

United States – Anti-Dumping Measures on Certain Shrimp and Diamond Sawblades from China: never ending zeroing in the WTO?

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Abstract: Despite many legal rulings to clarify the WTO inconsistency of zeroing practices, in practically all aspects of antidumping proceedings, the United States declined to categorically rectify the illegal antidumping duties based on zeroing calculation methods. This dispute is merely example of a number of disputes where the US government had to exhaust the whole process for proper implementation of the WTO rulings under its domestic legal system. The US approach is starkly contrasted with the position taken by the European Union that categorically terminates zeroing practices pursuant to the WTO rulings. While the WTO system indeed recognizes individual Member's peculiar regulatory systems and policies during implementation phases, the current situation in which WTO Members must individually resort to the dispute settlement system in order to rectify the US zeroing practices raises a serious concern regarding the legitimacy and integrity of the WTO dispute settlement system. Maybe it is time for WTO Members to agree on better implementation mechanisms before more Members try to develop overly burdensome and complicated regulatory processes for compliance.

1. Introduction

Since a 'zeroing' dispute was first brought to the WTO dispute settlement system by the *EC–Bed Linen* (DS141) case in 1999, numerous relevant cases have followed to

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We are very grateful to insightful comments by Edwin Vermulst, Chad Bown, Petros Mavroidis and Sungjoon Cho, and participants in the European Union Institute Conference held in Florence during June 3-4, 2013. We also appreciate excellent research assistance by Wonkyu Shin, Minjung Kim and Hyoyoung Lee as well as the financial support from the National Research Foundation of Korea Grant funded by the Korean government (NRF-2011-330-B00063) and Seoul National University Asia Center (0448A-20130004).

broaden the scope of Appellate Body rulings.¹ Unlike the European Union, however, the United States has adopted a unique retrospective antidumping procedure and complicated implementation mechanisms to embrace adverse WTO rulings under the Uruguay Round Agreements Act (URAA). This peculiar antidumping system, combined with a dualistic legal system, made many WTO Members bring redundant complaints against the US government concerning essentially identical zeroing practices in order to rectify the existing illegal antidumping duty calculation method using zeroing methodologies.

The current dispute, *United States – Anti-Dumping Measures on Certain Shrimp and Diamond Sawblades from China* (DS422), is one of those cases where the US government simply exhausted the panel procedure to lose the case so that it could meet the URAA requirement to implement the WTO Dispute Settlement Body (DSB) recommendations. Accordingly, this case does not contribute to the zeroing jurisprudence by adding any significant legal ruling. Nevertheless, this dispute highlights systemic non-compliance problems in the WTO dispute settlement system. In particular, the starkly contrasted approaches by the United States and the European Union to incorporate WTO rulings on zeroing practices raise concerns regarding the structural delay and non-compliance problems, which were hardly anticipated at the inception of the WTO system. We would like to draw academic attention to this systemic problem in the WTO dispute settlement system and discuss the potential implications for the future of the world trading system.

The structure of this article is as follows. Section 2 explains the factual aspects of the dispute and rulings. Section 3 presents the case in the context of all WTO zeroing disputes. Systemic non-compliance problems and the consequent legal and policy issues will be discussed in Section 4. Section 5 addresses the remaining issues for zeroing practices in the WTO system.

2. Disputed issues and rulings

This dispute concerns the zeroing practices of the US Department of Commerce (DOC) in anti-dumping (AD) proceedings for shrimp and diamond sawblades imported from China. Based on the previous rulings on zeroing practices by the Appellate Body, China brought these disputes to the WTO dispute settlement system in order to rectify the existing AD duties.² The panel request made on 13 October 2011 led to the panel report which was adopted on 23 July 2012.

1 The controversy concerning legal decisions by the WTO panels and the Appellate Body has spawned a large number of academic studies, many of which were published in this journal. They include Bown and Sykes (2008); Crowley and Howse (2010); Grossman and Sykes (2006); Hoekman and Wauters (2011); Prusa and Vermulst (2009); Prusa and Vermulst (2011); Vandebussche (2009).

2 The consultation request was submitted to the WTO DSB on 28 February 2011, WT/DS422/1 (dated 2 March 2011).

The European Union, Honduras, Japan, Korea, Thailand, and Vietnam joined as third parties in the panel proceeding.

