Currency Conversion in the Anti-dumping Agreement

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2000. 4
Executive Summary

A dumping margin calculation involves currency conversion of either the export price or the normal value. Although the Anti-dumping Agreement permits the conversion of currency when it is necessary for the price comparison, it does not provide a sufficient guideline to guard against potential distortion in the dumping margin calculation resulting from conversion. Unless the conversion is done with an appropriate exchange rate, an investigating authority's price comparison potentially results in a spurious estimate of dumping margin, in violation of the fair comparison requirement of Article 2.4 of the Anti-dumping Agreement. In particular, the distortion in the dumping margin calculation is magnified when the exchange rate moves significantly. This paper reviews the currency conversion clause of the Anti-dumping Agreement and suggests modifications in order to address the shortcomings.

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Currency Conversion in the Anti-dumping Agreement

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I. Introduction

The Anti-dumping Agreement ("Agreement") provides that a product is considered as being dumped if a product is exported to another country at less than its normal value, the comparable price of like product when destined for consumption in the exporting country. In order to calculate the dumping margin, an investigating authority compares the export price with the normal value. This price comparison usually involves conversion of the currency of either the export price or the normal value. Although the Agreement permits


No part of this article reflects the opinion of the Korean government.

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the conversion of currency when it is necessary for the price comparison, it does not provide sufficient guidelines to guard against potential distortion in the dumping margin calculation resulting from conversion. Unless the conversion is done with an appropriate exchange rate, an investigating authority's price comparison potentially result in a spurious estimate of dumping margin, in violation of the fair comparison requirement of Article 2.4 of the Agreement. In particular, the distortion in the dumping margin calculation is magnified when the exchange rate moves significantly. Therefore, the currency conversion clause of the Agreement needs to be modified to ensure a fair comparison.

The next section of the article discusses the exchange rate conversion clause of the Agreement. Section III and IV consider exchange rate conversion provisions of EU and US anti-dumping laws and examines country practices. The following section V analyzes the potential distortion from exchange rate conversion. Finally, Section VI concludes with some suggestions for the modification of the Agreement.
II. Currency Conversion in the Anti-dumping Agreement

As a result of the Uruguay Round, the GATT Anti-dumping Code\(^2\) has been provided with additional disciplines in such areas as the procedures for investigation, price comparison, standing of a petitioner, adjustment for sales below costs, raising the *de minimis* dumping margins, and five-year sunset provisions, and so forth. The Uruguay Round negotiation also introduced explicit details on currency conversion, which was not provided in the Tokyo Round anti-dumping Code.\(^3\) The new Agreement provides that when the conversion of currency is needed, “such conversion should be made using the rate of exchange on the date of sale, provided that when a sale of foreign currency on forward markets is directly linked to the export sale involved, the rate of exchange in the forward sale shall be used.”\(^4\) The Agreement further specifies that the date of sale on which the exchange rate is chosen would normally be the date of

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3) As note 2, above.

4) As note 1 above, at art. 2.4.1.
contract, purchase order, order confirmation, or invoice, whichever establishes the material terms of sale. 5)

Pursuant to the Agreement, the investigating authority needs to choose the exchange rate on the date of sale of the subject merchandise to convert either the export price or the normal value for the purpose of price comparison. The authority then chooses either the exchange rate on the date of export sale or on the date of home market sale in order to make the conversion. When the export price and the normal value is compared, pursuant to Article 2.4 of the Agreement, "at the same level of trade, normally ex-factory level, and in respect of sales made at as nearly as possible at the same time," 6) it would not make a difference whether the exchange rate on the date of export sale or the exchange rate on the date of domestic sale is chosen for price comparison. However, in reality the export sale and the domestic sale of the subject merchandise do not match as nearly as possible in sales volume and dates.

