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Anti-Dumping Investigations Affecting Trade between
China, the United States and the E.U.**

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Practical Ways of Defending Commercial Interests in Anti-Dumping Investigations Affecting Trade between China, the United States and the E.U.

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The problem: anti-dumping investigations in China, the United States and in the E.U. can severely harm your business

On September 17, 2001, in Geneva, the World Trade Organization (WTO) agreed on the final terms of the People's Republic of China (hereafter referred to as "PRC" or "China") to join the international trade body which ended over 15 years of very difficult and tough negotiations. With this accession of the PRC to the WTO, a sharp increase in the number of new anti-dumping investigations initiated either by WTO members against PRC exporters or by the PRC authorities against foreign exporters can be expected. This for basically three reasons:

- Since the PRC has confirmed that during certain transition periods up to the year 2005, it would dramatically liberalise the scope and availability of trading rights (notably through a significant reduction of tariffs on imported products), trade with the PRC is expected to sharply increase over the next years. Given that it is very unlikely that all of the PRC's exporting industries will comply with their country's commitments under WTO in an effective and timely manner, more trade with the PRC will generally lead to more trade disputes initiated by foreign (notably U.S. and E.U.) industries against Chinese manufacturers and exporters. Among these trade disputes will also be disputes on the question whether or not certain Chinese goods are dumped in foreign markets.

In this respect, it is important to note that foreign companies investing in the manufacturing industry of the PRC are basically not treated in a different way from local Chinese enterprises, when the U.S. or E.U. trade authorities investigate allegations of products made in China (see below). They too may find that their Chinese-made goods are subject to very high levels of anti-dumping duties when they try to export them to other countries.

- On the other hand, when the PRC's trade liberalisation commitments are implemented, many of its industries will be exposed, perhaps for the first time, to the forces of international competition. Notably the urgent need for restructuring many Chinese state-owned enterprises will mean that these enterprises will seek protection from international competition in order to ensure their survival. One way of protection is likely going to be to petition the Chinese trade authorities to initiate anti-dumping investigations against foreign exporters.
- Presently, the marketing and pricing strategies of many foreign companies for entering the Chinese market frequently includes an element of dumping in order to secure a market share. The Chinese industries affected by these strategies are likely to make an increased use of anti-dumping devices in order to thwart these strategies.

Anti-dumping investigations, whether initiated by the PRC authorities or other countries against Chinese-made goods, are an undesirable event from a commercial point of view for foreign companies doing business in the PRC. Being subject to such investigations can be highly time and money consuming, can severely disrupt business, creates uncertainties and risks as to current and future business strategies and finally, should the investigating authorities find for dumping and impose corresponding anti-dumping duties, can result in dramatic sales drops and loss of foreign market share.

Consequently, any enterprise involved in trade with China, be it Chinese exporters or foreign invested enterprises in China or foreign enterprises exporting to China, are strongly advised to acquaint themselves on how to effectively defend their interests in the event that they become the target of anti-dumping investigations.

This article is a contribution to a better understanding of the anti-dumping problem in trade business with China, with a special focus on the U.S. and also the E.U. anti-dumping practice.

