

**A Study of Market Economy Status in Anti-Dumping  
Against China**

### Abstract

In this paper, there is a brief description of market economy status in anti-dumping against a developed country named China. There are many rules and policies implemented in the international market regarding anti-dumping laws. In 1994, there is an Article VI of the General Agreement on Tariffs and Trade in which an agreement is applied relating to the imposition of the anti-dumping based duties on such goods, by providing the framework for the investigation. The major aim of this anti-dumping duty law is to protect the domestic industries from the imported products whose prices are below than the fair value that can threaten the material injury of the country. This dumping basedactivates badly impact the economic stability of the country because the domestic market is badly affected through this way.

This paper is informative in order to make a critical analysis of the non-market economy status under the supervision of the World Trade Organization. There is a brief description of the market economy status (MES) of all the developed states to China. As the United States is considered as one of the most suitable analogue countries for China in case of critically review its trade-related activities in the international market. Both the United States and the European Union make different strategies and also apply different anti-dumping based policies on the imported goods of China. Like the United States implement different tariffs on the imported goods of China in order to promote the domestic industry in the homeland and makes the fair trade-related transactions in the international market.

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World Trade Organization operates a special anti-dumping based procedure against China whose trading based prices are not fulfilling the same function in the market economics, and the anti-dumping based calculation is one of the effective sources of critical investigation. This paper is informative in case of critical consider the implementation of the anti-dumping based practices on the China condition. This MES is an international agenda which based on the critical analysis of the China trading based policies by using the analogues country methodology.

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### Introduction

This paper is based on the description of some of the dumping based laws in the international trade market against China. As China is a developed economy, which makes different types of products and services in the business field (Bell, Kochhar, & Khor, 2019). Most of the highly developed country impose some dumping law against the business-related activities of this state. Dumping is a kind of injuring pricing that mostly occurred in international trade. It mostly occurs when the manufacturers export a product to another country at the price whose price is lower than the normal price with an injuring effect.

The major object of such pricing policy based strategies in the international trade market is to increase the market share in the foreign market by driving out the competition level and creates a monopoly situation where the high taxes on the import rate of the foreign goods. But in the case of anti-dumping law is mostly imposed by any country in order to reduce the market share of another country. This high tax rate directly impacts on the profit margin of the other country.

Many legal issues are developed due to such anti-dumping laws in the international market. It is because,through anti-dumping duty, a protectionist based tariff is mostly imposed by the government on the foreign imports who believes that price is lower than the fair market value.

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Most of the countries make such policies in their trading in order to boost the economic situation of the local domestic business in the country. These policies positively impact the domestic growth rate of the country but negatively impact the international relation of the country. There are many legal issues faced by the country, which exports a product at a lower price as compared to the normal rate in the domestic market. Such policies are usually made by the government in order to make an unfair competition in the international trading that directly impact the performance of the competitive country.

China is considered as one of that country who make many anti-dumping acts in other countries (Telep & Lutz, 2017). This factor directly impacts the profit margin of most of the developed country, which mostly affects the profit margin of the developed country. That's the reason most of the countries impose some laws of the anti-dumping against China's country. These countries are the United States, Canada, the European Union and also the World Trade Organization.

According to the World Trade Organization (Delbeecke, 2016).

This antidumping based agreement is not prohibited until it threatens the material injury in the domestic industry in the importing country. In most of the cases, dumping is an unfair competition which is made between both states; this factor directly impacts the profitability factor of an organization. China is that country who mostly violate the basic laws of dumping in the international market like selling the manufactured goods in the host country at a price lower than the domestic market price. This lower price of foreign product decreases the profitability margin of the exporters in the host country.

In the current era, there is a trade war between China and the United States by imposing the high tariff rate on the imported goods of China. This factor directly impacts the profit margin of the

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Chinese exporters. It is because through this way, they bear a large amount of loss in their international trading, and these companies are unable to sell their products at the lower price. Under section 15 of the Chinese WTO Accession Protocol, China must be treated as a non-marketing economy (NME) in case of anti-dumping proceedings. It mostly occurs if the Chinese firm is unable to prove that they are operating under the economic condition in the market. This nonmarket economy is mostly worked in order to effectively determine the proceeding of anti-dumping and determine the normal value of the goods.

There are many countries who early recognize the MES to the economic condition of China. Some of them have issued their political declaration of recognition in order to implement the decision legally. There is a United States AD law in the Tariff Act 1930, where the US Department of Commerce is responsible for applying the AD investigation in order to understand the market economy. This MES is applying to the whole economy of the country. In the International market, the price of most of the China-based products is mostly lower than the prices of domestic-based products (McGovern, 2018).

