Lobbying for anti-dumping measures: Evidence from the European Union[1]

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Abstract: While many trade barriers have been reduced in recent years, contingency trade policy barriers have tended to take their place in many countries. Anti-dumping measures can be legitimate protection against predatory pricing but often constitute important trade barriers. Consequently, some industries lobby for such measures when facing particularly competitive foreign firms. Previous literature has followed Olson's (1965) argument that small industries are likely to succeed in lobbying as they can overcome free-rider problems and coordination costs, and that particularly vocal actors may exert more influence. However, the characteristics of the politicians lobbying and being lobbied are often ignored. In this paper, we focus on the use of anti-dumping measures in the European Union. Our main question is to which extent geographical or political proximity to Brussels, the political centre of the EU, makes anti-dumping petitions more or less likely to succeed? We provide a tentative answer to the question by estimating a set of determinants of the probability of success in anti-dumping petitions, and the subsequent value of the anti-dumping measures implemented. Our results suggest that being geographical distant to Brussels does make the success of anti-dumping petitions more probable. On the other hand, the results suggest that being ideologically distant to the country chairing the EU Council of Ministers at the time of decision reduces the chances of approval an anti-dumping petition. We also note that some of these differences arise rather late on the consultation and decision process. We therefore conclude the paper by discussing the potential institutional explanation for our findings.

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1. Introduction

While the world rid itself of a number of trade barriers in the post-war period, contingency trade policy barriers have tended to take their place in many countries (Anderson and Schmitt, 2003; Prusa, 2005). Although anti-dumping measures, i.e. temporary tariffs and other barriers to trade directed against imports from countries that are allegedly selling at below the home market price, of course can be legitimate protection against predatory pricing in some cases, they often constitute important trade barriers. It is therefore not surprising to note that some industries lobby quite hard for such measures to be implemented when they face rising imports from particularly competitive foreign firms.

However, it remains an open question why some firms and industries decide to lobby for such protection, and why some succeed and others do not. The seminal theoretical contributions to the literature on the political economy of trade policy by Hillman (1982) and Grossman and Helpman (1994) suggest that success or failure depend on the size of campaign contributions (or outright bribes) an industry can collude around raising and distributing to key political actors. The seminal empirical contribution to the literature by Finger et al. (1982) confirms political variables to have impact for administered protection in the US. Tharakan and Waelbroeck (1994) confirm this result for anti-dumping and countervailing duty decisions in the EU.

Olson (1965) made the argument, which much of the literature now rests on, that relatively small group size is advantageous in influencing endogenous trade policy. In order for a group to be able to overcome free-rider problems and coordination costs, the potential benefits need to be concentrated on the group and the costs scattered across society. This situation is more likely the smaller the economic sector, and the more vocal it is, implying that relatively small coalitions will be more likely to succeed in getting anti-dumping protection. Therefore concentrated industries and industries with little apparent economic importance are likely to succeed in lobbying for protection or subsidies. Empirical studies have, however, failed to find clear relations between industry concentration and policy

effectiveness of an industry (Potters and Sloof, 1996). This may be related to firm heterogeneity at the industry level for which reasons firms may have different comparative advantages (and interests) of lobbying for protection (see Hilman, 1991; Long and Souberyan, 1996; Hilman et al., 2001). On the other hand, politicians might be more responsive to claims made by large economic sectors, politically sensitive industries or particularly vocal actors. In addition, even in the European Union, on which we focus in this paper, countries have very different political traditions for government interventions and economic policy, and the populations hold quite disparate views of the desirability of protecting domestic interests (see e.g. Scheve and Slaughter, 2001; Mayda and Rodrik, 2005). Furthermore, different political ideologies also have both different views on protection while governments of some ideologies may have closer ties to industries and special interests than others. A priori, it is impossible to say which of these factors are more or less important, and whether some contribute insignificantly to our understanding of the political economy of trade policy. What is important and what is not is therefore an empirical question.

In this paper, we focus on the use of anti-dumping measures in the European Union. The legal basis for the European Union anti-dumping policy is provided by the WTO Agreements, which have been transposed into EU legislation by Council Regulation (EC) No. 384/96 (the basic anti-dumping regulation). Proceedings are initiated by a complaint from the EU business. The complaint is examined by an Advisory Committee consisting of representatives of Member States and a representative of the European Commission as chairman (WTO, 2009).[2] If the Advisory Committee finds sufficient evidence, the Commission initiates a simultaneous investigation of dumping and injury. In case of dumping and injury the Commission imposes provisional measures and proposes measures for adoption by the Council of Ministers, which is responsible for definitive measures. According to the

[2] In cases where the Commission and the Advisory Committee find that the industry does not have a case, no formal investigation is opened and these complaints are therefore never reported, but estimated by Kempton (2001) to be between 30-50% of the total number of complaints.

basic anti-dumping regulation, measures can only be implemented if they are not against the general interest of the EU economy including the interests of consumers, suppliers, users as well as the complaining industry. The weighting of the different interest is decided by the Commission. Measures including specific and ad valorem duties or voluntary (price) offers given by exporters may be accepted, but cannot be offered before the provisional duties given by the Commission or after the definitive duties given by the Council. Measures may not exceed the dumping margin but may be less if such lesser duty is adequate to remove the injury. Special rules apply to the determination of the dumping margin in case of imports from "non-market economy countries". Standard procedure seems to be that "Non-market economy treatment normally yields significantly higher duties" (WTO, 2009: 53).

