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Anti Dumping Duty on Purified Terephthalic Acid (PTA)

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The Finance Ministry of India has imposed definitive **anti-dumping duty on all imports of purified terephthalic acid (PTA) from South Korea and Thailand.**

Meaning and Purpose of Anti Dumping Measures

- **Dumping** is said to occur when the goods are exported by a country to another country at a price lower than the price it normally charges in its own home market.
- This is an **unfair trade practice** which can have a distortive effect on international trade.
- Anti-dumping is a measure to **rectify the situation** arising out of the dumping of goods and its trade distortive effect.
- The purpose of anti-dumping duty is to rectify the trade distortive effect of dumping and **re-establish fair trade.**
- The use of anti-dumping measure as an instrument of fair competition is permitted by the **WTO.**
- In fact, anti-dumping is an instrument for ensuring fair trade and is **not a measure of protection per se for the domestic industry.** It provides relief to the domestic industry against the injury caused by dumping.
- PTA is the primary **raw material in the manufacture of polyester chips**, which in turn are used in a number of applications in textile, packaging, furnishings, consumer goods, resins and coatings.
- The latest action comes in less than a month after the **Designated Authority** in the Commerce Ministry came up with its final findings on the **sunset review.**

Sunset Review

- A Sunset review/ expiry review is an **evaluation of the need for the continued existence** of a program or an agency. It allows for an assessment of the effectiveness and performance of the program or agency.

- An anti-dumping duty is **valid for a period of five years** from the date of imposition unless revoked earlier.
- It **can be extended for a further period of five years** through a sunset or expiry review investigation conducted in accordance with **Article 11.3** of the World Trade Organisation (WTO) Anti-dumping Agreement.
- Such a review can be **initiated suo moto or on the basis of a duly substantiated request** received from or on behalf of the domestic industry.

Institutional Arrangement in India for Anti Dumping Measures

- Anti dumping and anti subsidies & countervailing measures in India are administered by the **Directorate General of Anti dumping and Allied Duties (DGAD)** functioning in the **Department of Commerce in the Ministry of Commerce and Industry** and the same is headed by the "Designated Authority".
- The **Designated Authority's** function, however, is only to conduct the **anti-dumping & countervailing duty investigation** and **make recommendation** to the Government for the imposition of anti-dumping or anti-subsidy measures.
- Such duty is finally imposed by a **Notification** of the Ministry of Finance. Thus, while the Department of Commerce recommends the anti-dumping duty, it is the Ministry of Finance, which levies such duty.

Source: BL