China has a non-market economy situation because the amount which charges by the Chinese based products are mostly lower than the market-based value that is mostly calculated by applying the AD based duties to the Chinese exports. When the claimed prices of Chinese based products are considered when it comes to knowing that it based on proxy-pricing based frequency that results in the higher dumping margin. This margin comes closure to the full dumping margin where the Chinese companies sell its products at the lower prices below the cost.

This strategy badly impacts the economy of the other countries who import the China-based manufactured products because in this way, the domestic market of that country will badly be affected and it will become quite difficult for that economy to stabilize its GDP. The reason is that through this way, most of the domestic manufacturing company will sell their products at the market price, which is higher than the price of Chinese products of the same commodity and customer is always preferred to buy the good quality product with the lower or reasonable prices so in this way, the profit margin of that company will be affected.

And this higher dumping technique of China directly hit the growth rate of the foreign country's economy (Tietje & Sacher, 2018). That's the reason most of the trading partners of China makes some strategies like imposing higher tariffs or any other rules in order to reduce this higher dumping approach of Chinese companies in international trading.

### Historical background of Anti-dumping laws of US

The history of antidumping law for America is beginning truly with the Sherman Antitrust Act 1890, which describe that the monopolizing the particular portion of the market is illegal. This law helps to avoid the increase in the prices artificially for preventing the rise in the prices by restricting the trade or supply (Sawyer, 2015).

In the later time, the Sherman Act was being reinforced by the name of Clayton Act of 1914. This act was aim to illegal the practices of discriminating the prices to reduce the completion in the market to create a monopoly (Martin, 2018). After two years new law introduced as antidumping act 1916 .this law made illegal of doing of selling the imported goods on the lower prices compared to market value in the exporting country. With the intent of damaging the



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industry in America. This law also prevents to establish any industry in the U.S. The act was to top making monopoly of, the monopoly relates to trade in the United States (Blonigen, 2016).

The act was enforced by punishment, the punishment for not following this act related to the punishment which was given to the criminals. The history till the Clayton Act 1914 was considered to be traditional history for the laws relating to the antidumping in the USA. The modern history of antidumping law was started in 1921. In 1921, an act was introduced by the name of antidumping act 1921. The act was based on the most prominent elements which are involved in the current definition of the antidumping. The previous act of antidumping which introduced in 1916 was focused on the exporters and punishment was relate to the criminal punishment, but this act was different if there is any price discrimination or injury found then It resulted in the higher import duties .

The Tariff Act 1930, and it was focused on the increase in the import duties. The act was aim to protect the business and farmers of the United States (Mukhtar, 2019). The further improvement in the antidumping law was made in 1947 when General Agreement on Tariff and Trade. The act aims to keep the world on the same point with the laws of antidumping. The significant changes in the laws relating to antidumping and countervailing were made through the trade act 1974. This law defines the definition of dumping (Bown, 2016).

The most significant changes in laws were made in 1979 through the Trade Agreement Act 1979. This act replaced the antidumping act 1921. This act reduces the time limit on the dumping and subsidized export and use of available information when the foreign firms did not provide the requested information (Morin, 2017). According to the Trade and Tariff Act 1984, this act has aimed the increase the benefits of domestic firms gain, which targeting the different countries to

do dumping for the same product (Frenkel, 2017). This timeline is followed to explain the development of antidumping laws in the USA.

### Historical background of Anti-dumping laws of Canada

The historical prospectus of the antidumping laws in Canada is based on different acts and regulations. The assent received the first antidumping provision in Canada on the 10th August 1904. These measures applied in 1904 by changing in the customs tariff act 1897. These cover the machinery, false teeth and equipment (Mastel, 2016).

Canada started concerning the market strategies relating to the dominance had led to an 1889 Act. This act was predated by the one year before the 1890 US Sherman anti-trust act: this act was followed by the Canadas act the 1910 Combines Investigation Act. The acts of 1889 and 1910 were focused on the combine's activities, and these acts did not cover the price discrimination in the Canadian completion. The price discrimination in Canada was not illegal before the great depression (Inwood, 2016).

After a few years, Canada has trailed America, which covers the price discrimination in the act, the Clayton Act 1914. In 1911 the Laurier government failed after campaigning on the proposed of the free trade with America. However, this reciprocity agreement only results in the free trade of a few products. Canada was allowed to take the protection of tariff for the goods which Canada was manufacturing. Canada starts making the laws for the antidumping. Canada started doing antidumping legislation in the countries where English has spoken. By at that time, there was a great pleasure on Canada by America because America provided the impacts on the

Canadian bill. The Canada antidumping is majorly created in 1969 named as antidumping act 1969 (Jones, 2017).

