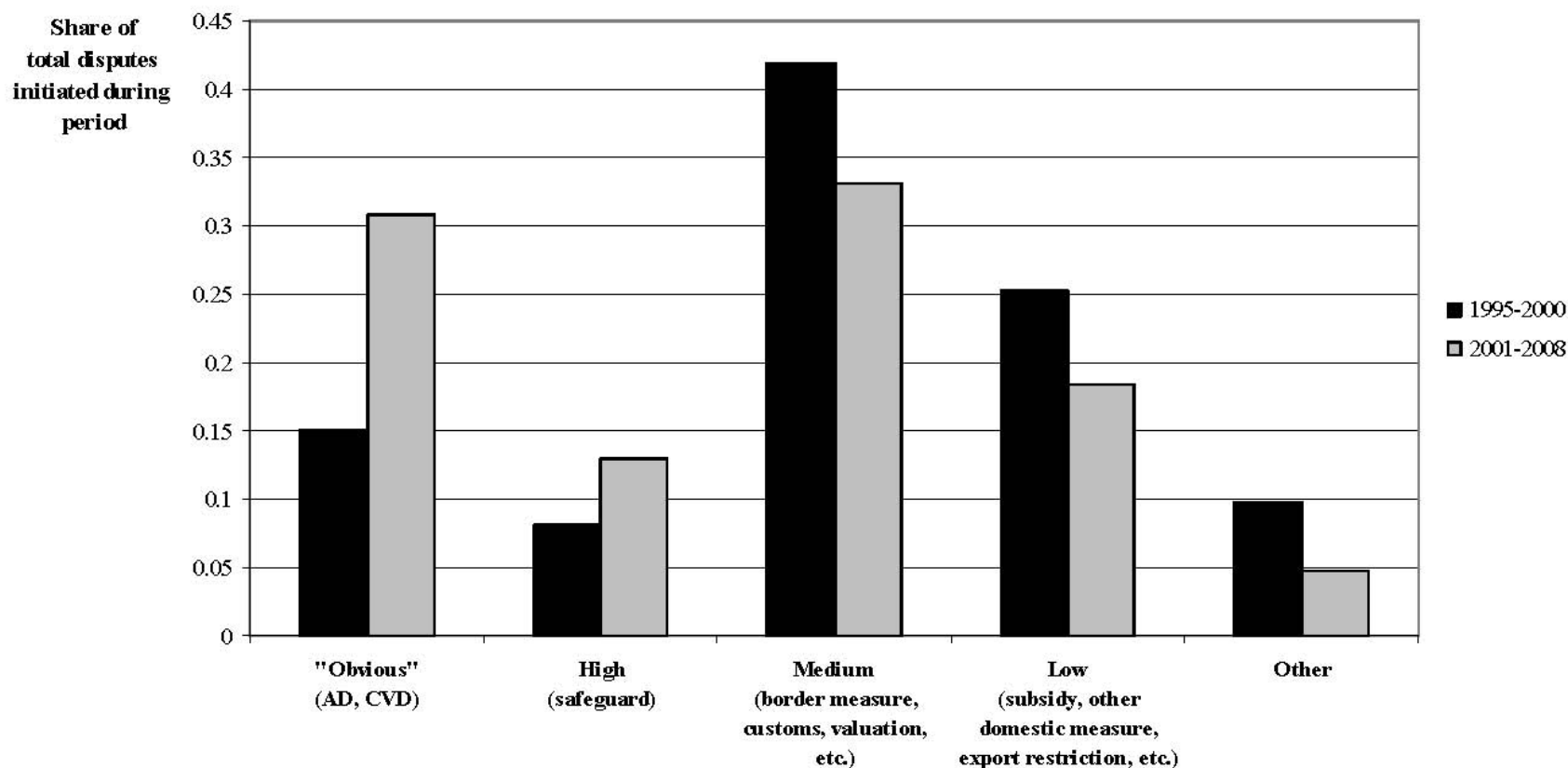
Source: government reports to the WTO Committee on Safeguards and national government website compiled into Global Antidumping Database.

Implications:

- 2009 Initiations so far (4 by India, 1 by U.S.)
- 2005 “spike” likely associated with the end of the MFA/ATC (4 out of 7 investigations are apparel/textile products), 5 different countries initiated investigations
- Reporting is not complete, preliminary measures typically imposed but lack of reports on final measures
- Does not include all China-specific SGs (e.g., U.S. transitional textile/apparel China-specific SG administered by OTEXA for 2002-2005 not notified to WTO, 2005 U.S./EC negotiated textiles/apparel VERs with China)

4. Monitoring: WTO Dispute Settlement over These Trade Remedies?

WTO Disputes by Observability of Alleged Policy Cause of Lost Market Access, 1995-2000 and 2001-2008



Source: Table 4-3 of Chad P. Bown (2009) *Self-Enforcing Trade: Developing Countries and WTO Dispute Settlement*. Washington, DC: Brookings Institution Press, forthcoming.

Implication: An increasing share of all formal WTO dispute settlement is over member use of AD, CVM, SG.

4. Monitoring: WTO Dispute Settlement over These Trade Remedies?

WTO Member Antidumping and Countervailing Measures Initiations, Impositions and DSU Challenges, by Targeted WTO Exporter for 1995-2008

Targeted WTO member	New AD Initiations	New AD Measures	Exporter uses DSU to challenge New AD	New CVM Initiations	New CV Measures	Exporter uses DSU to challenge New CVM
Total developed economy exporters	1175	722	72	72	39	15
EC	283	161	55	33	22	9
Japan	144	106	2	0	0	0
US	189	115	5	7	1	0
Korea	252	150	3	16	9	3
Taiwan*	92	64	2	1	0	0
Other developed	215	126	5	15	7	3
Total developing economy exporters	1416	909	38	125	82	9
Argentina	30	15	3	6	4	0
Brazil	97	74	5	7	8	1
China*	410	295	5	23	14	5
Costa Rica	2	0	1	0	0	0
Guatemala	3	1	1	0	0	0
India	137	84	10	46	27	2
Indonesia	145	82	2	11	8	0
Malaysia	90	50	0	3	3	0
Mexico	40	27	5	0	0	0
Pakistan	10	6	0	1	1	0
Philippines	11	6	0	1	2	0
South Africa	58	38	0	6	4	0
Thailand	142	84	2	9	3	0
Turkey	44	25	2	2	1	0
Other developing	197	122	2	10	7	1
Total WTO member exporters	2591	1631	110	197	121	24

Source: Table 4-3 of Chad P. Bown (2009) *Self-Enforcing Trade: Developing Countries and WTO Dispute Settlement*. Washington, DC: Brookings Institution Press, forthcoming.

4. Monitoring: WTO Dispute Settlement over These Trade Remedies?

Implications

- An increasing share of for WTO DSU activity is over challenges to AD, CVM, and SG (35% for 2001-2008, up from 21% during 1995-2000)
- However, these challenges are tiny fraction of the total newly imposed import restrictions that WTO members implement
 - Over 90% of imposed antidumping and countervailing measures have gone unchallenged through WTO dispute settlement
 - Furthermore, there are few countries that use this method of challenging – to date the big challengers to AD/CVM imposed on their exporters are EC and India