Although the Agreement resulting from the UR negotiation does not clearly indicate whether the exchange rate on the date of sale in the importing country or exporting country is used, Nordic countries proposed during the negotiation a specific currency conversion clause that required the use of the exchange rate on the date of export sale:

Normal value and export price, when not expressed in the same currency, shall be calculated according to the official exchange rate in the exporting country prevailing when the sales contract for exports to the importing country was concluded or when a binding offer was made. 7) (emphasis added)

5) As note 1 above, at art. 2.4.1. footnote 8.
6) As note 1 above, at art. 2.4.
The proposal, however, was not adopted in two aspects. First, the proposal specified that the official exchange rate in the exporting country should be used. This specification, however, was not included in the Agreement because countries, including the U.S., would need to change its practice of using its own country’s official exchange rate for currency conversion purpose.

Second, the proposal specified that the official exchange rate on the date of sales contract for export sales should be used for currency conversion. The official exchange rate in the exporting country may be significantly different from the rate actually used by the exporter. However, this possibility is not considered by the proposal. This proposal is implicitly in support of the notion that exporters actually use the official exchange rate that is closely identical to the market exchange rate.

The Nordic countries’ proposal would have made more sense if an investigating authority were calculating the dumping margin in the exporting country’s currency. In this case, the authority converts the export prices denominated in its currency to the exporting country currency using the official exchange rate of the exporting country on the date of sales contract for export sales. The dumping margin will be calculated based on the difference between the export price and the normal value that are denominated in the exporting country’s currency. In contrast, if the dumping margin is calculated in the importing country’s currency, investigating authority needs to convert export prices to its own currency using the exporting country’s official exchange rate following the method in line with Nordic country’s

7) Drafting Proposals of the Nordic Countries Regarding Amendments of the Anti-dumping Code, MTN.GNG/NG8/W/76, 11 April 1990, at 3.
proposal. However, using the official exchange rate of a foreign country for currency conversion would not be acceptable to some investigating authorities.

Instead of adopting the proposed amendments, the UR negotiation resulted in the currency conversion provision that simply requires the use of the rate of exchange on the date of sale. In the absence of more detailed specification on whether export sales date or the domestic sales date should chosen, the investigating authorities may resort to the use of exchange rates that could detract from a fair comparison of the export price and the normal value.

With regard to exchange rate fluctuation and sustained movements, Nordic countries and Republic of Korea have suggested the adjustments for the two special exchange rate conditions during the UR negotiations. According to the submission by the Nordic countries,

exporters should be given a reasonable period of time to adapt their prices to changes of exchange rates, in order to avoid that purely "technical dumping margins" result in anti-dumping measures.8)

The proposal importantly proposes that an exchange rate movement could result in a dumping margin that is "technical" rather than "real." In a similar line, the proposal by the Republic of Korea makes clear that fluctuations in the exchange rate should not cause an increase in the margin. In addition, the Korean proposal also makes the distinction between "sustained exchange rate fluctuations" and "temporary exchange rate fluctuations":

Margins or any increase in margins caused by temporary exchange rate fluctuations shall be ignored. Margins or any increase in margins caused by sustained exchange rate fluctuations shall be ignored, unless an exporter fails to change prices within X day. 9)

Reflecting the proposals from both parties, the Article 2.4.1 of the Agreement first stipulates that “fluctuations in exchange rate shall be ignored...” However, the article does not define fluctuations, which could mean fluctuations occurring within a day or fluctuations occurring over a few months. Also, the exact measure for the investigating authorities to take in order to ignore fluctuations in the exchange rate is not provided. For example, an investigating authority could take the moving average 10) of either the past 40 days or 80 days of the daily exchange rates as the rate of exchange for conversion. However, without a clear definition of fluctuations in the exchange rates, the moving average exchange rate to smooth fluctuations could vary greatly depending on the span of time over which the moving average is taken.