In 1980 antidumping was limited to the six countries which include Canada. In 1984 the particular import measure act replaces the act of antidumping which was currently working. Canada law for antidumping is based on the statute called the special import measures Canada. The anti-dumping laws are made to prevent the local industries from the special tariff against the discrimination in the traded goods from foreign countries (Yang, 2017) .

The current antidumping law in Canada is based on the 1984 import measures. This covers all the related information for the antidumping in Canada. Import measure based on the special tariff protection, which is alternate of the import duties. In the measures, it is necessary to prove that the company is doing dumping and breaking the set rules .the dumping procedure involves the Canadian government where the proceedings of dumping case are done through investigation (Pearson, 2015).

### Historical background of Anti-dumping laws of EU

The Anti-Dumping law is considered as the heart of the EU trade based policy that is mostly used in the ground of eliminating the injurious dumping on the foreign companies and then re-established the fair trade based condition. In the EU, a history of the modern dumping law was started with the GATT agreement in 1947 that result in the establishment of new trade based agreement in 1994 that established the WTO. From the last ten years, the EU made some effective empirical tendencies from the last ten years like in most of the Asia countries; an anti-dumping based duty is applied on their export based products especially for China. According to

this anti-dumping act, the targeted production of imported goods must be that products that are not easily made by the European Countries.

They are majorly the input goods, raw material, and textile-based products. This union also made some regulations and taxes on different products like steel and chemical based products. The dumping based margin of these products based on the pattern of their transactions. According to this union, the duty level of the imported goods in European countries are mostly higher than the bound tariff rate for all the related sectors and practices. This ratio is enhanced in most of the advanced technological products. The last rule is to apply the definitive duty on all the level of outcomes that are initiated by the anti-dumping laws.

While in the EU, the patterns of the anti-dumping laws are varied on a timely basis. This union made different types of initiatives per year in the period of 1993 to 2008 and then 2009 to 2013. In the period of 2009 to 2013, there were approximately 51 average cases initiated in per year as compared to the 67 cases that created in the previous 13 years. When the historical impact of the anti-dumping laws is considered when it comes to realizing that the overall number of this law activity is lower in the EU as compared to the major WTO members.

This union took the initiative regarding the anti-dumping law from last decade that peak in the late 1990s that recently occurred with the exception of 2007 based laws. In 2008, the authorities of the EU made 332 anti-dumping based investigations for the ten years trade-based data like from 1998 to 2008 in which they made 109 terminations without any definite measure and 198 definite measures. While 1999 was that particular year where the measures of the anti-dumping law were much higher than others (Davis, 2009).

### Historical background of Anti-dumping laws of WTO regulations

The World Trade Organization was originated in 1<sup>st</sup> January 1995 under the Marrakesh Agreement that signed by 123 nations on 15<sup>th</sup> April 1994. As this WTO majorly based on applying different laws and regulations on international trading, so these anti-dumping laws are one of the important sources of regulations that made the WTO in international trading. Before the WTO, there was a GATT a multinational instrumental governing body that created an international mechanism of trading.

First real GATT of trade rounds was based on reducing the tariffs. While this anti-dumping agreement was developed by this GATT in the trading from Geneva to Tokyo. In 1994, article VI of the GATT are authorized to impose the specific anti-dumping based duties on the imports of the specific goods in excess of the bound rates (Shadikhodjaev, 2019). This was made in case of any dumping or injury to a domestic industry of the country. This first agreement regarding the anti-dumping in WTO is mostly known as the Anti-Dumping Agreement that imposes different anti-dumping based duties. The tariff was lower than the tariff range made by the GATT agreement while the anti-dumping based duties were increased in this case.

In the WTO regulation, the first code on the practice of anti-dumping based agreement was formed in 1967 by Kennedy Round. While the Tokyo Round code occurred in 1980 before the establishment of WTO. The committee of the WTO follows Article 16 related to the Anti-Dumping Agreement. After this, all the disputes in the anti-dumping areas are resolved by the Dispute settlement body of the WTO by following Article 17. The WTO made a general rule regarding the price of the products in international trading. This organization made the normal values in the ordinary course of trading. According to its article 2, if the home market

sale at the lower price below than the cost of production, then it will not sell at the ordinary course of trading.

This organization also imposed anti-dumping duties on all of the export-based commodities.

There is also a provision of the anti-dumping based duties on the exports based commodities.

This authority also imposed duties in the regional industry sector of the country. In case of injury, this organization mentioned types of measures to impose the anti-dumping like the

material injury of the domestic industry, material retardation of the domestic industry establishment of domestic industry and the threat of injury or material injury in domestic industry.

