

Talk About the Root Cause of China's Repeated Anti-Dumping

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Abstract

Anti-dumping as a trade protection measure has been recognized and protected by the world organization and countries around the world, and is a legal and stable form of measures that can be applied by countries around the world when facing domestic dumping of foreign goods. The approach is conducive to the protection of domestic industries and services, and is one of the tools used by countries to deal with unfair competition. China's economy has gradually recovered since the reform and opening up, and on the basis of meeting domestic demand, enterprises seek other ways to expand production and obtain benefits. Foreign trade is a necessary condition for the development of a country's economy. In recent years, China's economic development and foreign trade momentum is rapid, China's trade gradually into anti-dumping dilemma. In the face of such problems, first of all, we must have a grasp of the essence and purpose of the dumping problem, followed by a certain understanding of the current form of trade, dumping forms and means and methods, and then analyze the root causes of the high number of anti-dumping in China. In this paper, we will focus on the root causes of anti-dumping in China and propose solutions to this problem.

Keywords: anti-dumping, root causes, response methods

1. Introduction

Since the economic development, China has been the main target country of foreign anti-dumping cases, and our trade has gradually fallen into a difficult predicament. Although the WTO has made clear provisions on dumping and given the relevant conditions for anti-dumping investigation, the national regulations have their own criteria for

anti-dumping determination. China's economy from the beginning to the process of rapid development of frequent anti-dumping cases, litigation and sanctions, causing huge losses to trade income. There will be competition when there is economic development. All along, anti-dumping cases against China are not only limited to a certain type of industry. With the

increase of China's total export trade and China's trade ranking, the number of goods subjected to anti-dumping lawsuits in China has gradually increased. The WTO gives countries around the world the right to use anti-dumping measures to protect their superior industries, and more countries have started to use anti-dumping law as the only way, or even see it as the first choice for trade protection, causing an obvious globalization of anti-dumping. The essence of various provisions on anti-dumping are from the protection of a country's economy, but if it is not strictly controlled, it will also be used by some countries as a powerful weapon for trade harm to exporting countries.

In the current form, our country should not only be fully aware of the harm suffered by our country from anti-dumping allegations, but also the anti-dumping response strategy to conduct certain research, to take effective and positive means to deal with foreign dumping methods implemented in our country as well, to take truly effective measures to protect the interests of all walks of life in China and promote the development of all walks of life in our society, with extremely far-reaching significance.

2. The Current Situation of Anti-Dumping Investigation in China

2.1 Increase in the Number of Anti-Dumping Cases

In recent years, the global economy has fluctuated. China is seizing the opportunities and using its advantages to form products with Chinese characteristics, the original handicraft industry is becoming independent, new fields are emerging, and the comparative advantage of China with other countries is decreasing. Due to the positive momentum of China's economic development, the number of anti-dumping cases filed by developed and developing countries against China for investigation has been increasing. In the past decade, many developing countries have filed anti-dumping cases against China, and the number of anti-dumping complaints filed against China has exceeded that of developed countries. The economy is the lifeblood of a country's development, the intention to file anti-dumping investigations of countries do not exclude the prosperous development of China's economy to hold a destructive attitude, trying to weaken our

trade income, stabilize their own national markets and products.

2.2 Increase in the Number of Industries and Commodities Involved in the Case

The product categories of foreign anti-dumping against China are broad and concentrated, even if individual countries will file anti-dumping cases in individual fields, most countries will file anti-dumping charges against China in the same fields and industries. Initially, China's anti-dumping complaints were only related to industrial fields such as tires and steel pipes, etc. Since 2012, the scope of goods involved in anti-dumping cases has been expanding, and heavy industries such as steel industry, chemical materials and products industry, and metal products industry have been charged the most. Although the anti-dumping cases in different countries involve roughly the same areas, but the focus of the industry is different, such as the United States mostly concentrated in the metal and chemical industry, the number can account for as much as half, India is mainly concentrated in chemical products, electronics industry, automotive industry.