In the AD investigation for shrimp, the US petitioners challenged exporters not only from China but also from Brazil, Ecuador, India, Thailand, and Vietnam. The dumping margins for Chinese exporters, however, were very high compared to those for other countries.³ For example, the dumping margins for the exporters from Ecuador and Thailand were in the range of 2–4% and 5–6%, respectively. The highest dumping margins for India, Vietnam, and Brazil were about 13%, 25%, and 68%, respectively. But the major Chinese exporters were subject to AD margins which were higher than 90%, while the PRC-wide margin was determined to be 112.81%. More specific dumping margins for Chinese exporters are summarized in [Table 1](#).

In any case, Ecuador (DS335), Thailand (DS324, 343) and Vietnam (DS404, 429) also brought separate WTO disputes concerning the same US zeroing practices.⁴

It is noted that around the time the consultation request was submitted to the WTO Dispute Settlement Body (DSB) the antidumping duties imposed on major Chinese exporters were already significantly reduced after the remand procedure. On the other hand, since China is treated as a non-market economy in the US AD investigation, India was selected as the surrogate country in this case, in consideration of India's comparable level of economic development to that of the PRC, India's significant production of frozen and canned warm-water shrimp, and the availability of India's data to value the factors of production. With respect to this shrimp AD investigation, China challenged the DOC on the use of the zeroing methodology in determining Allied, Yelin, and Red Garden's dumping margins and calculating the separate rate.

[Figure 1](#) shows the trend of shrimp imports from the countries subject to the US AD investigations, illustrating a typical pattern for trade diversion among exporters. In the early 2000s, the imports from Thailand were dramatically replaced by the imports from China, India, and Vietnam. Then, AD actions against these exporters caused a significant negative impact on their exports to the US market. The fall in Thailand's exports relatively quickly recovered after the AD action, whereas China, India, and Brazil suffered for a longer period. However, by 2011, most of the plunges in imports from the major AD target countries generally recovered to the pre-AD period level. The recovery consequently led to the US countervailing duty actions against them in 2013.⁵

³ See 69 Federal Register 76910, 69 Federal Register 76913, 69 Federal Register 76916, 69 Federal Register 76918, 69 Federal Register 71005 (8 December 2004).

⁴ See a more detailed list in [Table 3](#).

⁵ 'Certain Frozen Warm Water Shrimp From the People's Republic of China, Ecuador, India, Indonesia, Malaysia, Thailand, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations', 78 Federal Register 5416 (25 January 2013). This CVD action includes Indonesia and

In the AD investigation for diamond sawblades,⁶ the DOC determined the dumping margins using zeroing methodologies for exports from China⁷ and Korea.⁸ On 24 November 2009, Korea brought a consultation request (DS402) to the WTO DSB. On 28 February 2011, China also brought a consultation request concerning the zeroing methodology in determining the dumping margin for one of the major exporters, AT&M (Table 2).

As shown in Figure 2, the imports of diamond sawblades from China had been rapidly increasing until around the time the AD investigations were initiated. Although the imports from China dropped subsequently for a few years due to the global financial crisis, it soon picked up the general trend of rapid increase – in contrast, despite its much smaller export volume.

When China brought this case to the WTO, the United States did not oppose China's arguments that the methodology applied by the DOC in the AD investigations was 'substantially identical in all legally relevant respects' to the methodology employed in *United States – Final Dumping Determination on Softwood Lumber from Canada* (DS264). In fact, the panel explained that this case presented a similar situation with a few previous disputes such as *US – Shrimp (Ecuador)* (DS335) and, subsequently, *US – Shrimp (Thailand)* (DS343), *US – Anti-Dumping Measures on PET Bags* (DS383), and *US – Zeroing (Korea)* (DS402).

Given that the United States did not rebut the arguments and the evidence submitted by China, the panel found that the United States acted inconsistently with Article 2.4.2 of the Anti-Dumping Agreement due to the DOC's use of zeroing in the calculation of the dumping margins for Allied, Yelin, and Red Garden in the shrimp investigation, and of the dumping margin for AT&M in the diamond sawblades investigation. In addition, the panel ruled that the calculation of the separate rate on the basis of these margins necessarily incorporated the WTO-inconsistent zeroing methodology.