The national interests in EU anti-dumping decisions are formally expressed in the Advisory Committee and the Council. There is no voting in the Advisory Committee, but the positions of the national representatives provide the Commission an indication of whether or not its proposals will pass through the Council. If this is not the case, the Commission may try to convince opponent members of the Advisory Committee by offering adjustments in the proposals more in accordance with the their views. Such attempts of persuasion of members of the Advisory Committee may continue until a majority is in the horizon.[3]

Before March 2004, a proposal from the Commission for definitive anti-dumping measures (tariffs) would be adopted in the Council if a simple majority of Member countries voted in favor of such proposal. Member States, that were absent from Council meetings or abstained from voting, counted under this voting system as against the Commission's proposals. Since the Commission proposals in a number of situations had not been adopted because of Member States absence, the basic Regulation was amended in March 2004 (Council Regulation (EC) No. 461/2004), following the

[3] In the recent footwear case rumors say that by withdrawing the tariffs on footwear for children the Commission secured the 'yes' from the United Kingdom.

accession of ten new countries, so the requirement for rejection of a Commission proposal is now a simple majority against of Member States in the Council.

The vote of the individual country in the Council may be determined by the ideology of the government, some may be pro free trade and others more biased in a protectionist direction. But, since the Council deals simultaneously in many areas, the individual anti-dumping case may enter as a 'piece' in larger game, for which reason logrolling may take place and ideological effects may be watered down. Yet, since each government acts as president of the Council for six months and thus has some agenda setting power, each country has to some extent the possibility to pursue its own agenda (based on ideology or tradition).

Finally, lobbying may be at play for the votes of governments. Focusing on the potentially protected industry, the heterogeneity of firms, especially across EU-countries, may result in lobbying with opposite signs in different EU countries. In countries, where firms in the industry have a low productivity, and a low degree of internationalization (primarily import competing firms) the lobbying efforts may be strongly pro protection. The reverse tendency is expected in EU-countries with highly productive and highly internationalized firms (exporting and outsourcing). And in some EU-countries, the given industry may only count little in production, but the inputs from the EU-industry to other domestic industries (or consumers) may play a big role.

Even though the governments in different EU countries may be exposed to different degrees of lobbying from their domestic firms, initiation of an antidumping case is based on a petition from 'the Community industry'. According to the basic anti-dumping regulation 'the community industry' constitutes of producers of 'like products' except „when producers are related to the exporters or importers or are themselves importers of the allegedly dumped product" (EU AD regulation 4(1)). It follows that an EU producer with its main "production" outside the EU (outsourcing or vertical FDI) may not be considered as a part of the Community industry and therefore without possibility to participate in initiating an anti-dumping procedure or to oppose it. Article 5(4) of the basic anti-

dumping regulation states that "the complaint shall be considered to have been made by or on behalf of the Community industry if it is supported by those Community producers whose collective output constitutes more than 50% of the total production of the like product produced by that portion of the Community industry expressing either support for or opposition to the complaint. However, no investigation shall be initiated when Community producers expressly supporting the complaint account for less than 25% of total production of the like product by the Community industry". In countries, where firms to a high extent have outsourced part of their value chain, lobbying will probably go against anti-dumping measures. Therefore, in the EU we find an important role both for lobbying from national and European groups of firms (e.g. organized as a European branch organization), which occasionally may pull in different directions.

The discretionary policy authority of the Commission makes it a natural target for interest group influence, especially since it is not given that the preferences of the Commission are in line with those of the Council, which by itself, as shown above, may be quite diverse. Therefore, there are reasons to believe that European groups are targeting their lobbying against the Commission and the national groups against their governments in the Council. The Commission is probably not very exposed to lobbying of the Grossman-Helpman "political contribution type", but is more dependent on information provision by interest groups (Belloc and Guerrieri, 2008). To ensure that all contributions to EU trade policy can be heard (not just the involved firms and branch organizations) the Commission launched in 1998 the so-called 'Civil Society Dialogue' where not-for-profit civil society organizations like trade unions, employers federations, NGO's can enter a dialogue with the Commission on trade policy issues. Generally, the discretion of the Commission in anti-dumping cases is limited by the fact that the Council imposes the final tariff.

With a parallel to gravitation models for international trade, our question in this paper is to which extent factors such as geographical or political proximity to Brussels, the political centre of the EU, and the geographical distance between petitioners, make anti-dumping petitions more or less likely to

succeed. We provide a tentative answer to the question by estimating a set of determinants of the probability of success in anti-dumping petitions, and the subsequent value of the both preliminary and final anti-dumping measures implemented.

Our results suggest that being geographical distant from Brussels makes the success of anti-dumping petitions more probable, but does not influence the level of implemented duties, while the distance between petitioning countries increases the success rate of anti-dumping petitions, probably by signaling commitment. We also find that EU anti-dumping decisions are clearly politicized. Having on average rightwing government petition reduces the chances of approval an anti-dumping petition. Likewise, anti-dumping petitions are less likely to succeed when rightwing governments chair the EU Council of Ministers, but given approval having a rightwing government chairing the Council increases the chance for a higher level of protection. In addition, we find evidence of Olsonian lobbying effects that turn out to be most strongly reflected in final duties.

The rest of the paper is structured as follows. Section 2 describes the empirical model and outlines our prior expectations. Section 3 presents the basic results while section 4 explores the findings in further depth. Section 5 concludes.