2.3 Anti-Dumping Cases Are Intentional in Nature

The frequency and scope of the use of anti-dumping as a trade protection tool has gradually increased globally. Some countries' anti-dumping investigations against China are then deliberate in nature. Once China's goods are considered to be dumped, anti-dumping duties are compulsorily levied. After that, the price of China's exported goods increases, which is not conducive to the acceptance of the nationals of the importing country, and domestic exporters have to make corresponding price commitments to ensure that the value of exported goods should be in line with the normal value. For the amount of anti-dumping duties levied, the tax rate varies—a few ten percent, several hundred percent, several thousand percent, etc. Once the goods are levied anti-dumping duties, the price of the goods in foreign markets rose, the price of similar goods in foreign markets fell, and easily lead to the shrinkage of our market. At the same time, after the imposition of anti-dumping duties, China's commodity export earnings reduced, enterprises and national interests are damaged.

3. China Suffers from the Root Causes of Anti-Dumping

3.1 Domestic Perspective

3.1.1 Abuse and Imitation of Corporate Sales Strategies

Sales strategy is the key to the survival and development of enterprises. At present, many domestic small and medium-sized enterprises, whose production development stage is mainly maintained in the domestic sales stage, to obtain more benefits, we must develop the international market. However, there are certain economic risks for SMEs, and some small enterprises do not even conduct sufficient market research in order to obtain higher income, and simply imitate and apply the production and operation mode of large enterprises, resulting in business failure. China's current exports are mostly low-labor products, coupled with China's preferential policies related to export goods, the low price of product output will always exist, low output prices coupled with low sales prices, resulting in the continued low prices of certain export products in China. This long-term export low prices further prompt Chinese enterprises to form a single trade strategy. In the short term, the low-price competition strategy formed by the imitation of enterprises can make the products get good response in the market, but in the long term this will make Chinese products more lack of core competitiveness. This single, uninnovative sales strategy makes foreign consumers treat Chinese products as low-grade products, making it easier to arouse foreign suspicion of dumping of Chinese products.

3.1.2 Export Product Structure Imbalance, Market Concentration

At the beginning of the use of anti-dumping means, China was filed anti-dumping investigation of products mainly rubber, steel and other industrial products, or furniture, textiles and toys and other craft products. All along the foreign market import demand for our products are mostly goods with high labor factors and low demand for goods with high technical content. For example, China's exports to the United States are mostly goods with labor demand, and these goods account for about 50% of the sales volume in the U.S. market. Seventy percent of China's exports to

the EU are low-technology products such as textiles, furniture and toys, while electromechanical products and raw materials account for a smaller proportion. Secondly, China's exports are large in scale and quantity, and this feature will increase the possibility of being certified as dumping. The United States and the European Union and other developed countries or regions are the beginning of the use of anti-dumping countries, the domestic industry chain is mature, the trade protection system is relatively mature, the face of China's large imports, once the anti-dumping case is filed, it will form a chain reaction.

3.1.3 Lack of Independent Brands for Export Goods

Brand concept means that it is attractive to consumers, and after one consumption, consumers will form a certain degree of trust and dependence on the brand. Only after a customer has formed trust in a brand will he or she make repeated purchases from that brand. The formation of brand benefits comes from a series of corporate creation, product research, benefit calculation and market analysis. The fundamental value of the product is to meet the customer's usage needs, so that it can enter the market smoothly and form its own brand value and corporate value. Chinese enterprises from the initial price advantage to now pay attention to independent research and development, many enterprises are becoming bigger and stronger, but most of them still rely on the domestic market rather than the international market. Most of our products have low technical content relative to foreign countries, and the competition in the domestic market is not strong, as well as some enterprises in the pursuit of fast revenue, imitating and copying the production technology of existing brands in the market, without their own unique brand management system. Such enterprises are not only difficult to gain a foothold in the domestic market, it is meaningless to develop the international market. From the current state of development in China, compared with enterprises in developed countries, the number of brand enterprises and technology in China still needs to be strengthened.