3. Zeroing disputes in context

Considering many previous zeroing disputes in the GATT/WTO system, this dispute does not make any additional legal contribution to the relevant jurisprudence.⁹ And yet, this case highlights the systemic problems of the WTO dispute settlement system in terms of implementation.

Malaysia, instead of Brazil whose exportation of shrimp to the United States almost disappeared due to the AD actions.

⁶ A diamond saw blade normally has a round shape with diamonds fixed on its edge for cutting hard or abrasive materials such as porcelain, ceramic, marble, brick, block, concrete, roof tile and asphalt.

⁷ 71 Federal Register 29303 (22 May 2006).

⁸ 71 Federal Register 29310 (22 May 2006). The weighted average dumping margins are 12.76% for Ehwa, 26.55% for Shinhan, 6.43% for Hyosung, and 16.39% for all others.

⁹ Regarding the concise overview of the zeroing jurisprudence, see Cho (2012); Vermulst and Ikenson (2007).

Table 1. Dumping margins for Chinese shrimp exporters

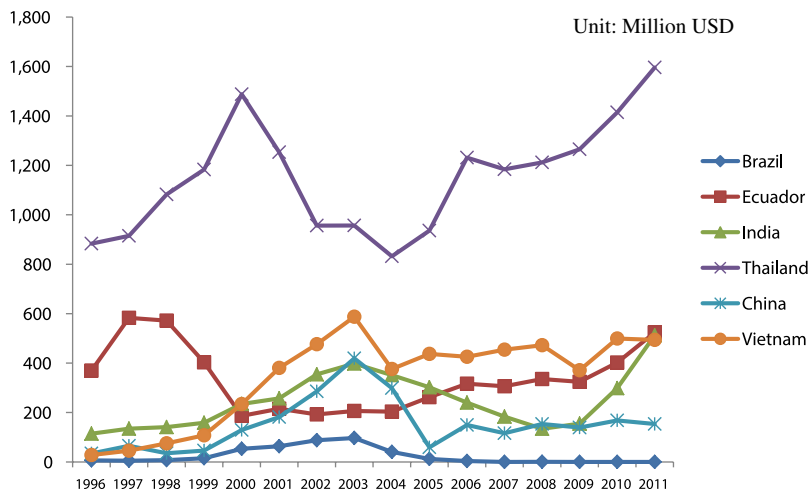
	Preliminary determination	Final determination (2004.12.8)	Amended final determination (2005.2.1)	Second amended final determination (2006.8.17)	Amended by remand decision (2011.4.26)	Amended by second remand decision (2011.5.24)
Allied	90.05%	84.93%	80.19%		Scope of AD revised to include dusted shrimp	5.07%
Yelin	98.34%	82.27%				8.45%
Red Garden	7.67%	27.89%				
Zhanjiang Guolian	0.04%	0.07%				
		<i>(de minimis)</i>				
Separate rate	49.09%	55.23%	53.68%	11 exporters added		17.32%
PRC-wide rate	112.81%	112.81%				

Note: A separate rate was determined for each 35 exporters/producers who were not selected for individual examination but had established their independence from the government.

Table 2. Dumping margins for Chinese diamond sawblades exporters

	Preliminary determination	Final determination (2006.5.22)	Amended final determination (2006.6.22)
AT&M	0.11%	2.50%	2.82%
Bosun	16.34%	34.19%	35.51%
Hebei Jikai	10.07%	48.50%	
Separate rate	14.966%	20.72%	21.43%
PRC-wide rate	164.09%	164.09%	

Figure 1. US imports of certain frozen and canned warm water shrimp



Note: This figure is based on HS 0306.13.0003–0024 and HS 1605.20.1010–1040 that are the subject of the AD actions.