2. Empirical model

Our overall aim of this paper is to estimate what determines the success or failure of anti-dumping petitions in the European Union. To that purpose we formulate two empirical models for "success" in petitioning for anti-dumping measures.[4] In the first, the dependent variable is a dichotomous variable indicating if the petition (in a given case = one product, one dumper country) is finalized with the imposition of an anti-dumping measure or not. In the second, the dependent variable is the level of ad valorem (preliminary and final) tariffs implemented (for a given case), given that the petition is

[4] We only look at the outcomes of anti-dumping cases, when a case is filed, see footnote 1.

successful in the first case. In both models, we include a set of independent variables consisting of the following; data descriptions and sources are given in the appendix.

We first of all include the average distance from the economic centre (the capital) in the home countries of the petitioners to Brussels (measured as the average distance in 1000km).[5] The intuition behind this is twofold. One could on the one hand argue that petitioners situated close to Brussels are in a relatively better position to influence decision-making by being geographically close to decision-makers, which could both imply lower lobbying costs and mean that decision makers (primarily the EU Commission) are more sensitive to the arguments of petitioners – they are more likely be able to 'see it for themselves'. On the other hand, countries on the borders of the Union are situated furthest from Brussels and most likely to trade extensively with non-EU countries, and thereby more likely to face direct international competition from potential dumping countries. Likewise, one could argue that countries far from Brussels have an informational advantage exactly, as decision makers are *not* able to see for themselves and therefore have to rely more on information provided by petitioners. If the first type of mechanism exists and dominates, we would expect a negative effect of distance from Brussels while we would expect a positive effect if the second type of mechanism clearly dominates.

Second, we add the share of countries represented among petitioners, as groups consisting of firms from several countries may have substantially more political support, which is revealed in the Advisory Committee and in voting in the Council. Similarly, as a direct measure for the costs of coordination among petitioning firms and countries we use the average bilateral distance between the economic centers of countries with petitioners, assuming that it is not so much the distance to Brussels that matters, but the distance to the other firms with whom the firms have to negotiate before petitioning. We also include the number of petitioners, which serves as a proxy for the size and concentration of the petitioning group or industry. Larger and more concentrated industries may increase the probability for success in anti-dumping cases, but one could also argue for negative effects

[5] We also experiment (1) the degree of latitude as a distance measure.

in these situations, since collusion between more firms, more countries and more diverse interests increase the coordination costs, as originally stressed by Olson (1965). In cases where no named petitioning firms are given in the anti-dumping documents, there is either a real or an ad hoc branch organization behind the petition. To take these cases into consideration we construct an organization dummy taking the value '0' for a branch organization as a petitioner and a '1' for name given firms as petitioners. By adding this dummy throughout, we ensure that our necessary ad hoc assumption of petitions having backing from all countries when no petitioning firms are mentioned is empirically inconsequential.

Third, we include a set of political variables. We first include a measure of the political ideology of incumbent governments averaged over all petitioning countries, based on the presumption that leftwing governments traditionally will be more prone to support protectionist measures (Milner and Judkins, 2004). We also add the government ideology of the country chairing the EU at the time of an anti-dumping decision, which combined give us the 'ideological' distance to Brussels. If the chairing country has any discretionary influence of decisions or the general policy direction of the Union, we expect that traditionally liberalist countries (in the European sense of the word) would be less likely to support such measures aimed at reducing trade.

Fourth, we add the average trade volumes of petitioning countries (in percent of GDP) to allow for different degrees of exposure to international competition, assuming the economy will be less sensitive to potential dumping when trade openness is high.[6] Furthermore, we add industry dummies to take into account that some industries are more prone to petitioning. We construct four dummies based on the three-digit NACE codes of petitioning industries, meant to capture different effects across labor-intensive industries, capital-intensive industries, resource-intensive industries, and an

[6] We also experimented with adding the combined GDP for all petitioning countries on the assumption that economically larger countries have more say in Union decisions, and the average GDP of petitioning countries. However, in an extensive set of preliminary tests, GDP never added any explanatory power. We therefore did not include it in the following.

'other' category. We also add a dummy for whether the petition is against producers from non-market economies, as these are arguably more likely to achieve the level of coordination necessary to dump the exports across a number of producers. Finally, we use dummies for countries chairing the Council and time dummies. The former will capture effects due to persistent differences in policy traditions while the latter capture any influence of joint EU business cycles.

With respect to the two dependent variables in the following, we treat every petition against each dumper country as separate petitions even though these petitions are sometimes packaged against several countries. However, not all petitions are approved in each package. In the first model with the dichotomous success variable, this gives us 588 observations out of which 69 percent were successful in being granted anti-dumping protection. We plot the development of anti-dumping petitions 1978-2004 and the number of successes in Figure 1. In our two models with duty levels we have 305 and 241 observations for the preliminary and final duties, respectively, with the average value of granted preliminary and final duties at 29% and 32%.[7] Data sources and data descriptions are presented in appendix Table A1, and summary statistics in Tables A2-A4.

3. Basic results

We first estimate the probability of success or failure in a simple probit model. Subsequently, we estimate the value of the preliminary and final protection (the ad-valorem tariff) in all filed cases 1978-2004, where some anti-dumping measure was granted.

3.1. Antidumping 'success': Dichotomous variable

[7] We note that the number of observations is larger in Table 1 than in Tables 2 and 3, and that the number of observations in Table 1 is smaller than the full sample. While the first discrepancy is due to our excluding unsuccessful petitions from further analysis, the second is due to ten early anti-dumping petitions being perfectly predicted by our model.