3.1.4 Inadequate Market Leads to Overcapacity

After the reform and opening up, heavy industry accounts for the majority of China's gross domestic product. China has long relied on the manufacturing industry to drive domestic economic growth, and manufacturing capacity has been precipitated, which cannot be absorbed by the domestic market. The main reason for overcapacity is that China's market system is not very mature. China's market-oriented system reform, so that the market independent regulation, emphasizing the reform of the supply-side structure, eliminating sunset industries, to a certain extent to improve the exit mechanism of China's enterprises is not perfect. When encountering a market unfavorable to the development of enterprises, enterprises to make up for the vacancy will actively withdraw their capital and exit the market to change the fluke mentality. In addition, the local government pays too much attention to performance, ignoring local efficiency and capacity, giving preferences and subsidies to small enterprises and investment enterprises without financial and operational capacity protection, again reducing the production costs of enterprises, it is more likely to be identified as dumping.

3.2 Foreign Perspective

3.2.1 Free Trade, Profit-Oriented

Different geographical locations of countries around the world, different geological and climatic types of countries, the formation of comparative and absolute advantages of each country is different, the resulting formation of trade and trade volume is different. Countries that do not have an advantage can only import the goods of the advantageous countries and export the goods of their own advantage. This leads to the production enterprises of the trade importing countries cannot sell their products, which in the long run leads to the shrinkage or even bankruptcy of the enterprises of the trade importing countries. At present, countries are free to trade within the global economy, and the import and export of goods between two countries are possible as long as both countries agree. Once a country is driven by the interest to obtain higher profits in trade, it is easy to provoke trade wars between countries.

3.2.2 No Clear Definition of Standard Scope

Anti-dumping right is the right of the importing country in accordance with the relevant provisions, the dumped products preferred, the use of tariff increases and other effective measures to resist dumping behavior. The export prices of commodity trade in the world are not entirely priced by enterprises according to the cost of products, but also some commodities are priced uniformly by the state, so it is difficult to have a uniform qualitative standard for the establishment of the anti-dumping right standard, and there are differences and uncertainties and expected and unanticipated flexibility among the legislation of various countries. Generally speaking, the countries conducting anti-dumping investigations against China are relatively subjective in judging dumping. While anti-dumping has become a trade protection tool, the problem of inability to standardize the characterization gradually reflects that these unspecified provisions make it easier for certain countries intending to investigate China as a kind of vacancy, leading to a gradual tendency of abuse of the method.

3.2.3 Power Politics, Hegemony Exists

The anti-dumping code stipulates that anti-dumping duties can only be imposed when dumping causes significant injury or threat of significant injury to an industry in the importing country, and such a provision provides a fair and open procedural basis for global case investigation. In the early stage of global development, Western countries first achieved economic development and implemented foreign import and export trade. In a sense, the anti-dumping code is based on the anti-dumping laws of developed countries, and there is also a strong focus and purpose in the determination of dumping practices and the submission of materials on when to apply anti-dumping tools, the extent and certainty of application, which are essentially to be completely biased in favor of national interests.

3.2.4 The WTO Is Not Clear on Dumping Injury-Related Determinations

WTO rules provide that, in the anti-dumping investigation, the importing country wants to carry out anti-dumping investigation, must be determined that the relevant industries in the importing country suffered from the serious harm of dumping of goods from a certain country,

before the dumped country is allowed to impose anti-dumping duties or use other means. In the determination of the dumping relationship, the overall provision is to find out the number of imports of dumped goods and the degree of impact on similar goods of the dumped country. At the same time, the emphasis on taking into account all the factors of a comprehensive assessment, not only in favor of a weak aspect of the country. Countries have different economic strength, industrial structure and import and export trade policies are different, resulting in dumping behavior will not have a qualitative or quantitative measurement criteria, which will inevitably lead to different dumping standards. Due to the planning of national economies, national population and other circumstances of the plan is completely different, the existence of a large number of export behavior will lead to the countries of each country more use of vague criteria to qualitative analysis.