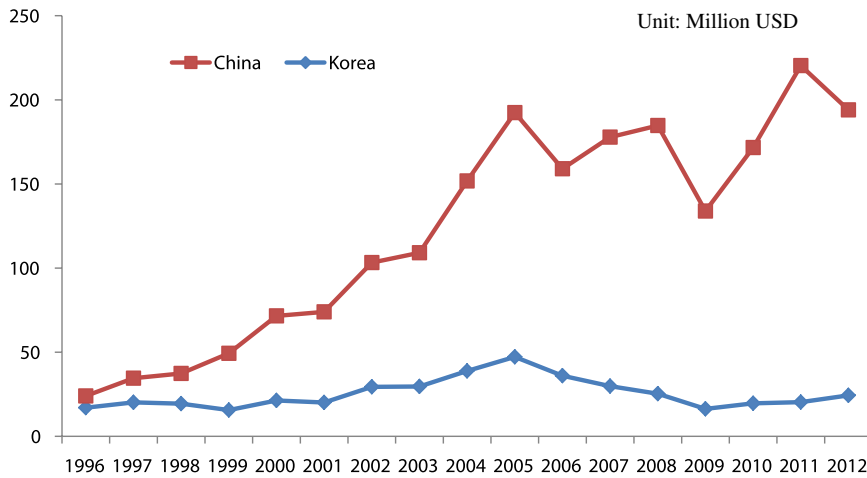
Sources: Data have been compiled from tariff and trade data from the US Department of Commerce and the US International Trade Commission.

Broadly speaking, zeroing disputes may be categorized into two groups: one group for setting forth important legal principles concerning zeroing practices, ‘principal cases’ and the other group for rectifying the existing illegal AD duties based on rulings of principal cases, ‘remedial cases’. Table 3 shows the zeroing disputes classified into the two categories.

The eight disputes listed in the ‘Principal WTO Cases’ category actually illustrate unprecedented legal controversy in the WTO system regarding the zeroing practice.¹⁰ As discussed in previous analyses, four panel decisions directly attempted

¹⁰ US – Provisional Anti-Dumping Measures on Import of Certain Softwood Lumber from Canada (DS247) was not litigated.

Figure 2. US imports of diamond saw blades and parts



Note: This figure is based on HS 8202.39 and HS 8206.00 that are the subject of the AD actions.
 Sources: Data have been compiled from tariff and trade data from the US Department of Commerce and the US International Trade Commission.

to reverse the Appellate Body rulings.¹¹ Moreover, predominant numbers of the WTO jurists, i.e., panelists and Appellate Body members, manifested the disagreement to the Appellate Body rulings. Despite all these controversies, the WTO dispute settlement system has repeatedly confirmed the illegality of zeroing practices in almost all aspects of the AD investigations.

Notwithstanding a host of the Appellate Body rulings, the fact that there are many subsequent 'remedial' disputes manifested structural problems in relation to the implementation of the WTO dispute settlement adjudications. Unlike other WTO Members that readily modify or change administrative actions such as by imposing AD duties pursuant to the WTO recommendations, the United States has continued to maintain its regulatory procedures to incorporate the WTO rulings.¹²

Under Section 129 of the Uruguay Round Agreements Act that stipulates 'Administrative Action Following WTO Panel Reports', the US Trade Representative (USTR) must consult with the DOC along with pertinent congressional committees so as to come up with an implementation plan, and may direct the

11 These cases are *US—Laws, Regulations and Methodology for Calculating Dumping Margins* (DS294), *US—Final Dumping Determination on Softwood Lumber from Canada (Art. 21.5)* (DS264), *US—Measures Relating to Zeroing and Sunset Reviews* (DS322), and *US—Final Anti-dumping Measures on Stainless Steel from Mexico* (DS344). Regarding legal disagreement between panels and the Appellate Body Members, see Lewis (2012).