Also, reflecting the proposals, Article 2.4.1 of the Agreement provides that the investigating authority “shall allow exporters at least 60 days to have adjusted export prices to reflect sustained movements in exchange rates during the period of investigation.” 11) The presumption of the Article 2.4.1 is that exporters may not be able to immediately adjust the export prices to reflect sustained movements

10) The moving average daily exchange rate is the average of daily exchange rates in the past beginning a certain dates prior to the present date.
11) As note 1, above.
in the exchange rates. Thus, the exporters are given a grace period of 60 days to adjust the export prices in response to either a sustained depreciation or a sustained appreciation of the exporting country's currency.

When an exporting country's currency appreciates, the normal value rises and the dumping margin increases. Therefore, the exporter needs to adjust the export or domestic sales price in order to reduce the dumping margin arising from the exchange rate condition. In contrast, in a sustained depreciation of exporting country's currency, the normal value falls relative to the export price, thus reducing the dumping margin. Since the exporter benefits from the currency depreciation, he has no reason to make any adjustment. In sum, although the "sustained movement" in the Article 2.4.1 does not explicitly rule out the case of exchange rate depreciation, it can be best interpreted as dealing only with the sustained appreciation of the exporting country's currency.

More importantly, Article 2.4.1 is not addressing the issue of choosing the correct exchange rate that reflects the true relative value of the currency. If the sustained movement in the exchange rate implies that the current daily exchange rate is moving away from the true relative value of the currencies, the Agreement should address a sustained depreciation as well as an appreciation of the exporting country's currency. However, Article 2.4.1 cannot be interpreted as addressing a sustained depreciation of the currency. It deals with an exporter's response to an unexpected exchange rate movement. In order to allow exporters 60 days grace period, as a plausible rule, the investigating authority may apply the exchange rate of the dates prior to the beginning of the sustained movement.

However, the rule relies on the definition of what constitutes a sustained exchange rate movement. Since it is difficult to define what
II. Currency Conversion in the Anti-dumping Agreement

constitutes a sustained movement, the application of the law could vary in practice. Does a sustained movement mean a currency movement in one direction over a week, a month, or more? How steeply should a currency move in one direction to constitute a sustained movement. If an exchange rate moves in one direction but takes steps in the other direction during this movement, should this constitute a sustained exchange rate movement? The Agreement does not explicitly provide any clues to these questions. The provision on exchange rate movement is subject to different interpretations, which could potentially result in disputes.
III. Exchange Rate Conversion in the U.S.

The U.S. amended the Title VII of the Tariff Act of 1930 ("Act") in order to implement the provisions of the Anti-dumping Agreement. The amendment included provisions on currency conversion that is largely identical to the Article 2.4.2 of the Agreement. According to the amendment, "the U.S. administering authority shall convert foreign currency into U.S. dollars using the exchange rate in effect on the date of sale of the subject merchandise." It also stipulates that when a currency transaction in the forward markets is directly linked to an export sale, "the exchange rate specified with respect to such currency in the forward sale shall be used to convert the foreign currency." The U.S. implementation law differs from the Agreement in clearly providing that a price level denominated in the exporting country's currency should be converted to the U.S. dollars.

However, the direction of the exchange rate conversion as adopted in the U.S. anti-dumping law from the home market price to the U.S. dollar price is not necessarily the only option for the purpose of a fair price comparison. It has been argued that since dumping results from an exporter's managerial decision to sell at a lower price in the foreign market than in the home market, it would be reasonable to compare the domestic sales price to the proceeds of exports calculated

12) The basis U.S. anti-dumping law is set out in Title VII of the Tariff Act of 1930, as amended, codified in Title 19 of the United States Code, Section 1673 to 1677.
13) Tariff Act, Section 773(a), 19 USC, Section 1677b(a).
14) As note 13, above.
on the basis of the exchange rates the exporter obtains for the export sales.\textsuperscript{15} Therefore, the appropriate direction of conversion could also be the conversion from the U.S. dollar to the exporting country's currency.\textsuperscript{16}

