

Global Trade Protection Report 2006 Executive Summary

*A review of global trade protection
activity (anti-dumping, countervailing
duty and safeguards) for the period
January to June 2006*

Amended¹ February 2007

By Cliff Stevenson

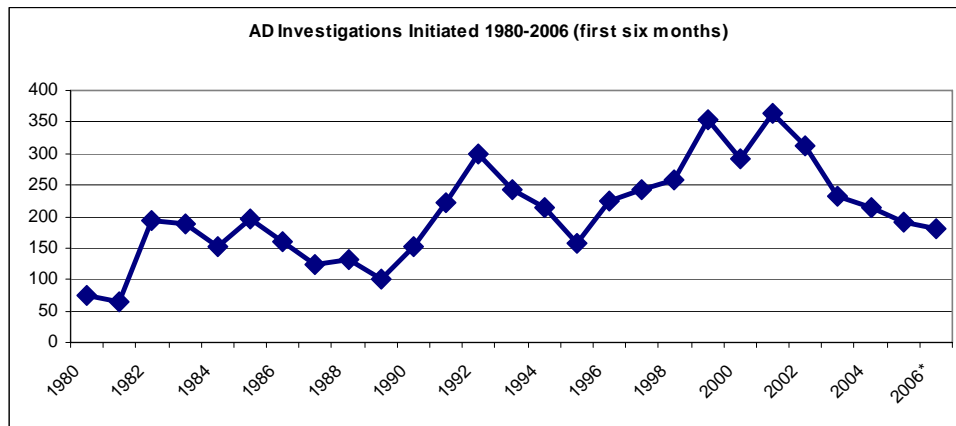
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¹ The data has been amended following the receipt of further information and consistency checking with the WTO data. For further information on differences between the WTO and Global Trade Protection Report, please see the statistics section of the antidumpingpublishing.com site.

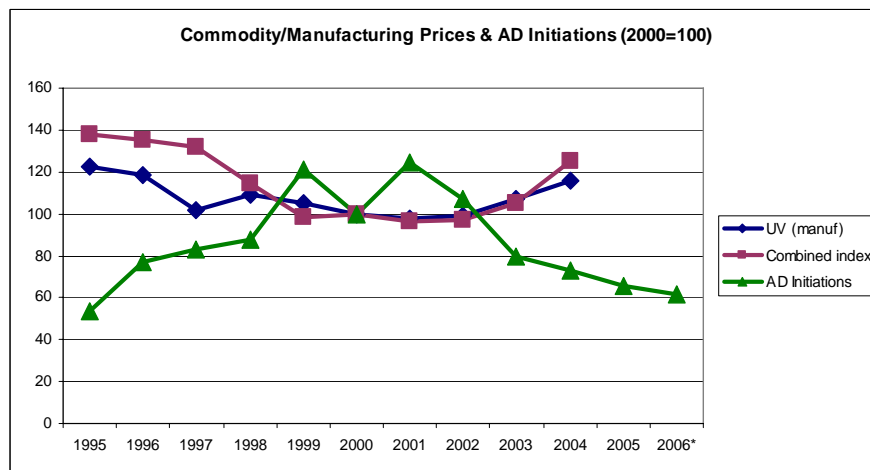
Executive Summaryⁱ

- Global anti-dumping (AD) activity has continued to fall and has reached its lowest level for a decade.
- The level of AD activity in 1999-2001 was exceptionally high. The extent to which anti-dumping activity has fallen is, therefore, exaggerated by the high level at the turn of the century. AD actions are cyclical as the chart below shows. It is clear that there was a step change increase between the 1980s and 1990s. However, since the early 1990s, AD activity has fluctuated within a certain range and the current level of AD activity is still within that range.

