Trade Remedy:

A Stumbling Block for ASEAN Economic Integration?

By

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THESIS

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<td>Anti-Dumping</td>
</tr>
<tr>
<td>ADA</td>
<td>Anti-Dumping Agreement</td>
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<tr>
<td>AEC</td>
<td>ASEAN Economic Community</td>
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<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area</td>
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<tr>
<td>AMC</td>
<td>ASEAN Member Country</td>
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<tr>
<td>ANZCERTA</td>
<td>Australia-New Zealand Closer Economic Relations</td>
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<td>APSC</td>
<td>ASEAN Political-Security Community</td>
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<td>APTA</td>
<td>Asia Pacific Trade Agreement</td>
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<td>ASCS</td>
<td>ASEAN Social-Cultural Community</td>
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<td>ASEAN</td>
<td>Association of South East Asian Nation</td>
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<td>ATIGA</td>
<td>ASEAN Trade in Goods</td>
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<td>BIS</td>
<td>Bureau of Import Services</td>
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<tr>
<td>CEPT-AFTA</td>
<td>Common Effective Preferential Tariff for ASEAN Free Trade Agreement</td>
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<tr>
<td>ECSC</td>
<td>European Community of Steel and Coal</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HS</td>
<td>Harmonised System</td>
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<td>IDN</td>
<td>Indonesia</td>
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<tr>
<td>KADI</td>
<td>Komite Anti-Dumping Indonesia (Indonesian Anti-Dumping Committee)</td>
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<tr>
<td>KPPI</td>
<td>Komite Pengamanan Perdagangan Indonesia (Indonesian Trade Safeguards Committee)</td>
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<tr>
<td>MFN</td>
<td>Most Favoured Nation</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>MIDA</td>
<td>Malaysian Investment Development Authority</td>
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<td>MITI</td>
<td>Ministry of International Trade and Industry</td>
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<td>MYS</td>
<td>Malaysia</td>
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<td>NAFTA</td>
<td>North American Free Trade Area</td>
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<td>Tariff Analysis Online</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>VNM</td>
<td>Viet Nam</td>
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<td>WCO</td>
<td>World Customs Organisation</td>
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<tr>
<td>WDI</td>
<td>World Development Indicator</td>
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<tr>
<td>WITS</td>
<td>World Integrated Trade Solution</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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Abstract

This thesis investigates ASEAN’s use of trade remedy instruments and their impact on trade and liberalisation efforts.

With the growing number of trade remedy cases worldwide, ASEAN member countries are exposed as targets of anti-dumping (AD), subsidy and countervailing measures, and safeguards. They are also new users, primarily of Anti-dumping.

Focusing on AD, this thesis presents the landscape, implementation and application, and effects of trade remedy instruments in the South East Asian region. Under the ASEAN Trade in Goods Agreement (ATIGA), ASEAN members are permitted to use trade remedy instruments as stipulated in agreements of the World Trade Organization (WTO). Although the use of trade remedy instruments are sometimes seen as contrary to the WTO’s most favoured nation (MFN) principle, their use is permitted in exceptional circumstances. How does the decision to make AD - a trade limiting policy – readily available for ASEAN members affect industries, trade flow and integration efforts with the establishment of ASEAN Economic Community in 2015 and goals of becoming a more integrated region?

This thesis examines three main questions as an indication of trade liberalisation and integration efforts: (1) What motivates ASEAN member countries in initiating AD investigations? (2) How does AD affect trade? and (3) Does AD contribute to the reduction of tariffs?

This thesis utilises ASEAN trade remedy, imports and applied tariffs data from 1995 to 2012. To investigate the motivation behind the use of AD, this thesis uses binomial probability to look at whether AD use is triggered by strategic or economic
motives. An econometric model is applied to Indonesian import data to find evidence of the investigation, trade diversion and destruction effects on trade flows. The relationship between average applied MFN tariffs and the use of AD is estimated to identify its contribution to liberalisation.

The results reveal that, for ASEAN members, the use of AD is driven more by strategic motivations. In the case of Indonesia, AD use does halt the movement of import products when AD duty is imposed at least from the named countries in the case, but this effect is offset by the diversion of trade to non-named countries. The analysis of this thesis also found evidence of the AD’s contribution to the reduction of average applied MFN tariffs, particularly so for the reduction of applied tariffs at the product level. Furthermore, for ASEAN, it was found that the contribution of the use of the AD instrument is more significant for countries with lower GDP per capita than for countries with higher GDP per capita.
Declaration

I, Aritta Gracia Lily Girsang, certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contain no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint award of this degree.

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Aritta Gracia Lily Girsang
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