With regard to the unusual exchange rate movement, the amended U.S. anti-dumping law provides that the administering authority should ignore fluctuations in exchange rates.\textsuperscript{17} The Tariff Act as amended and the regulations of the Department of Commerce ("Commerce") as set forth in Title 19 of the Code of Federal Regulations ("CFR") do not provide the details necessary to define fluctuations. Instead the Department's policy guidelines\textsuperscript{18} describes the exchange rate model that defines fluctuations. The guideline introduces the concept of a benchmark exchange rate to distinguish the "normal" exchange rate from the "fluctuating" exchange rate. The benchmark is a moving average of the actual daily exchange rates for the eight weeks immediately prior to the date of actual daily exchange rate to be classified. If the actual exchange rate falls out of the two-and-a-quarter percent band of the benchmark exchange rate, the actual daily rate is classified as fluctuating.\textsuperscript{19} If the actual exchange rate falls within the band, the actual daily rate is classified as normal.\textsuperscript{20} If an actual

\textsuperscript{16} See note 15, above. Palme argues that converting home market sales in domestic currency to U.S. dollars is equivalent to "monetary ethnocentricity that is out of date."

\textsuperscript{17} As note 13, above.
\textsuperscript{18} Policy Bulletin 96–1: Import Administration Exchange Rate Methodology, Federal Register, Vol. 61, No. 47, Friday, March 8, 1996.
\textsuperscript{19} As note 18, above.
daily exchange rate is classified as normal, the daily exchange rate is the official exchange rate for that day.\textsuperscript{21} However, if an actual daily rate is classified as fluctuating, the benchmark rate is the official rate for that day.\textsuperscript{22}

With regard to a sustained movement in the value of the foreign currency relative to the U.S. dollar, the administering authority shall allow exporters at least 60 days to adjust their export prices to reflect such sustained movement.\textsuperscript{23} However, the statute does not define what constitutes exactly a sustained movement? The U.S. Department of Commerce ("the Department") recognizes only the sustained increase in the value of the foreign currency relative to the U.S. dollar as a sustained movement in foreign currency.\textsuperscript{24}

The U.S. adopts an elaborate method in order to determine what type of movement in the exchange rate constitutes a sustained movement. According to the Department's policy guideline, whenever the weekly average of actual daily rates exceeds the weekly average of benchmark rates by more than five percent for eight consecutive weeks of the recognition period, the model classifies the exchange rate change as a sustained movement.\textsuperscript{25} The guideline interprets a sustained movement in the exchange rate as a sustained appreciation of the home country's currency relative to the importing country's currency. It does not recognize the sustained depreciation of exporting country's currency as a sustained movement. When the exporting country's

\begin{itemize}
\item[20] As note 18, above
\item[21] As note 18, above
\item[22] As note 18, above
\item[23] Tariff Act, Section 773(a), 19 USC, Section 1677b(b).
\item[24] 19 C.F.R. 351.415.
\item[25] See note 18, above.
\end{itemize}
currency depreciates against the dollar, a separate adjustment is not required; the standard model employed to ignore exchange rate fluctuations will be applied.

According to the guideline, the Department gives 60 calendar days for the respondents to correct their prices in response to the appreciation of the exchange rates in the exporting country. The 60 days grace period begins on the first day after the eight weeks recognition period. During the grace period, the official rate on the last day of the recognition period is the official rate in the investigations.
IV. Exchange Rate Conversion in EU

The European Union ("EU") amended its anti-dumping legislation codified in the Council Regulation 2423/88 in order to conform to the Agreement. The previous Regulation contained both anti-dumping and countervailing duty provisions. However, the amendment separated the two, and the anti-dumping regulation has been replaced by the Council Regulation 384/96 (EU anti-dumping Regulation) of 22 December 1995.

Article 2(10)(j) of EU anti-dumping regulation adopted verbatim Article 2.4.1 of the Agreement dealing with currency conversion. In the EU anti-dumping regulation, unlike in the U.S., an additional guideline on currency conversion does not exist. The EU practice since the UR implementation has not departed significantly from the past practice that adopts the average monthly exchange rate as the official exchange rate.