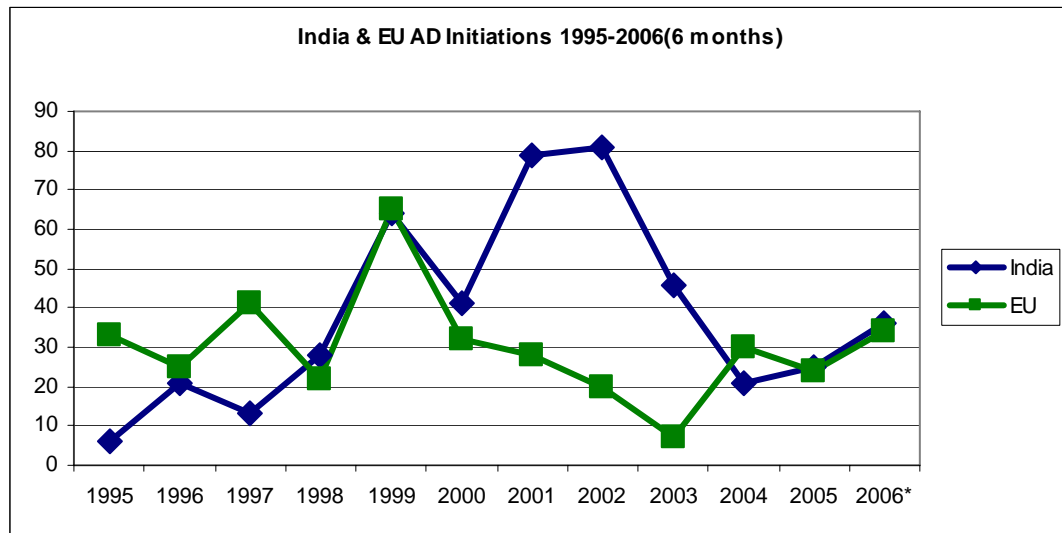


* 2006 figure annualised for comparison purposes

- It would be a mistake to conclude that AD activity has permanently fallen.. AD is extremely cyclical and the peaks and troughs have been increasing over the last 25 years. Current levels of activity remain at the bottom end of the range that has been present for the last 15 years.
- AD is strongly influenced by the business cycle. For example, the graph below shows the strong correlation between steel/metals pricesⁱⁱ and the number of AD cases initiated in that sector.

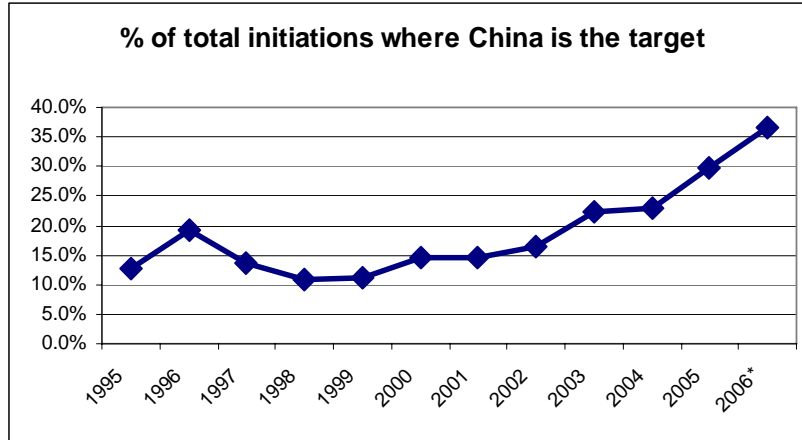


- Evidence on other commodity type products suggest similar correlation with the general level of AD activity. The price of many commodity type products are relatively very high but, as soon as they fall which historically is highly likely, the conditions will change to make it possible to have more AD investigations. Thus, as the business cycle turns downwards, an increase in AD activity can be expected.
- WTO disputes have also slowed the pace of AD activity but this is not sufficient to completely prevent countries adopting WTO inconsistent measures. The business cycle effect is more significant as a factor explaining AD trends and, thus, AD activity will increase as the business cycle moves in the opposite direction. However, this increase may be somewhat restrained by the dispute settlement threat and the record levels of 1999-2001 are unlikely to be repeated.
- India and the EC are the two major users in 2006. To the contrary of what has been happening elsewhere in the world, AD activity by both the EC and India appears to be on the increase in recent years.