We start in Table 1 by estimating a baseline model in which seven variables always enter: 1) a dummy for whether the alleged dumping products are from non-market economies; 2) the log average distance of all petitioning countries to Brussels; 3) the average government ideology of petitioning countries; 4) a dummy variable for NACE 3 coded petitioning industries, i.e. petitions from resource-intensive industry; 5) a dummy for EU organization, which takes care of problems with our assumption of non-specified claimants; 6) the average trade share of GDP of petitioning countries; and 7) and the government ideology of the country chairing the EU at the time of decision. We supplement this baseline with either one or a combination of the following measures of the size of the lobbying coalition: 1) the number of petitioners; 2) the number of petitioning countries as a share of all EU countries, which takes care of problems pertaining to EU enlargement; and 3) a proxy for 'coordination costs' calculated as the average bilateral distance among countries with petitioning firms called. Year and country chair dummies proved always to be jointly significant and are consequently included throughout. On the other hand, preliminary tests showed that the combined GDP of all countries from which the petitioning countries come was always insignificant; we hence do not include it.

The estimates in Table 1 first of all suggest that petitions from resource-intensive industries are less likely to succeed in getting anti-dumping protection while petitions against imports from non-market economies are more likely to succeed. One could, for example, expect that labor-intensive industries are more sensitive to competition from non-market economies than other industries, which would imply that this industry would be more likely to file petitions against non-market economies than other industries and lobby harder for substantial protection. But it appears that only 'resource intensive industries' are less successful. This group of industries includes, e.g., manufacturing of wood products, pulp and paper, non-metallic mineral products, basic metals and fabricated metal products; that is, product groups where less developed countries often have comparative advantages. As expected, filing cases against non market economies is more successful than filing cases against market economies, c.f. the above citation from WTO that "Non-market economy treatment normally yields significantly

higher duties" (WTO, 2009: 53). We also find throughout that groups of relatively more rightwing countries and petitions handled while countries with a relatively rightwing government is chairing the Council are less likely to succeed. In other words, the decision to grant anti-dumping protection is clearly ideologically politicized.

On the other hand, petitions from countries in the geographical periphery of the Union are more likely to be supported by the EU anti-dumping system. Only one of the measures of the size of petitioning coalitions is clearly significant: Our measure of coordination costs is positively associated with success, most likely reflecting the role of high coordination costs as commitment signal. As for the size of these estimates, we start with the distance to Brussels. Calculating marginal effects suggests that increasing the average distance of petitioning countries by 500 kilometers increases the probability of succeeding by roughly 23 percent. Petitioners from more open economies are, as expected, less successful in their anti-dumping petitioning. Changing the average political ideology of petitioning countries by one point (e.g. from a moderately leftwing government to a moderately rightwing) decreases the probability of succeeding by about 33 percent while a similar change in the ideology of the chairing country induces a decrease of 29 percent. Taken together, these estimates indicate that the *ideological distance* to Brussels, represented by the chairing countries, may exert a substantial effect on the likelihood of succeeding in petitioning for anti-dumping measures.[8] We are fairly certain that these results are not driven by single countries, as a series of jackknife estimates (excluding single petitioning countries and single chairing countries one at a time) yields very similar and qualitatively unchanged estimates.

[8] By estimating the model with a ‚difference in ideology' variable calculated as the absolute value of the difference between ‚government ideology' and ‚ideology of EU chair' (and excluding the government ideology and chair ideology variable we confirm that ideological distance is a significant explanatory variable.

As such, we find that both geographical and ideological distance matters to the success probability of anti-dumping petitions in the EU. However, the *degree* of protection provided is another matter to which we turn next.

3.2. Anti-dumping 'success': Ad-valorem duties

In this sub-section we therefore test if the same explanatory variables as used to explain the success or failure of an antidumping petition can also explain the subsequent value of antidumping measures implemented, given that petitions succeed in a first round. We note that the EU procedure first posts a preliminary decision, and only subsequently, when this has been known for some time, reports a final decision on the applicable anti-dumping duties. As such, the EU procedure allows for a second period in which lobbying can take place. First, we look at the preliminary ad-valorem duties set by the EU Commission and next the final ad-valorem duties set by the EU Council of Ministers.

3.2.1 Preliminary duties

The results for the preliminary duties are presented in Table 2. In the baseline specification, we note that only two of the explanatory variables are able to contribute to the explanation of the level of the preliminary duties, namely the non-market economy dummy and the chair ideology variable. As expected, petitions against non-market economies result in significant higher tariffs although we can only speculate in the conclusions about why this is. We also find that the more conservative is the government chairing the EU at the time of the preliminary decision, the higher is the ad-valorem anti-dumping duty.

However, contrary to the first stage of anti-dumping decision procedures, we find some evidence that a larger number of petitioners results in *smaller* preliminary duties. As such, the results suggest that smaller groups of petitioners are able to lobby for higher levels of protection than larger groups, which is in line with the positive sign for the 'success no-success' model above. While this finding is consistent

with Olsonian mechanisms, we do, nonetheless, note that the effect is fairly small. On the other hand, the size of the effects of chairing country ideology is larger. Since the preliminary duties are fixed by the EU Commission, it is on the face of it a surprise that the ideology of the EU chair significantly influences the level of preliminary protection, such that more rightwing chairs result in higher protection; note that this is after a process in which the ideology of the EU chair worked in the opposite direction. The influence of national governments, including the EU chair, is through the Advisory Committee, where representatives from national governments and the EU chair may signal to the Commission the level of acceptable protection. Therefore the combination of the results for the EU chair variable in Table 1 and Table 2 is the following. Whether these preliminary influences survive the final decision is the last question in the row.