Article 2(10)(j) of EU anti-dumping regulation also additionally defines the date of sale as "the date of invoice but the date of contract, purchase order or order confirmation may be used if these more appropriately establish the material terms of sale." In contrast to the Agreement, the EU anti-dumping regulation puts priority on the use of the official exchange rate.

27) O.J. (1996) L 56/1
of the date of invoice as the date of sale over three other choices: the
date of contract, purchase order or order confirmation.

By taking the average monthly exchange rates as the official rate,
EU’s practice smoothes the exchange rate fluctuation that occurs over
a month period. Under this method, the determination of the official
exchange rate would critically depend on the month of which the
exchange rate is based, thus resulting in a discrete jump from a month
to another month. In particular, when there exist sustained exchange
rate movements, the discrete jumps will be magnified.

The EU’s method of determining the official exchange rate does
not allow exporters 60 days to adjust export prices to reflect sustained
movement in exchange rates during the period of the investigation as
required by the Article 2.4.1 of the Agreement. An exporter who
exports in the beginning of a month when there exists a sustained
appreciation of the exporting country currency later in the month
would be unfairly penalized for the exchange rate appreciation later
in the month. In fact, the exporter will be subject to the average of
daily exchange rates during the month without the benefit of a grace
period. Compared to the U.S. method which adopts the smoothed
daily exchange rate prior to the sustained movement as the official
rate, the EU’s method greatly enlarges the dumping margin when there
exist a sustained appreciation of exporting country’s currency.
V. Distortion from Exchange Rate Conversion

When two different price levels denominated in separate currencies are compared, one of the prices has to be converted into another using an appropriate exchange rate. As a comparison of price levels in two different currencies, a dumping margin calculation requires currency conversion of either the export price or the normal value, but the Agreement does not specify which one of the two needs to be converted. Nevertheless, an investigating authority usually converts the normal value denominated in the exporting country's currency to the currency of the investigating country using the weighted average exchange rate. This usual practice is clearly favored by investigating authorities, as it eases the investigating authority's task.

Theoretically, as long as the exchange rate used reflects the true relative value of the currencies, it should not matter whether the normal value in the exporting country currency is converted to the importing country's currency or the export price in the importing country's currency is converted to the exporting country's currency. Nevertheless, it has been argued that the domestic sales price should be compared with the export price after converting the proceeds from exports into the currency of exporting country.29) On the face of it, since the purpose of the anti-dumping investigation is to determine whether an exporter receives more or less for its export sales than for its domestic sales, it may seem appropriate to look at what the exporter receives.30) However, the argument would be valid if the dumping

29) See note 15 above.
30) See note 15 above.
determination involves only the calculation of dumping margin.

However, since the anti-dumping investigation also determines whether the dumped imports cause material injury to the producers of like products in the importing country, it would also be reasonable to convert the normal value in the exporting country currency into the currency of an investigating country. Pursuant to Article 3.2 of the Agreement, "the investigating authorities shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product of the importing Member."

To determine whether there has been price undercutting by the dumped imports, it is arguably better to keep the price of imports in the importing country's currency and compare it with the price of a domestic like product of the importing country so that the determination of price-undercutting is done in the importing country's currency. To preserve the consistency in the price comparison, the comparison for dumping margin should also be done in the importing country's currency. Therefore, in this line of argument, the normal value in exporting country's currency should be converted to the importing country's currency.

All in all, the conversion in either direction does not seem to give definite advantage; the advantage is based more on practical convenience than on the ground of fair comparison.

A serious distortion arises not from the direction of the conversion of currency, but from the appropriate choice of the exchange rate on the date of sale. An investigating authority easily fall to choose the exchange rate on the date other than the appropriate date of sale. Although the Agreement requires that investigating authorities should compare sales made as nearly as possible at the same time and at the same volume, the volume of export sales on a given period may
differ from home market sales to export sales. As a result, the investigating authority is faced with the choice of the exchange rate either on the date of sale of like products in the home market or the exchange rate on the date of sale in the export market. When the dates of sales do not coincide and when exchange rates are varying rapidly, the two exchange rates could be substantially different.