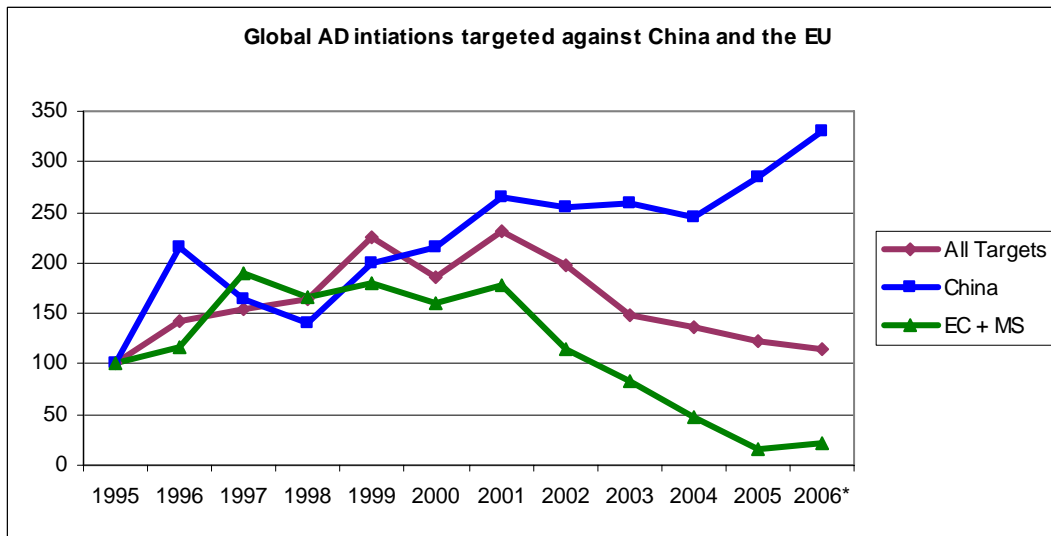


* 2006 figure annualised for comparison purposes

- On the other side, the downward trend in US usage of AD has been far more dramatic than the global trend. However, it is expected that the US will re-emerge as a major user of anti-dumping (and other trade remedies).
- China remains the main target in 2006. Interestingly, AD activity against China has consistently increased and is also at odds with the general trend .

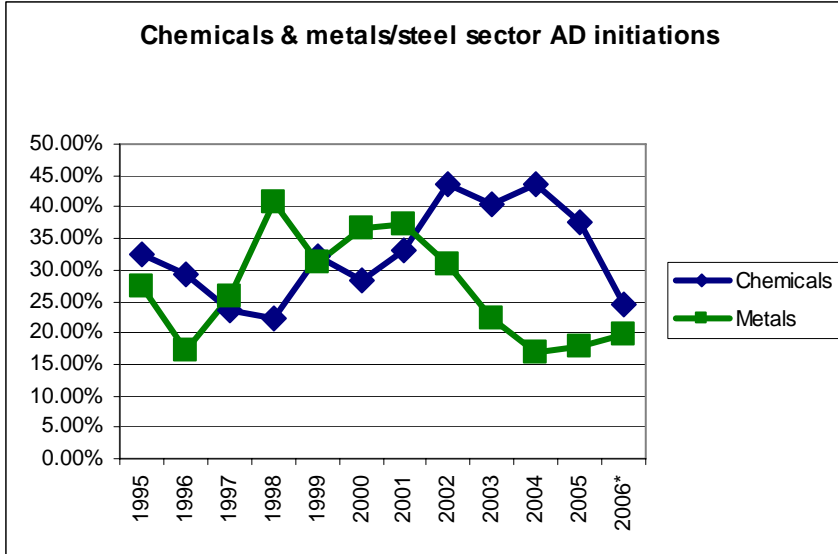


- The trend in AD investigations against the EC is the complete opposite of China. Along with China, the EC and its Member States have consistently been one of the most targeted countries. However, actions targeted against the EC have now fallen to record low levels.