Article 8 of this anti-dumping based agreement make different laws regarding the offering and acceptance of the price, taking strategies between different countries. In the current era, all the international trade based transactional rules are made by this organization while Article 10 consist of different rules regarding the retroactive imposition on the dumping duties (Marceau, 2017).

### [China's Nonmarket economy status under WTO](#)

China is one of the developed countries around the globe. It has already discussed above the anti-dumping laws regulate and applied all countries and economies. Historically, the dumping margin and application of laws on products of China have been calculated by using non-market economy methodology. It is very important and crucial for all countries to identify and analyze their non-market economy status under WTO. The world trade organization is responsible for identifying the market as well as non-market economy status.

Basically, China had joined the world trade organization in 2001 under 15 year's transition period (Bhattacharya, 2019). After joining WTO, China was responsible for applying and regulating laws against dumping. Generally, the non-economic status of a country is one in which there is government intervention in allocating the goods and services and determine the prices of goods (Chapra, 2016). Simply, under a nonmarket economy, there is a crucial role of government intervention.

So, under WTO, the non-market economy status of the country is in growth perspective. The country majorly focuses on foreign trade instead of domestic trade. Initially, China has a market economy status under WTO. However, by the passage of time, the economic status of the country changed from market to non-market. China nonmarket economy status under WTO discussed that the country mainly focuses on the methodology of accessing the lower prices in a foreign country as compared to domestic country (Telep & Lutz, 2017).

It has been demonstrating that the country economy based on the market economy, but under WTO, the country has a nonmarket economy when calculating the anti-dumping duties which allowed for higher penalties. Now, this shows that China did not complete its transition, which significantly affects the market condition as well as market economy status. Recent news or survey has demonstrated that in this case if China completes its economic transition and also ensure that market economy conditions prevail in the economy, then it will favourably affect the overall market position.

Under WTO, China is a non-market economy because there is great government intervention within the country. This means that the government of the country is highly responsible for allocating the prices of goods and services. The non-market economy status of the country under

WTO is undergrowth. So, the non-market economy status under WTO based state-owned ownership in order to determine the prices of products and services. The paper has critically discussed the non-economy status of China under WTO, and the determination of non-economic status has helped to analyze the current situation. The non-market economy status of China has explained that the country government position is growth able (Zheng & Huang, 2018).

### Comparative Analysis of China

#### Comparative Analysis of China and EU

The comparative analysis of China and EU anti-dumping is very significant. The analysis has been done on the basis of anti-dumping rules and regulations. Basically, the trade and anti-dumping policy under EU characterized by intensive use of antidumping measures. As it has already mentioned above that anti-dumping is the process of law in which the country lower the prices of goods and services against the domestic country. For example, under the anti-dumping rule, the required country lowers the prices of products and services in the foreign market. While the prices of goods and services in the domestic country kept low.

The EU believes that there must be some common rules and procedures and should be a general acceptance that certain types of behavior are unfair (Burke, 2017). It has been discussed that during 1992-1998, on average, 90 cases have been examining under antidumping as well as anti-subsidiary investigation. Now, the comparative analysis of China and the EU has demonstrated that the EU has “lesser duty rule” against anti-dumping laws and regulations. It has analyzed that EU has average duty level against anti-dumping. China’s government give some regulations in order to maintain foreign trade order and fair competition. The regulations explain that if an



imported product by adopting a form of dumping or subsidy, it causes the material injury, so in order to cope with this problem, the anti-dumping measures taken.

The global antidumping records have shown that an initial basis, the EU applies anti-dumping rules and regulations in order to run the international trade smoothly. EU apply anti-dumping rules and regulations under various circumstances. The global anti-dumping report has shown that EU rank third in terms of following the initiation and instructions regarding anti-dumping rules. It has explained that China has recently raise anti-dumping duties on certain alloy steel pipes used in the USA and EU. The recent study has shown that the anti-dumping tax applies under china is between 57%-147% on companies in the USA (Kleimann, 2016). The ministry of commerce of China has explained that the anti-dumping tax rate in China has been increased during the last few years.

The effects of anti-dumping tax and regulation have a great impact on Chinese exports to the EU (Zhou & Zhang, 2017). A keen analysis shows that the EU applies and initiate the antidumping rules in order to manage the trade outcomes effectively. A closed investigation of anti-dumping of China against the EU has revealed that both countries majorly focus on anti-dumping rules and regulations as compared to the EU.

The exports of China demonstrate that the country has effectively obeyed the anti-dumping rules and initiatives. The analysis has shown that there are various cases has been observed that were against the EU regarding dumping rules. The analysis has shown that out of 49 cases globally, 21 cases have been listed that the EU is in the list of anti-dumping against China. Moreover, this has shown that from chimes market perspective, the effects of AD on China economy are much stronger and significant than the EU perspective (Metcalf, 2019). Chinese anti-dumping

regulations demonstrate that export value or price of an imported product should be less than its normal value.