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The above example illustrates the distortion arising from using inappropriate exchange rate for conversion. In the above table, only one unit is sold in each of the sales A, B, C, and D. Between B (October) and D(November), there was a significant appreciation of the exchange rate. The exchange rate on the date of sale in the home market is applied to calculate the normal value in U.S. dollars:

$NV = \frac{1}{2} (1 \text{ mil. Won} + 2 \text{ mil. Won}) / \{ \frac{1}{2} \times (1,000 \text{ Won/} $ + 2,000 \text{ Won/} $) \} = $1,000.$

Since the average export price is $1,000, the estimated dumping margin is zero.

Alternatively, the normal value is calculated using the exchange rate

31) As note 1, above, at Article 2.4.
on the date of export market sale:

\[
NV = \frac{1}{2} \left( \text{1 mil. Won} + 2 \text{ mil. Won} \right) \div \left( \frac{1}{2} \times \left( \frac{1,000 \text{ Won}}{\$} + \frac{1,500 \text{ Won}}{\$} \right) \right) = \$1,200.
\]

Therefore, the dumping margin is 200 dollars.

The above analysis shows that an estimated dumping margin varies significantly depending on whether the exchange rate on the date of sale in the home market or on the date of sale of the dumped goods in the importing country is used. Under an exceptional circumstance where the dates and volumes of export sales and the dates and volumes of home market sales match or the exchange rates do not change during the investigating period, the above discrepancy does not arise. However, in reality exchange rates do not match and an inappropriate choice of the exchange rate for conversion results in a spurious dumping margin.

With regard to the choice of the exchange rate for conversion the Agreement requires that when conversion of currency is needed, “such conversions should be made using the rate of exchange on the date of sale, provided that when a sale of foreign currency on forward market is directly linked to the export sale involved, the rate of exchange in the forward sale shall be used.” 32) (emphasis added). The date of sale should be understood as the date of sale of the product in the market. If the price of a home market product denominated in the exporting country currency is converted into the currency of the importing country, the exchange rate on the date of sale in the home country should be used. In converse, if the price of an export product in the

32) As note 1, above, at Article 2.4.1.
importing country currency is converted into the exporting country currency, the exchange rate on the date of sale in the importing country should be used. The exchange rate used for converting the price of a product should be chosen to reflect the true relative value of the currencies at the time of the sale of the product, because the price, which is the subject of the conversion, is the value of the product in a currency at the time of the sale of a product.

In the U.S., the Section 773A of the Tariff Act of 1930 provides that "the administering authority shall convert foreign currencies into U.S. dollars using the exchange rate in effect on the date of sale of the subject merchandise." Therefore, in accordance with the statute, the administering authority should first determine what the subject merchandise is and determine its date of sale. However, the Department's policy guideline provides that "the investigating authority will convert foreign currencies at the exchange rates on the date of the U.S. sale, subject to certain conditions."33) (emphasis added). Clearly the U.S. Department of Commerce is interpreting "the subject merchandise" as the merchandise sold in the U.S. market. As a result, the U.S. effectively converts the normal value in the exporting country currency to U.S. dollars using the exchange rate at the time of the sale of the comparable export merchandise in the U.S. market. However, the exchange rate used by the U.S. for conversion would inappropriate because the sales date and the sales volume of the comparable export merchandise in the U.S. market would not be nearly identical to those of the exporting country sales.