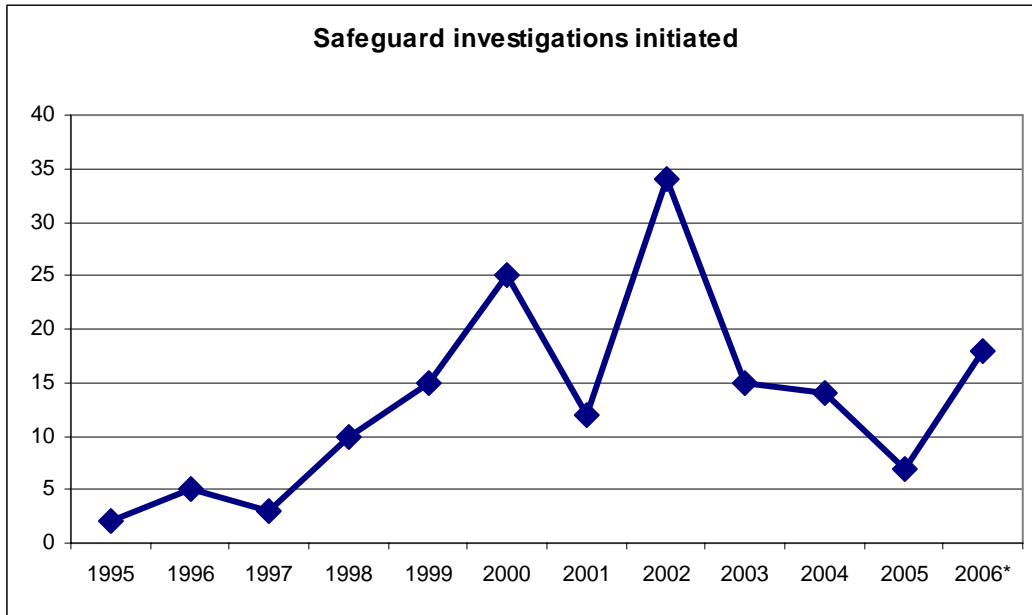
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- Chemicals and metals/steel remain the most targeted sectors but proportionately they currently account for a lower proportion of cases than normal. However, both these industries contain many commodity type products subject to cyclical pricing and therefore are particularly hit by the business cycle phenomenon in terms of AD activity.



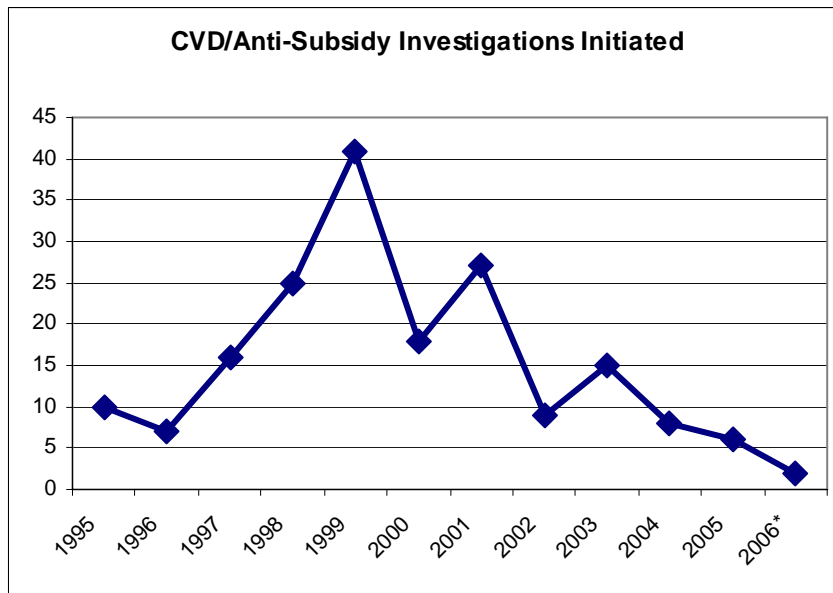
* 2006 figure annualised for comparison purposes

- There has been an increase in safeguard cases in 2006 to the 3rd highest level since the creation of the WTO.



* 2006 figure annualised for comparison purposes

- The level of CVD activity is at an all-time low.



* 2006 figure annualised for comparison purposes

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ⁱ This paper is a brief summary of the key conclusions of the Global Trade Protection Report 2006 (data and analysis section), which is available on www.antidumpingpublishing.com.

ⁱⁱ Steel/metals price data is based on the CRU steel price index (see www.cruspi.com) and UNCTAD commodity price statistics.