3.2.2. Final duties

For the final duties the results are very similar to the preliminary duties, indicating that the same factors are decisive at both levels of decision making. The non-market economy dummy has a positive sign, but the coefficient is slightly larger than for the preliminary duty, possibly indicating that the Council of Ministers are more hard-nosed in their attitude to non-market economies. The same counts for the EU chair ideology with a positive and larger coefficient than for the preliminary duties, although the difference between the two estimates is not significant. However, we find that the negative effect of the number of petitioners or the share of EU countries participating in a petition (the inclusion of both induces a multicollinearity problem) is substantially larger in size than for the preliminary duties. This is also reflected in the all-EU organization dummy is strongly and negatively significant, indicating that these two variables are likely to be expressions of the same Olsonian phenomenon.

3.3. A digression on country effects

As a final issue to touch upon, we note that the country chair fixed effects are always strongly significant, indicating substantial and persistent differences between countries. Moreover, the picture painted by the country fixed effects from the regressions of preliminary and final duties is remarkably consistent. For example, the correlation between the fixed effects pertaining to the analyses in Table 2, column 1, and Table 3, column 1, is .86, and correlations across the regressions are generally above .8. We therefore provide this overall picture in Figure 3, in which the comparison country is the United Kingdom.

Without wanting to comment on the size of the country effects, which obviously vary with the ideology of governments and other factors, we note that decisions taken when Austria, Spain or Denmark were the chairing countries tended to result in smaller anti-dumping duties while those taken under the chairmanship of Belgium, Ireland and Finland tended to result in substantially larger duties. These differences cannot be due to differences in ideology or changes in either the international business cycle or other clear trends, since these are all captured by the year fixed effects. While we refrain from commenting on these differences, we note that the difference between the smallest and largest country fixed effect amounts to a change in duty of 1.5 to 2 standard deviations. In other words, single countries seem to be able to exert a considerable influence in EU anti-dumping decisions, once more supporting our main finding that such decisions are clearly politicized.

4. Conclusions and discussion

The aim of this paper has been to estimate a set of determinants of the probability of succeeding on petitioning for anti-dumping measures in the European Union. Our specific focus in this paper has been on distance measures, including both geographical distance to Brussels and between petitioning countries, and on ideological effects. We first assessed determinants of the chances of success, after which we estimated the determinants of the protection value of anti-dumping measures, given success in the first case.

We first find that being geographically distant from Brussels makes the success of anti-dumping petitions more probable, all other things being equal. In other words, petitions from the periphery of the Union are on average more likely to be backed by the Commission. On the other hand, we also find that petitions against non-market economies are substantially more likely to succeed, which most likely reflects the lack of economic and political importance of extractive industries in the EU. We nonetheless note that this particular result may not generalize to the period after the accession of ten Central and Eastern European countries along with Cyprus and Malta, since some of these are likely to retain economically relevant industries within the NACE 3 code.

Second, we find some evidence that coordination costs among petitioning countries are important determinants of EU anti-dumping decisions. In the first stage of the procedure, we find that groups of petitioners that are more scattered across the EU, and thus presumably face higher costs of coordinating their efforts, are more likely to succeed. Whether this reflects that decision makers are more likely to grant protection when disparate regions of the Union are affected, or whether these costs function as a signal of commitment, must be left to more in-depth case studies.

Third, we find clear evidence of ideological effects. The ideological position of the country chairing the EU at the time of the first decision in such cases, as well as the average ideological position of petitioning countries, affects the decision. Having a relatively more rightwing government in the chairing country and having a more rightwing average position among petitioners reduces the chances of approval, as both the ideological position of governments of the petitioning countries and the country chairing the EU at the time are highly significant. Yet, the overall results pertaining to government ideology nevertheless reveal an intricate pattern. After succeeding in petitioning or not, only the ideology of the chairing country matters, and comes to matter in the *opposite* direction as in the first consultation process. Right-wing EU chairs may have so much discretion in antidumping policy that they generally try to reduce the amount of anti-dumping measures, but in cases where measures are

unavoidable (because of a perceived majority in the Council) they seem to go for a 'hard policy' of high countervailing duties.

As such, we provide evidence suggesting that anti-dumping decisions in the EU, despite the non-partisan regulations governing the area, are clearly politicized. We also find geographical effects that seem to be consistent with anti-dumping decisions being affected by lobbying and informational asymmetries. However, we end by noting that the patterns we uncover in this paper are far from simple. Ideological effects can change sign through the intricate EU petitioning procedure and lobbying most likely only occurs in the first and final stages of the process. Our results may therefore generate more questions left for future research than actual answers.

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Table 1. Determinants of success probability of petitions