As a result of using inappropriate exchange rates, a distortion in fair comparison occurs. The distortion is especially large under a

33) As note 18, above, at, p. 9435.
rapidly changing exchange rate condition where the exchange rates on the date of home country sale and those on the date of the comparable export sale of the subject merchandise are different. The problem, however, does not arise if the exchange rate at the time of the home market sale of the merchandise is used to convert the normal value in the home market currency to the importing country’s currency. The exchange rate at the time of the sale of the subject merchandise is the appropriate exchange rate. In the opposite case where a comparison is made in the home market currency, the prices of exports in the importing country’s currency should be converted to home market currency using the exchange rate at the time of the sale of the export merchandise in the importing country.
VI. Suggestions to Modify the Currency Conversion Clause

The currency conversion clause of the Anti-dumping Agreement should be amended to remove the potential pitfalls. The currency conversion clause is by nature technical, and without a detailed and technical specification on conversion, the clause could be potentially misused.

First, the Agreement should clarify whether the exchange rate on the date of sale in the export market or on the date of sale in the home market is used for conversion. The Agreement should be amended so that when the conversion is done, an investigating authority is required to use the rate of exchange on the date of sale of the subject merchandise whose price is being converted. The comparison of the normal value and the export price inherently poses a difficult problem because the sales in the export market and the home market do not occur at the same time and at the same level. The exchange rate used to convert the price of the merchandise should reflect the relative value of the currencies at the time of the sale of the subject merchandise. The Agreement should be modified to clearly disallow the use of the incorrect exchange rate which result in a spurious dumping margin.

Second, the adjustment for a sustained movement should make it clear that it is only the sustained appreciation of the home market currency in response to which the exporters are allowed a sixty-day grace period. Article 2.4.1 of the Agreement is intended to induce fair administration of anti-dumping laws in consideration of managerial constraints faced by exporters. The dumping margin calculated without
considering the time lag needed by exporters to respond to changing exchange rate environment would fail to meet the "fair comparison" standard, in violation of Article 2.4. The adjustment for a sustained movement is an exception to using daily exchange rate or smoothed daily exchange rates. Therefore, the provision should make it clear that the adjustment is limited to the case of exporting country currency's sustained appreciation.

Finally, fluctuation in the exchange rate should be clearly defined in Article 2.4.1 to avoid varying practices among countries. A movement of exchange rates that is regarded as fluctuation in a month's time span cannot be regarded as fluctuation if the time span is expanded to three months or to a year. For example, the U.S. is using the eight-week moving average as a benchmark rate to determine whether the rate is fluctuating or normal. The EU's method of using a simple monthly average of daily exchange rates results in discrete exchange rate jumps, which could potentially result in another distortion. In contrast, the use of moving average method as in the U.S. is advantageous because it smoothes the fluctuation in the exchange rates when a fluctuation is identified.

To distinguish fluctuation in the exchange rate movement from a normal exchange rate movement, the Agreement should clearly specify the benchmark rate as well as the allowed deviation of the daily rate from the benchmark rate. This method of smoothing the daily exchange rate should be adopted uniformly by investigating authorities. The potential for abuse is too great to leave the practices to individual authorities.
References


반달핑 마진은 수출가격과 정상가격을 공통의 화폐 단위에서 비교하여 얻은 차 이를 말한다. WTO 반달핑협정은 가격, 비교의 목적으로 화폐가치의 변환이 필요할 경우에 이를 허용하고 있다. 그러나 조사 당국이 적절한 환율을 적용하여 화폐변환을 하지 않을 경우에 담평마진 계산이 왜곡될 수 있으며, 이에 따라 담평마진 판정이 WTO 반달핑협정 2.4항의 위반된 결과를 가지고 을 수 있다. 특히, 반 담평 마진의 왜곡된 계산은 환율 변동이 심할 경우에 더욱 크게 발생한다. 본 논문은 환율 변화로 인한 반달핑 마진 계산의 왜곡을 방지하기 위해서 환율 변동과 관련된 현 WTO 반달핑 규정의 개정을 제안하고 있다.
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Currency Conversion in the Anti-dumping Agreement

발행일 2000년 4월 25일 인쇄
2000년 4월 30일 발행

발행인 李景台

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인 創 오피시스템(주) 전화 : 2273-7011 대표 이호열
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