12 See also Bown and Prusa (2010); Grimmett (2012); Nye (2009); Voon (2011).

Table 3. Classification of zeroing disputes

GATT case		
<i>EC – Anti-dumping Duties on Audio Tapes in Cassettes Originating in Japan</i>	ADP/136 (28.4.1995)	Unadopted
Principal WTO cases		
<i>EC – Anti-dumping Duties on Imports of Cotton Type Bed Linen from India</i>	DS141 (India)	No model zeroing
<i>US – Sunset Review of Anti-dumping Duties on Corrosion-Resistant Carbon Steel Flat Products from Japan</i>	DS244 (Japan)	No decision on zeroing
<i>US – Provisional Anti-Dumping Measures on Import of Certain Softwood Lumber from Canada</i>	DS247	<i>No panel proceeding</i>
<i>US – Final Dumping Determination on Softwood Lumber from Canada</i>	DS264 (Canada)	No W-W zeroing in original investigations
<i>US – Laus, Regulations and Methodology for Calculating Dumping Margins</i>	DS294 (EC)	No zeroing in administrative reviews Compliance panel & retaliation arbitration
<i>US – Final Dumping Determination on Softwood Lumber from Canada (Art. 21.5)</i>	DS264/RW (Canada)	No zeroing for T-T
<i>US – Measures Relating to Zeroing and Sunset Reviews</i>	DS322 (Japan)	No zeroing for T-T Compliance panel & retaliation arbitration
<i>US – Final Anti-dumping Measures on Stainless Steel from Mexico</i>	DS344 (Mexico)	Panel’s ruling denying precedential effects was reversed by the AB
<i>US – Continued Existence and Application of Zeroing Methodology</i>	DS350 (EC)	Clarifying the illegality of zeroing
Remedial WTO cases		
<i>EC – Anti-dumping Duties on Malleable Cast Iron Tube or Pipe Fittings from Brazil</i>	DS219	Panel Report (PR)/Appellate Body Report (ABR)
<i>US – Anti-dumping Duties on Silicon Metal from Brazil</i>	DS239	<i>No panel proceeding</i>
<i>US – Anti-dumping Measures on Cement from Mexico</i>	DS281	<i>No panel proceeding</i>
<i>US – Provisional Anti-dumping Measures on Shrimp from Thailand</i>	DS324	<i>No panel proceeding</i>
<i>US – Anti-dumping Determinations Regarding Stainless Steel from Mexico</i>	DS325	<i>No panel proceeding</i>
<i>US – Anti-dumping Measures on Shrimp from Ecuador</i>	DS335	PR
<i>US – Measures Relating to Shrimp from Thailand</i>	DS343	PR/ABR
<i>US – Anti-dumping Administrative Reviews and Other Measures Related to Imports of Certain Orange Juice from Brazil</i>	DS382	PR
<i>US – Anti-dumping Measures on Polyethylene Retail Carrier Bags from Thailand</i>	DS383	PR
<i>US – Use of Zeroing in Anti-dumping Measures Involving Products from Korea</i>	DS402	PR
<i>US – Anti-dumping Measures on Certain Shrimp from Vietnam</i>	DS404	PR
<i>US – Anti-dumping Measures on Corrosion-resistant Carbon Steel Flat Products from Korea</i>	DS420	<i>No panel proceeding</i>
<i>US – Anti-dumping Measures on Shrimp and Diamond Sawblades from China</i>	DS422	PR
<i>US – Anti-Dumping Measures on Imports of Stainless Steel Sheet and Strip in Coils from Italy</i>	DS424	<i>No panel proceeding</i>
<i>US – Anti-dumping Measures on Certain Shrimp from Vietnam</i>	DS429	<i>No panel proceeding</i>

DOC to actually undertake it. In other words, implementation of an adverse WTO ruling is a two-step process. First, the USTR directs the DOC to make a new determination based on adverse WTO rulings. Second, the USTR may direct the DOC to implement the new determination.¹³

The United States has applied this regulatory procedure stringently by interpreting that the scope of the determination can be modified very narrowly. Thus, even after the panels and the Appellate Body ruled that the zeroing practices used in an AD investigation were not consistent with the WTO obligations, the implementation of the rulings was always confined to the specific AD investigation in respective disputes. This situation caused many other WTO Members to suffer from essentially the identical problems in the US AD actions and eventually led them to bring their own complaints to the WTO dispute settlement system, separately. The 15 remedial zeroing cases listed in Table 3 are the examples of such a kind.

4. Systemic non-compliance

In an effort to implement the WTO rulings, the DOC tried to change its zeroing methodology by adopting a new rule, *Antidumping Proceedings: Calculation of the Weighted Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings (Proposed Modification for Reviews)*.¹⁴ This new rule was finalized by the *Final Modification for Reviews* in February 2012.¹⁵ The *Final Modification for Reviews* became effective and applicable to all reviews pending before the DOC for which the preliminary results were issued after 16 April 2012. This methodology would also be applicable to any reviews currently discontinued by the DOC if such reviews are continued after 16 April 2012 by reason of a court judgment. Pursuant to the *Final Modification for Reviews*, the DOC should calculate weighted-average margins of dumping and antidumping duty assessment rates without zeroing in annual administrative reviews and sunset reviews as well as in original investigations.