From 1995-1998 several cases have been studied, and different cases have been explained that there is bilateral trade flow due to in the composition of duties and laws. In different cases, it has been explained that the countries do not apply anti-dumping laws that affect trade compositions and outcomes. Under current analysis on the basis of AD illustrate that the EU has a weaker position than China. In different perspectives, AD rules and regulations do not apply that significantly affect the trade position. So, the comparative analysis has shown that China strongly applies the measures and initiatives of anti-dumping for favorable outcomes under international trade.

### Comparative Analysis of China and Canada

Now, it is crucial to examine the anti-dumping rules and practices by Canada and China. The studies and evidence have examined that Canada, US, and EU apply the lesser duty rule under anti-dumping. The evidence shows that the average duty rules by Canada are much lower than other countries such as the US and China. This has been shown that Canada applies a lesser duty rule for better trade benefits and outcomes. The stance of Canada illustrates that the anti-dumping laws are intended to permit domestic industries of a country to seek special tariff protection against the unfair goods. Once the dumping has been found in Canadian market, the WTO requires the protection of dumping industry.

The evidence and study show that the anti-dumping rate in Canada is only 47%, while the maximum anti-dumping duty in Canada is 226% (Kugler, 2017). So, this has shown that Canada and other countries conduct unfair trading with other countries. This process and policies have an

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effect on the trading mechanism around the globe. Canada foreign trade and exchange of goods affect by anti-dumping rules and regulations. This has shown that comparative to China; there is less interpretation of anti-dumping rules within the country. Moreover, in a recent period, the AD against policies and cases has been observed. Initially, the country has AD issues while by the passage of time, Canada also focuses on AD rules and policies for fair trading outcomes. Currently, AD laws are contained in a statute which called special import measure act (European Parliamentary, 2015).

On the other hand, it has already explained that China is one of the countries around the globe which impose foreign imports, and it believes in keeping the price low in terms of market value. So, the various evidence has shown that China recently hikes the anti-dumping duties on the various country. China recently announces that anti-dumping duties will be imposed on the products import from Japan and India (Liu, Hsiao, Chang, & Hsiao, 2016). So, the comparative analysis of both nations explains that China, as well as Canada, focuses on anti-dumping rules and initiatives in order to perform fair trading around the globe. AD law and regulatory body in Canada is responsible for conducting various operations. Such as a separate legal entity in Canada is responsible for investigating the dumping complaints on the basis of a written agreement.

According to the investigation process, the regulatory body once starts investigation the importer and exporter have sent a lengthy questionnaire for the request of information. The anti-dumping regulatory body in Canada fully examine the importer and exporter interests and make sure the anti-dumping provision of rules. So, Canada has strong regulatory bodies in order to examine the anti-dumping rules and policies critically.

### Comparative Analysis of China and the United States

It is well known that the USA is one of the developing countries around the globe. The recent evidence and studies have shown that China reflects a positive and favorable relationship between the share of GDP and anti-dumping complaints. The trade model or framework of the country shows that there is a positive relationship between GDP growth and anti-dumping rules and procedures. Not only this, but the trade model has also shown that there is a negative relationship between wages and anti-dumping complaints. It is well known that China has the biggest advantage in terms of the labour force. So, the entire model of the country's trade shows that China has a non-economy market system. The entire model has discussed that in China, the amount of anti-dumping cases reached very high in recent years.

The evidence and trade model also shows that Chinese products have high AD in terms of foreign trade and outcomes. Moreover, the trade model of the country has demonstrated that the products investigated under anti-dumping are more and products cover in metals, machinery, textile, paper, and electronics. This has shown that China while exporting such products in the foreign market that decrease the actual value as compared to domestic value. It is also very important to discuss here that in terms of anti-dumping charges, Chinese exporters have no capability and having no experience to defend. The low prices of products in China affect the less competitive domestic enterprise which promotes importing in order to adapt anti-dumping to protect the local strategy.

On the other hand, the trade model of USA anti-dumping demonstrates that wages and number of anti-dumping has a negative relationship with GDP. It is well known that the USA is one of the biggest typical exporters around the globe. The country government gives priority to satisfy and

fulfil the demands of domestic consumers. The economic power of the country influences the foreign trade and exchange of goods and services. The trade model of the USA shows that the country is high anti-dumping complaints. The USA has various anti-dumping complaints against high duty value on goods and services (Nath, Liu, & Tochkov, 2015).