4. China's Response to Anti-Dumping Allegations

4.1 National Level

4.1.1 Establish and Improve the Anti-Dumping Early Warning Mechanism

To deal with the anti-dumping cases suffered by China, the state and the government should not only have a positive attitude, but also find the fundamental solution to the problem. China must establish and improve the anti-dumping early warning and resolution mechanism. The application of the mechanism to make analysis of the behavior of countries, in advance to grasp the foreign anti-dumping trends made in China, to avoid the emergence of anti-dumping cases in response to the passive and present a state of helplessness. Therefore, China should improve the early warning mechanism, timely response to the lawsuit, reduce losses.

4.1.2 Improving the Dominance of the Market Economy

In the context of economic globalization, foreign trade policy has also been changing with the times, from measuring exports gradually to attaching importance to balanced economic development. In order to better develop the economy, our government has reduced the degree of intervention in the market and let the market

adjust itself. At present, the reform of the supply-side structure is helping the market to eliminate the sunset enterprises and select the enterprises that are in line with the times and have a strong vitality, and the role of the market will become more and more prominent. Products from the plan, the plan from the market, the market and from the analysis of enterprises, which is the itinerant process of continuous reliance, but also the process of continuous exploration of the laws of market development.

4.2 Corporate Level

4.2.1 Companies Must Not Pursue Profits Excessively

Each company has its own unique business philosophy and corporate culture. Companies seldom explicitly state "profit maximization" as their primary philosophy, but the marketplace implicitly suggests that it is. The common goal of business management philosophy includes the pursuit of profit, but this interest is not simply "profit maximization". True business management cannot be separated from integrity, law, and market factors. We point out that the most important part is the domestic market, and then the opening of international markets. The form of internationalization will further lead to closer relations between countries. Enterprises should grasp the international situation, capital flows, capital returns, market prices and other mechanisms to become bigger and stronger in an era of serious trade protectionist tendencies.

4.2.2 Improve Business Management and Innovation

The direct cause of international trade between countries is the comparative and absolute advantage of products between countries. Enterprise management is not to go with the flow, not to copy the raw material, the appointment of good enterprise management personnel, it is possible to obtain legal and legitimate interests in the international trade competition. Anti-dumping investigation involves a wide range of good management personnel to analyze the market of each country, the pricing of products and domestic and foreign exports, import-related regulations to study. In the continuous comparison and analysis, we can achieve reasonable pricing of enterprise products, to obtain the maximum benefit at the

same time can occupy the international market, and improve the competitiveness of enterprise products.

5. Conclusion

Our country is the preferred target country of anti-dumping in the world, and has been accused of anti-dumping in the world for a large number of times, involving a wide range of commodity categories, which plays an obstructive role in the development of our politics, economy and culture. Under the long-term threat of anti-dumping in the world, anti-dumping investigation will bring a lot of negative impact on our corporate culture, corporate brand, international prestige, total trade, and even affect the domestic purchasing power of our goods as well. The issue of anti-dumping is a hurdle that our country must go through to expand foreign markets and meet the challenges of future risks, and it is also a problem that must be solved for our country to take more shares in the international market and reverse our weak position in international anti-dumping. In the face of foreign accusations, we must analyze the problem on the basis of finding the causes, solve the problem from the root cause, improve China's unfavorable position in anti-dumping and avoid further deterioration of the trade environment. In the process of facing anti-dumping charges, the Chinese government and enterprises should spare no effort to maintain the sales environment of their own goods and refuse to compromise with countries that maliciously initiate anti-dumping investigations.

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