

## **The impact of antidumping on value-added generated by trade**

Topic: International Trade II

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With China's deepening engagement in global trade, there are more and more antidumping(AD) investigations and measures targeting at China's exported goods. China also launched more AD investigations into imported goods since its first case in 1997. However, as shown in the data of World Trade Organization(WTO), we can observe that foreign AD users(US, EU, Canada, Australia etc) discriminate between China and other major targets of antidumping, while data of Chinese investigations and outcomes indicate that there is much less differentiation or discrimination across targeted exporting countries. In the free trade theory, trade remedies generate lose-lose consequences, even cause negative effects on domestic economy. This paper aims at studying trade imbalance and discrimination of trade remedy in terms of domestic value added generated by exports through case study. We choose two representative cases: photovoltaic products and newsprint. The United States and European Union initiated AD investigation against photovoltaic products originated in China separately in November, 2011 and September, 2012. China initiated its first AD petition against newsprint originated in the United States, Canada and South Korea in December, 1997. We use monthly export data(quantity, price and value) of photovoltaic products and import data of newsprint from China Customs over the 1997-2012 period. Then we establish econometrical models to estimate the impact of AD investigation on trade volume. Finally, national input-output models are used for estimating the change of value-added in trade. Considering the high share of processing trade in China's trade pattern, we use the DPN model, where the processing trade is separated from the domestic production, to study the value-added in China's exports. Our preliminary results show that Chinese high-tech products such as photovoltaic products locate in the low-end links in global value chain. Trade remedies certainly will make bilateral trade imbalance increase.