	1	2	3	4	5	6	7
Non market	-.786***	-.821***	-.781***	-.795***	-.785***	-.781***	-.789***
country	(.169)	(.169)	(.169)	(.171)	(.171)	(.169)	(.171)
Log average	-.504**	-.354*	-.505**	-.385*	-.388*	-.509**	-.391*
distance	(.215)	(.189)	(.212)	(.203)	(.200)	(.216)	(.204)
Government	1.043***	.910***	1.039***	.898**	.905**	1.043***	.898**
ideology	(.395)	(.381)	(.395)	(.384)	(.382)	(.395)	(.383)
Resource	.472***	.478***	.468***	.463***	.454***	.469***	.459***
industry	(.151)	(.150)	(.151)	(.152)	(.151)	(.151)	(.152)
EU organization	-1.082**	-1.279***	-1.265***	-.374	-	-1.187	-.525
	(.479)	(.204)	(.258)	(.501)	1.532***	(.787)	(.766)
					(.289)		
Trade, % of	.022***	.021***	.022***	.021***	.021***	.022***	.021***
GDP	(.005)	(.004)	(.005)	(.004)	(.004)	(.005)	(.004)
Chair ideology	.896**	.896**	.878**	.886**	.814**	.883**	.866**
	(.386)	(.392)	(.393)	(.389)	(.397)	(.393)	(.395)
Number of			.009		.037	.006	.009
petitioners			(.026)		(.027)	(.035)	(.035)
Share of	.182			1.372*		.088	1.238
petitioning	(.632)			(.705)		(.856)	(.864)
countries							
Coordination		-.060*		-.109**	-.082**		-.109**
costs		(.037)		(.044)	(.041)		(.045)
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes
dummies							
Observations	578	578	578	578	578	578	578
R2	.289	.293	.289	.297	.295	.289	.297
Log likelihood	-256.96	-255.58	-256.96	-254.12	-254.88	-256.95	-254.09

Note: ordered probit regression; *** (**) [*] denotes significance at p<.01 (.05) [.10]. Numbers are estimated marginal effects; robust standard errors in parentheses. A – (minus) indicates increasing success, and + decreasing success.

Table 2. Determinants of preliminary ad-valorem duties

	1	2	3	4	5	6	7
Non market	.248***	.259***	.244***	.248***	.244***	.244***	.244***
country	(.086)	(.085)	(.086)	(.086)	(.086)	(.086)	(.086)
Log average	-.029	-.031	-.049	-.020	-.041	-.045	-.039
distance	(.121)	(.127)	(.118)	(.126)	(.127)	(.121)	(.127)
Government	.052	.016	.016	.037	.007	.018	.009
ideology	(.237)	(.243)	(.234)	(.244)	(.239)	(.235)	(.242)
Resource	.106	.100	.092	.108	.095	.094	.095
industry	(.085)	(.086)	(.085)	(.086)	(.086)	(.086)	(.086)
EU	-.542	-.114	.103	-.480	.084	.015	.041
organization	(.343)	(.209)	(.232)	(.355)	(.248)	(.561)	(.568)
Trade, % of	.002	.003	.003	.003	.003	.003	.003
GDP	(.003)	(.003)	(.003)	(.003)	(.003)	(.003)	(.003)
Chair ideology	.499**	.489**	.519**	.498**	.517**	.518**	.517**
	(.250)	(.244)	(.247)	(.249)	(.247)	(.248)	(.248)
Number of			-.032**		-.029*	-.029	-.029
petitioners			(.016)		(.017)	(.023)	(.023)
Share of	-.635			-.536		-.099	-.051
petitioning	(.398)			(.448)		(.566)	(.599)
countries							
Coordination		-.029			-.007		-.006
costs		(.026)			(.029)		(.030)
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes
dummies							
Observations	305	305	305	305	305	305	305
R2	.239	.237	.245	.240	.245	.245	.245
RMSE	.638	.639	.636	.639	.637	.637	.638

Note: OLS; *** (**) [*] denotes significance at p<.01 (.05) [.10].; dependent variable log (preliminary ad-valorem duty); robust standard errors in parentheses. Only cases that are a success in the first round (table 1) is included.

Table 3. Determinants of final ad-valorem duties

	1	2	3	4	5	6	7
Non market	.323***	.345***	.324***	.321***	.323***	.320***	.317***
country	(.106)	(.108)	(.106)	(.106)	(.106)	(.106)	(.106)
Log average	.109	.053	.099	.094	.088	.117	.099
distance	(.179)	(.195)	(.181)	(.186)	(.189)	(.182)	(.188)
Government	.268	.135	.216	.315	.238	.248	.305
ideology	(.346)	(.341)	(.337)	(.358)	(.343)	(.347)	(.357)
Resource	.106	.066	.070	.096	.059	.092	.078
industry	(.132)	(.137)	(.133)	(.136)	(.138)	(.132)	(.137)
EU organization	-.798*	.114	.433*	-.939**	.465**	-.108	-.237
	(.406)	(.199)	(.223)	(.426)	(.227)	(.597)	(.605)
Trade, % of	.001	.002	.002	.001	.001	.002	.001
GDP	(.004)	(.004)	(.004)	(.004)	(.004)	(.004)	(.004)
Chair ideology	.559**	.519*	.604**	.572**	.615**	.596**	.614**
	(.278)	(.284)	(.273)	(.280)	(.277)	(.275)	(.278)
Number of			-.054**		-.058**	-.037	-.039
petitioners			(.021)		(.022)	(.027)	(.027)
Share of	-1.263**			-1.474***		-.606	-.824
petitioning	(.489)			(.522)		(.619)	(.641)
countries							
Coordination		-.027		.024	.015		.029
costs		(.036)		(.042)	(.040)		(.043)
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes
dummies							
Observations	305	305	305	305	305	305	305
R2	.267	.239	.271	.268	.272	.275	.278
RMSE	.643	.655	.641	.644	.642	.641	.641

Note: OLS; *** (**) [*] denotes significance at p<.01 (.05) [.10]. Dependent variable log (final ad-valorem duty); robust standard errors in parentheses. Only cases that are a success in the first round (table 1) is included.