So, the USA is a country in which the anti-dumping practices been performed negatively. Unlike other countries like Canada, China and EU America has a high anti-dumping capacity. This has been showing that the USA and China are facing various issues and betrayal trade practices during the last few years. So, the comparative analysis of China and the USA shows that the USA has high capacity measures in terms of anti-dumping as compared to China.

### [China's Accession protocol to the World Trade Organization](#)

Before critically examine china's accession of protocol, it is very important to understand the general accession of the protocol. Generally, the accession of the protocol is a new entrant report made by the country with respect to the world trade organization. The report of the accession of protocol discuss that country exceed WTO, the timing of acceptance and protocol regarding full membership to WTO.

The china accession of the protocol in terms of WTO illustrate the joining date of WTO.

Basically, WTO approved the agreement on terms and conditions of accession protocol for the Republic of China on November 01, 2006.

The accession of protocol describes why the country has joined WTO and the primary purpose behind that. Basically, in July 1986 china applied for the admission in WTO and for general

agreement on tariffs trade. While, after becoming a member of WTO, some accession negotiations has been discussed (European Institute for Asian Studies, 2016).

There are different accession negotiation with different countries. Likewise, the accession negotiation with China republic has demonstrated that China has three basic aspects while conducting foreign/ international trade. According to the accession report and negotiation, the country has to follow some basic rules and prospects. The three basic aspects of accession protocol are given below,

The non-market economy status of china affect the accession of protocol and it is a core chip of WTO. Basically, article 15 illustrate the legal remedies under accession of protocol. Chinese government take remedies and reforms to improve the market economy and foreign trade matters.

- China majorly focuses on general obligation of WTO members and cancel their discriminatory practice against other countries.
- Moreover, for enterprises the government of china change the labor extensive made of production and focuses on improve the core values.
- Basically, the protocol accession to WTO of china's relies on a particular question about the implication of the legal system. The efforts of the Chinese government to gain the accession stand against to socio-economic and political-legal system. The accession protocol has a significant impact on China's foreign trade and investment regimes. Such as the investment regime and foreign trade affect the legal system of China. This has been showing that China's accession protocol as has made foreign trade more liberalized and less opaque than a decade ago.

- In the accession protocol, China made extensive commitments to lower its trade and investment barriers in order to improve economic reforms.
- The accession protocol has discussed that china republic must have to provide information regarding the working party under the trade regime (Qin, 2017). This means that the country should significantly get the information about the working party like importer or exporter and must ensure their working conditions. This is very important for the country to run the operations under the trade regime smoothly. Not only this, but the country has also updated its information periodically and must change it with the time passage. Moreover, if there some changes occur, it must be reflected under the trade regime recession protocol.
- Secondly, the most important aspect of recession protocol is that each member of WTO should negotiate with China regarding market access and trade regime. WTO members should negotiate with country members regarding market access and commitments regarding goods of services, including tariffs that will apply tothe industrial and agriculture sector. The most important thing under the accession protocol of China to WTO is that China's goods and services would apply to all WTO members (Li & Tu, 2018).
- Finally, the rules and regulations or other important concerns discussed in the accession protocol must be accompaniedbya working party report. This means that the country under trade regime should equally focus on the interests of the counterparty, whether it is importer or exporter.

According to US influence over WTO, they did not give status to China, which is not legal. So, according to this, China has a legal implication to construct political relations and adopt a wary attitude regarding another potential adversary.

Moreover, WTO cancel the market economy status of china. The legal discussion demonstrate that china will get its status back after 2016(Barone, 2015). A change in China's status after 2016 might compromise the EU's ability to ensure that the competition between EU and Chinese companies is fair.

Moreover, the accession protocol has discussed some of the commitments and wide range of enforceable highlights. Such as China will take systematic reforms under consideration while promoting transparency, business dealings, and predictability. Not only this, China will assume the obligations under the existing multilateral WTO agreements. Moreover, China has made a lot of liberalizing commitments in order to undertake the special characteristics of the Chinese economy.

### Economic reforms in China after the WTO's accession

Now, the matter is how, through this way, the economic reforms have been introducing in the country after the accession protocol. Numerous studies and evidence show that the accession protocol by the WTO brings a lot of economic reforms in the country. The economic condition of the country gets change after the accession protocol under WTO (Liao, 2016). There is sustainable growth has been examining after the accession protocol under WTO. The economic reforms bring changes in the entire environment of the country, and it has given below,

### **Economic changes**



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It is very crucial to discuss here that no other country was able to increase the living standard of the people after the accession protocol that China did. In the world economy, China is the only country which brings economic reforms within the country and among people. After the accession protocol, the living standard of the people increased. Moreover, in terms of international trade, the economy of China considered as extremely impressive. During the last few years, especially the Chinese economy was extensively transformed. So, after the accession protocol, the economic reforms within the country bring rapid growth as well as rapid industrialization. This has also influenced the economic power ranking of the country (Brandt, Van Biesebroeck, Wang, & Zhang, 2017). Like, by the passage of time, China becomes the number one economic power around the globe. Moreover, this change also influences the financial as well as growth rate position of the country. It has been explained that after the protocol accession China become the second largest economy around the globe and become the second largest exporter around the globe.