Although this regulatory reform resolved potential zeroing problems for AD investigations prospectively, the existing AD duties based on zeroing-laden determinations prior to the threshold timing under the *Final Modification for Reviews* had to be rectified pursuant to Section 129 of the Uruguay Round Agreements Act (URAA).¹⁶ This implementation mechanism of the United States

¹³ See also Statement of Administrative Action, <http://ia.ita.doc.gov/regs/uraa/saa-dr.html>. H. Doc. No. 103–316, vol. 1, 103d Cong., 2nd Sess. (1994).

¹⁴ 75 Federal Register 81533 (28 December 2010).

¹⁵ 77 Federal Register 8101 (14 February 2012).

¹⁶ 19 U.S.C. § 3538: Administrative action following WTO panel reports. Regarding the way the URAA applies, see J. J. Grimmer (2011), *World Trade Organization (WTO) Decisions and Their Effect in US Law*, Washington, DC: Congressional Research Service, 4 February 2011). One part of the URAA was

led to at least 11 ‘remedial’ cases in the WTO dispute settlement system. In fact, this whole situation raises an unprecedented problem in the GATT/WTO system especially because most of those ‘remedial’ cases were brought by developing countries.

It is actually up to a WTO Member to decide on how it will implement the rulings of a panel or the Appellate Body. As is the case with the general tenet of public international law, each WTO Member enjoys a certain amount of discretion in implementing international norms in accordance with its own legal system. In particular, countries such as the United States that adopt dualism for embracing international law obligations into their domestic legal system would mandate more rigorous and burdensome procedures to implement international judicial decisions.

The US approach to the WTO rulings on zeroing is, however, contrasted to the approach of the European Union that also declines the direct effects of the WTO rulings. After losing the *EC–Bed Linen* (DS141) dispute concerning zeroing practices,¹⁷ the European Union adopted the Council Regulation (EC) No 1515/2001.¹⁸ Article 5 of this Regulation reads:

The Community institutions may consider it appropriate to repeal, amend or adopt any other special measures with respect to measures taken under Regulation (EC) No 384/96 or Regulation (EC) No 2026/97, including measures which have not been the subject of dispute settlement under the DSU, in order to take account of the legal interpretations made in a report adopted by the DSB. In addition, the Community institutions should be able, where appropriate, to suspend or review such measures.

This Regulation leaves some room for EU freedom: it uses the discretionary terms ‘may’ and ‘should’, the decision is explicitly not retroactive, and it has to be implemented through a procedure (but this procedure involves the same EU bodies as those which decide the imposition of antidumping measures, with the same threshold of simple majority). It is also worth noting that, as is often in the EU case, this Regulation does not cover safeguards. That said, it remains to be seen whether this Regulation has essentially resolved the zeroing problem in the AD investigations of the European Union.¹⁹ Therefore, the starkly contrasted situations of the United States and the European Union in implementing the WTO rulings on

challenged by Canada to the WTO dispute settlement system in *United States – Section 129(c)(1) of the Uruguay Round Agreements Act* (DS221). For the comprehensive analysis of the rulings, see Bagwell and Mavroidis (2005: 315–338).

¹⁷ WTO, *European Communities – Anti-Dumping Duties on Imports of Cotton-Type Bed Linen from India*, WT/DS141/R, WT/DS141/AB/R (adopted 12 March 2001).

¹⁸ Council Regulation (EC) No. 1515/2001 of 23 July 2001 on the measures that may be taken by the Community following a report adopted by the WTO Dispute Settlement Body concerning anti-dumping and anti-subsidy matters.

¹⁹ It does not mean that the European Union completely abandons the zeroing practices. The European Commission still applies zeroing practices in ‘target dumping’ situations that have not been addressed yet by the WTO dispute settlement system. See Section 5.

zeroing practices raise a fundamental issue in the systematic compliance mechanism at a time where the WTO has lost its centrality in terms of a trade forum for quite a long time.