Table A1. Data sources and definitions

Variable	Source	Definition
Dependent variables		
1) Anti-dumping success	Global AD*	A 'success' in an EU anti-dumping investigation is defined as implementation of an antidumping measure such as an ad valorem duty, a specific duty, a price undertaking or a duty if price falls under a given level. A 'no success' relates to cases where a case is withdrawn prior to ruling by the petitioning industry or terminated prior to ruling by the EU Commission. A success is given the value '0' and a 'no success' the value '1'.
2) Final ad-valorem anti-dumping duty	Global AD*	'Final' relates to decisions taken by the Council of Ministers. In case more than one ad-valorem duty is published (where more dumping firms are involved) the highest is used. In few cases with specific duties it has been possible to convert them to ad-valorem duties by using the margin of price-undercutting and the information given in anti-dumping documents that duties should be based on the margin of price-undercutting. Cases of missing information (MI) have been deleted.
3) Preliminary ad-valorem anti-dumping duty		'Preliminary' relates to the preliminary decision taken by the EU Commission. In case more than one ad-valorem duty is published (where more dumping firms are involved) the highest is used. In few cases with specific duties it has been possible to convert them to ad-valorem duties by using the margin of price-undercutting and the information given in anti-dumping documents that duties should be based on the margin of price-undercutting. Cases of missing information (MI) have been deleted.
Independent variables		
Government ideology	Bjørnskov (2008a)	Average index of government ideology of petitioning countries on left-to-right scale, distributed between -1 (fully leftwing) to 1 (fully rightwing); anchor is the standard position of social democrat parties.
Ideology of EU	Bjørnskov (2008a)	Index of government ideology of the EU country

chair		chairing the Council of Ministers at the date for the final AD decision on left-to-right scale, distributed between -1 (fully leftwing) to 1 (fully rightwing); anchor is the standard position of social democrat parties.
Difference in ideology	Bjørnskov (2008a)	Calculated as the absolute value of the difference between 'government ideology' and 'ideology of EU chair'.
ln(distance)	http://www.chemical-ecology.net/java/lat-long.htm	Calculated as the natural log to the un-weighted average distance from the capitals of the EU countries with petitioning firms to Brussels. The 'distance' is the 'great-circle distance'. When the petitioning countries are unknown (M.I.) the un-weighted distance is for all EU countries (12 (before 1995) and 15 (after 1995) respectively).
Coordination costs	http://www.chemical-ecology.net/java/lat-long.htm	Calculated as the natural log to the average bilateral distance between petitioning countries= $Ln((\sum \text{distance})\ 2\ (n-2)!\ /n!)$, where n is the number of bilateral relations.
ln(GDP)	World Development Report	The natural log to the sum of GDP in 2000 US Dollars of the petitioning countries.
Openness	World Development Report	The average of (exports + imports)/GDP of the petitioning countries.
Number of petitioners	Global AD*	The number of EU firms that is part of the anti-dumping petition requesting the investigation. In cases where no named firms are given (M.I.) the number is set to '0'.
Number of countries with petitioners	Global AD*	The number of EU countries with firms that are part of the anti-dumping petition. In cases where no named firms are given (M.I.) and therefore the EU countries with petitioners cannot be identified, the number of countries is set to 12 (before 1995) and 15 (after 1995) respectively.
Organization dummy	Global AD*	In cases, where no named petitioning firms are given (M.I.), there is a real or an ad hoc branch organization behind the petition. For cases with M.I. the value '0' is given (='branch organization'); in all other cases a '1' is given (no-branch organization).
Non-market economy dummy	Global AD*	In case the dumping country is China, Russia, Ukraine, Belarus, Kazakhstan, Kyrgyzstan, Turkmenistan, USSR and Vietnam a '1' is given , and in all other cases a '0'.
Country dummies	Global AD*	Every time a given EU country chairs the Council of Ministers it is given the value '1', all the other countries the value '0'.
Industry dummies	Global AD*	Technology intensive: NACE 24, 29, 30, 31, 32, 33, 34; Labor intensive: NACE 15, 16, 17, 18, 19, 35; Resource intensive: NACE 5, 13, 14, 20, 21, 23, 26, 27;

	Other manufacturing: NACE 22, 25, 28, 36, 37.

Notes: *Based on Global antidumping database (Version (3.0) by Chad P. Bown with our own additions and corrections.

Table A2. Descriptive statistics: Probit model

Variable	Mean	Standard deviation	Min	Max	Observations
Decline of petition	.313	.464	0	1	588
Resource industry	.307	.461	0	1	588
Non-market economy	.239	.427	0	1	588
No. petitioning firms	4.813	3.721	0	17	588
Share of countries with petitioners	.413	.300	.067	1	588
ln(Coordination costs)	6.023	2.268	0	7.452	588
ln(Geographical distance)	6.490	.479	0	7.648	588
Government ideology	.228	.251	-.517	1	588
EU chair ideology	.185	.347	-.517	1	588
Trade	73.199	18.420	38.252	184.471	588
EU organization	.821	.383	0	1	588

Table A3. Descriptive statistics: Final duty model

Variable	Mean	Standard deviation	Min	Max	Observations
Final ad-valorem duty	.292	.181	.038	0.968	241
Resource industry	.224	.418	0	1	241
Non-market economy	.257	.438	0	1	241
No. petitioning firms	5.478	3.347	0	1	241
Share of countries with petitioners	.336	.211	.067	1	241
ln(Coordination costs)	6.182	2.053	0	7.452	241
ln(Geographical distance)	6.514	.370	4.472	7204	241
Government ideology	.184	.206	-.432	1	241
EU chair ideology	.171	.346	-.432	1	241
Trade	72.565	19.378			241
EU organization	.938	.242	0	1	241

Note: Withdrawn and terminated cases are deleted. If these cases are included and given the ad-valorem value zero the number of cases increases to 447 and the average final ad valorem duty is 0.157.