The economic changes bring changes in GDP growth of the country as well. After the protocol, China ranked as the second largest country around the globe with the highest gross domestic rate with 16.158 billion. It was a 2013 survey which explained that China was one of the countries with the highest GDP rate at that time, and the primary reason behind the success of a country is accession protocol with WTO.

It is also important to explain that the accession protocol affect trading growth. WTO accession was held in 2001, and after the accession, protocol promotes the trading of China. The exports of China increased after the accession protocol. The exports of the country increased by a specific amount. Overall, it explained that economic reforms affect the economic conditions of the

country. The economic conditions of the country become favourable as well as investment by the investors also increased. After the protocol accession, China regarded as one of the highest investment countries around the globe with more than 40% of GDP.

### Case of China against US anti-dumping laws

Although there are several cases against anti-dumping laws under the provision of many countries. The following case presents the antidumping laws of China against the USA. A case of USA and China present that China scores WTO victories against some US anti-dumping methods.

The case of China and the USA has present that China brought a complaint in 2013 against the anti-dumping laws by the USA country (Miles & Lawder, 2016). This was regarded as one of the string dispute or the dumping or exporting unfair cheap prices for the foreign country. The case has discussed that the USA performs unfair trading and involved in unfair practices.

The case has examined that China determines the anti-dumping practices against the USA regarding unfair prices. China has examined that the USA performs the dumping practices in terms of goods and services produced. Normally, China found the dumping activity by the USA as lowering the prices of goods and services than the home market price, which affect the market conditions and trade conditions of the country. The panel ruled against the US commerce department demonstrate that practice regarding anti-dumping “zeroing” the market economy. Generally, it is unfavourable to lower the prices of goods and services as compared to home value.

So, the USA anti-dumping practices were based on zeroing methodology trends, which increase the level of anti-dumping duties on the foreign procedure (Lai, 2018). While regarding this, some of the points were argued by the China Republic, and it was rejected by the WTO panel. The WTO claims that China Republic assigns high dumping rates to other foreign states and countries. So, the entire case has explained that the USA does not follow the anti-dumping laws and practices against China, and it badly affects the trading measures and trading rules of another company. The dispute was related to several industries like metal, minerals, and electronics.

### Case of China against EU anti-dumping laws

China has also restricted some boundaries against the EU regarding anti-dumping laws and regulations. It is very important to discuss that the EU is one of the biggest trading partners of China. The various trading matters have been discussed and explained by the EU as a trading partner. The case of China and the EU is related to anti-dumping rules and practices.

The case has explained that during last few years back, China hikes the anti-dumping duties on some of the EU tubes and pipes. From the case description, it has been explained that China has recently increased the anti-dumping duties on EU based pipes and tubes. It has demonstrated that the anti-dumping tax rate has been set under 57%-147%, which is according to the ministry of commerce (Business News, 2019).

Moreover, the new tariff rates were high as compared to previous. Such as the new tariff rates set by the Chinese government are ten times greater than the previous rate, which was imposed in the year 2014. So, the increase in tariff rates affects the international trading system and practices. For example, anti-dumping practices increase unfavourable trading practices under

foreign countries dealing. The matter is how anti-dumping practices been performed. So, the case description shows that the new tariff rates imposed for fair trading between China and the EU. While the tariff rates on EU steel are at 101% while all other EU companies it was 147% according to ministry order. So, the imposed tariff rate was not followed and obeys by country rules. The country was violating the anti-dumping laws and procedures just for the sake of profit and earnings.

To make it a point, it is very significant to follow the rules, procedures, and policies regarding anti-dumping because it significantly affects the outcomes and desired benefits.

### [Analogue country system for China](#)

The European Union makes some anti-dumping rules that grant a separate treatment for the import related goods from China. In the General Agreement to the Trade and Tariff (GATT), there is an anti-dumping law that is applied to the analogue country. According to Article 2(7) of the European Commission makes some regulation regarding the application of the analogue method, where the normal value is mostly fixed on the basis of three steps. If the price of these anti-dumping duties is mostly higher than under the methodology used by the analogue country that results in the higher dumping margin on the imported goods of China. Both the United States and European countries make different types of investigations regarding imported goods from China. In the current era, the United States and the European Union apply the analogue country method for China because it continuously violates the Dumping law in its foreign trading that oppose the basic rules of anti-dumping law.