In such circumstances, the United States' non-compliance on the zeroing issue is mutating from a frustrating problem into a systemic problem that is raised by a major and leading WTO Member – hence threatening the basic notion of 'fairness' of the WTO (Wauters, 2009). Such a situation raises the question of how the other WTO Members would feel entitled to react. Some proposals to amend the AD Agreement, for example in terms of monitoring, have already been tabled by ALI participants (Hoekman and Wauters, 2011; Vandebussche, 2009). But they have been suggested at a time where the Doha Round was expected to address this issue. As a result, because the circumstances have changed, they seem today either too far-reaching or too limited to generate in the United States (Congress) a coalition of export interests strong enough to fight and win the compliance battle in Washington.

5. Remaining Issues

After a series of WTO disputes prohibiting zeroing methods in AD investigations, the last kind of zeroing practice to be legally addressed is the zeroing method applied in a target dumping situation. The European Commission has applied the zeroing methodology in allegedly target dumping cases,²⁰ which were repeatedly confirmed by the General Court.²¹ In all these cases, the Commission's main argument has been the existence of 'significant' differences in export prices among different purchasers, regions, and time periods. But, the Commission has never defined the term 'significant', nor any other term such as region or period, and it has also systematically rejected the possibility to take into account the fact that such price patterns could be unintended. Combined together, these two points suggest that the zeroing method has still a bright future in the EU AD investigations. The DOC also applied target dumping concepts in recent AD investigations and calculated dumping margins based on zeroing methods. For example, in the AD investigation on 'Bottom Mount Combination Refrigerator-Freezer' from Korea, the DOC adopted a target dumping analysis and the zeroing method.²²

20 See, e.g., Certain side-by-side refrigerators from Korea (2006) OJ L236/11 (definitive), Urea and ammonium nitrate solutions from Poland [2002] OJ L279/3 (review), Polyethylene terephthalate originating in India, Indonesia, Malaysia, the Republic of Korea, Thailand and Taiwan (2007) OJ L59/1 (definitive). For more detailed explanations of the EU practices on zeroing, see Edwin Vermulst, *EU Anti-Dumping Law and Practice*, 3rd edn, Sweet & Maxwell (forthcoming).

21 See, e.g., Case T 274–2, *Ritek, Prodisc v. Council*, judgment of 24 October 2006, Case T-167/07, *Far Eastern New Century Corp. v. Council*, judgment of 13 April 2011.

22 US DOC, Notice of Final Determination of Sales at Less Than Fair Value and Negative Critical Circumstances Determination: Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea 77 Federal Register 17413.

In December 2012, the DOC again applied a target dumping analysis and the zeroing method in the AD investigation on ‘Large Residential Washers’ from Korea.²³ In this case, dumping margins were very high, 82.41% for Daewoo Electronics Corporation, 13.02% for LG Electronics, and 9.29% for Samsung Electronics. The Korean government recently indicated its intention to bring a complaint to the WTO DSB on this matter including zeroing methodology in target dumping investigations. This dispute would complete the legal gambit of zeroing practices in the WTO system. Moreover, the legal saga on zeroing practices would be one of the most significant judicial developments in the GATT/WTO jurisprudence, at least in terms of the trade remedy system.

Another issue is the diversity of trade remedy rules through the proliferation of FTAs.²⁴ For example, Article 6.2.3(a) of the Korea–Singapore FTA stipulates that ‘when antidumping margins are established on the weighted average basis, all individual margins, whether positive or negative, should be counted toward the average’. In other words, zeroing practices are categorically prohibited for weighted average calculation methods. Considering many FTAs currently in negotiations among Asian countries that have been major targets of AD actions, it will be very likely that more Asian FTAs will adopt legal elements proposed in the Doha Round rules negotiation. On the other hand, the United States has insisted on maintaining zeroing practices at least in their markets.²⁵ In case this kind of rule diversification among FTA partners becomes more prevalent, FTAs may aggravate trade distortions caused by such legal elements as zeroing in the trade remedy system.

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²³ US DOC, Notice of Final Determination of Sales at Less Than Fair Value: Large Residential Washers From the Republic of Korea, 77 Federal Register 75988.

²⁴ For the legal and economic issues on FTA trade remedy rules, see Ahn (2008).

²⁵ See also the US proposal on zeroing in the Doha rules negotiation that insists amendments explicitly permitting zeroing practices. WTO, TN/RL/GEN/147 (27 June 2007).

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