Source:

Table A4. Descriptive statistics: Preliminary duty model

Variable	Mean	Standard deviation	Min	Max	Observations
Preliminary ad-valorem duty	0.316	0.195	0.017	1.335	305
Resource industry	0.243	0.429	0	1	305
Non-market economy	0.256	0.437	0	1	305
No. petitioning firms	5.711	3.256	0	17	305
Share of countries with petitioners	0.327	0.189	0.0667	1	305
ln(Coordination costs)	6.271	1.918	0	7.452	305
ln(Geographical distance)	6.518	.355	4.472	7.204	305
Government ideology	0.191	0.235	-.517	1	305
EU chair ideology	0.153	0.345	-.517	1	305
Trade	71.137	18.679	39.531	181.774	305
EU organization	0.955	0.210	0	1	305
					305

Figure 2. Success rates over time

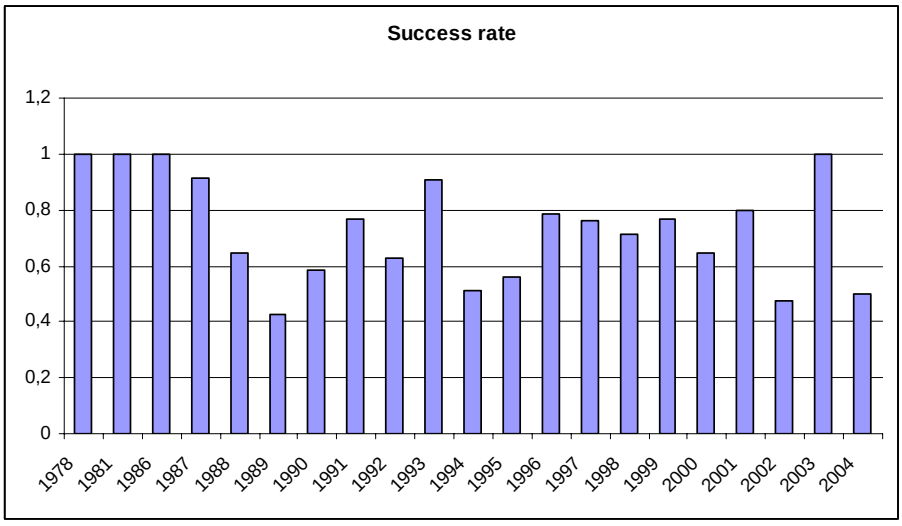

Figure 1. Anti-dumping petitions and successes 1978-2004

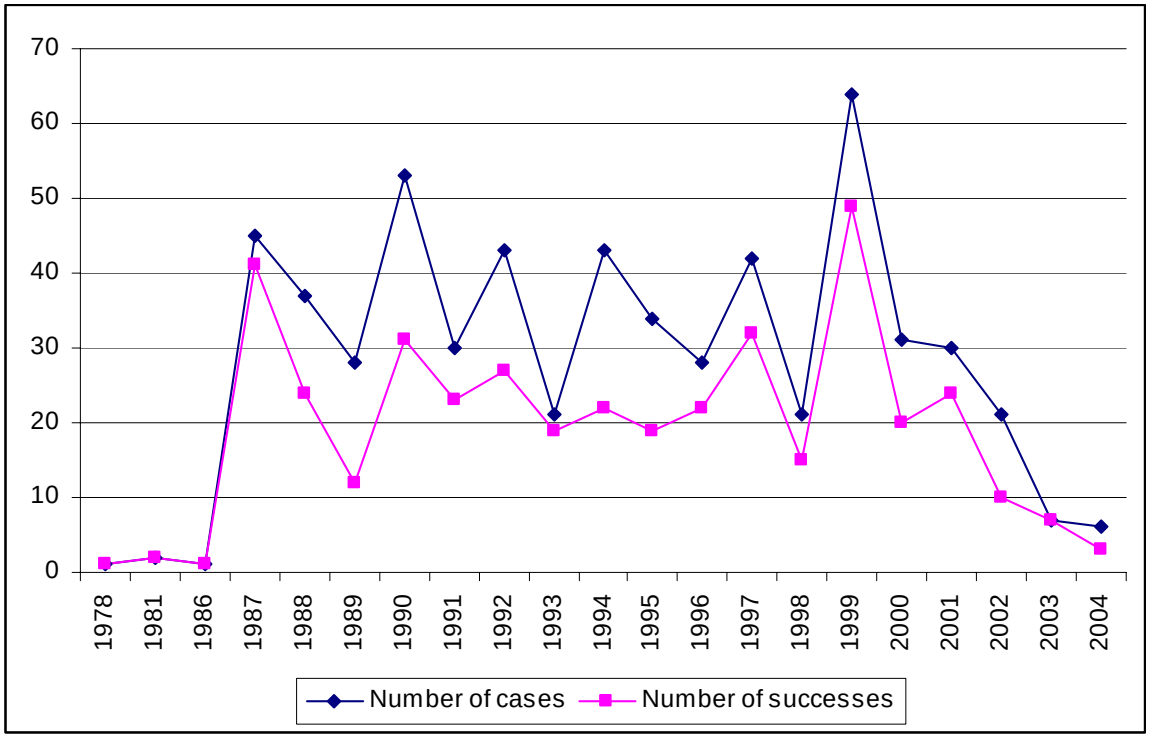

Figure 3. Country fixed effects, anti-dumping duties