If its background story is considered then it comes to know that China's demand market economy status from the WTO after completing its fifteen years of trading. As China is considered as the largest steel manufacturer and exporter, who export 50% of grey iron and coal iron to the United States. There are also some European countries who manufacture the same product, but China makes some dumping technique in its selling that majorly impact the domestic industry of a country. So, in order to overcome its dumping activities, the competitive countries sue China in WTO, and for that purpose, the analogue country technique is used in this case. There are many controversies regarding the legal documentation of the Chinese accession to the World Trade Organization. According to the Article d (ii) of the Section 15 of the Accession Protocol of China to the WTO, it will impose the method of the analogue country if the producer does not explore any information regarding its pricing and cost related sectors.

Most of the countries especially the United States and European countries apply this method on the trading activities of China because it mostly sells its products at the lower price in most of the countries that simply violate the concept of dumping in the international trading. The reason is that the market economic condition of the country is not an unreasonable manner means this country does not provide a reliable source of information to the authorities of WTO. The second reason is that the normal value is determined based on the domestic price and also the price of the exported goods like best information method is applied in this case. The third reason is that the adjustments can be made on the basis of the Article 2(10) of the basic anti-dumping based regulations because the normal value of the exported goods is under the calculated Article 2(7)(a) of the EU basic anti-dumping law related regulations (Trommer, 2007).

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The major reasons to apply this analogue country method is that Chinese companies are failed to obtain the market economy treatment-related status because they mostly operated in the non-market country where they want to create a monopoly of their products in the market. It's true that there is a tough competition between most of the countries on the basis of their economic status because, in the current era, the technological and economic war is created between the developed countries. As the United States and the European Union majorly want to become a highly developed economy and become more powerful in the international trade market.

And when their administration sees the anti-dumping based strategies of the Chinese companies in their domestic market, then they apply different anti-dumping based strategies and laws against China. That's the reason they make some investigation against China through applying the analogue country method where a comparison is made between the domestic prices or the cost of China (Barone, 2015). The EU uses the analogue country methodology by looking at the prices in a market that are analogues with the exporting countries. This analogues country must be considered as a market economy in the current era. While the United States also impose the anti-dumping based investigation against China in the current era by imposing a large number of tariffs on the imported goods of China.

### Suitable analogue country for China in World Trade

In the international market, there is a trade war that exists between China and the US Company.

As China is continuously demanding the Market Economic Status (WES) from the WTO

because according to the agreement, it is a legal right of China to get this status. But an Analogue

Country Method is applied to this state in order to investigate the fairness of its trade. As the US

is directly linked with China in the trading of steel so it can never be involved in the part of this

investigation. It is because there may be a chance that the authentic results will not generate in this case, which will make the situation more critical. There is a need of such country which is not involved in the trading of steel based items from China and the US like Brazil, India etc.

So in case of India and US, it will be more effective to choose India as an analogues country because it is not directly linked with this steel based trading, that creates a major conflict between China and the other European countries. The decision to select India as analogues country is also effective in this case because they both are developing economies, so their cost of production regarding manufacturing the items quite resemble with one another which help the authorities to investigate the trading activities of China in the international market. It becomes clear that in order to make a fair trading behaviour of China, then India will be the right choice to perform as an analogous country.

### Conclusion

Thus, after critically study and analyze the Market Economy Status (MES) in the anti-dumping against China, it is concluded that many develop countries like Canada, EU, United States and other ones makes some strategies in the opposition of the dumping based activities. The reason is that this pricing approach of China badly impact the growth rate of its domestic industry because China sells its products at a price lower than the cost of production. In the current era, the United States implement a higher tariff rate on the imported goods from China that directly enforce China to change its approach and follows the international trade-related rules, made by the WTO. China is that developed economy who oppose Article VI of anti-dumping law made by GATT in 1994 where there is proper legislation regarding the price rate of the export-based commodities.

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In the current era, the analogue country system based methodology is made by the WTO. In case of investigating the fair trading of China in the international market, India will be considered as one of the effective countries in order to make a comparative analysis between cost, revenue and price-related factors, the reason is that it is not directly linked with the trading of the steel based manufacturing products.

According to this study, the administration of EU and US makes some anti-dumping based policies against China that can help to consider the market economy based status against China because it is such country who mostly prefer to trade with the non-market economy where there is a monopoly of its own companies. In the future perspective, there is a need to apply more tariff or duties on the exports of China-made products because through this way; all the based trade activities will become fair. This paper is informative for the business graduates, scholars, researchers and economist who wants to make some critical analysis regarding international trading. In the current era, there is a need to critically consider the laws regarding the anti-dumping related activities, so that a fair trading system is generated.



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