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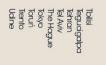


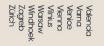












Breaking the Barrier: How Exporters Can Challenge Antidumping Duties in Turkey

I. Introduction

Antidumping measures have become a critical tool for Turkey to protect its domestic industries from unfair foreign competition. These measures are imposed when imported goods are sold in Turkey at prices below their normal value, harming local businesses. For foreign exporters, antidumping duties can significantly disrupt market access and profitability, making it essential to understand not only how these measures are implemented but also how to challenge them effectively.

For many companies, the antidumping battle doesn't end with the initial investigation. After duties are imposed, it is crucial to know how to initiate a review process to potentially reduce or remove these measures. This article will guide you through the procedures for challenging existing antidumping duties in Turkey, a step that could greatly impact your company's ability to continue trading profitably in this market.

In our <u>previous article</u>, we focused on **how exporters can defend themselves during the initial antidumping investigation**. In this follow-up, we delve into the next crucial phase: reviewing antidumping measures that have already been implemented, offering foreign companies a pathway to mitigate the impact of these duties through legal means.

II. Overview of Antidumping Measures in Turkey

a. How Antidumping Measures Affect Foreign Exporters

Antidumping measures are vital tools used by Turkey to protect its domestic industries from foreign imports sold at unfairly low prices. These measures are imposed when an investigation reveals that products are being "dumped"—sold in Turkey at prices lower than their normal value in the exporter's home market—causing harm to the local industry. For foreign exporters, this can lead to significant disruptions, including the imposition of additional duties that increase the cost of doing business in Turkey.

Antidumping duties can raise the price of imported goods, often making them less competitive compared to local products. As a result, foreign exporters may face challenges in maintaining their market share, especially in price-sensitive industries. These measures are designed to level the playing field for domestic producers, but for foreign exporters, they create an urgent need to understand how these duties are calculated and how to challenge them effectively.

b. Types of Antidumping Measures: Provisional and Definitive Duties

In Turkey, antidumping measures can take two main forms: provisional measures and definitive antidumping duties. Understanding the distinction between these two types is crucial for foreign exporters seeking to navigate the antidumping landscape.

1. Provisional Measures

Provisional measures are temporary duties imposed during an ongoing antidumping investigation. If authorities make an initial positive determination that dumping has occurred and caused injury to the domestic industry, provisional measures may be introduced to prevent further harm while the investigation continues.

- Provisional duties: Temporary duties imposed on the imported product.
- **Guarantees**: A financial guarantee equivalent to the estimated antidumping duty, which can be a cash deposit or bond, required at customs.
- **Customs value stabilization**: Suspension of customs duties based on the estimated antidumping duty amount.

Provisional measures cannot be applied before 60 days from the start of the investigation and typically last up to 4 months, with the possibility of extending them to 6 months if requested by exporters representing a significant portion of the trade. In certain cases, where the authorities are assessing whether a lower duty might address the injury, the measures can last up to 9 months.



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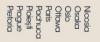
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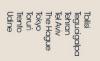


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2. Definitive Antidumping Duties

Once an investigation concludes and the authorities confirm that dumping has occurred, definitive antidumping duties are imposed to rectify the situation over the long term. These duties serve as permanent corrective measures to offset the harm caused by dumping.

- **Fixed antidumping duties**: A set duty applied to all imports of the affected product, irrespective of individual transaction prices.
- **Transaction-based duties**: Duties recalculated for each transaction based on the export price at the time of import (used by countries like the U.S.).

In Turkey, antidumping duties are typically applied as fixed duties, aligning with European Union practices. Once in place, these duties remain fixed across all transactions, regardless of price changes. This system contrasts with the transaction-based approach used in other countries, where duties vary depending on the individual import price.

The "Lesser Duty Rule" is also applied in Turkey, ensuring that the antidumping duty is set at the lower of either the dumping margin or the amount necessary to remove the injury to the domestic industry. This rule helps ensure that duties are not unnecessarily punitive while still providing relief to local businesses.

For exporters, understanding how these definitive duties are calculated and applied is critical for preparing a strategy to either avoid or reduce their impact through a review process.

III. Types of Review Available to Exporters

Once definitive antidumping duties have been imposed, they can remain in place for years, significantly affecting the ability of foreign exporters to remain competitive in the Turkish market. However, the Turkish antidumping regulations allow for the possibility of initiating a review to reduce or remove these duties. For foreign exporters, this presents a crucial opportunity to challenge the continued imposition of antidumping measures and regain competitiveness.

A review can be requested for several reasons, including changes in market conditions, improvements in export pricing practices, or the fact that the injury caused to the domestic industry may no longer exist. Initiating a review can result in a reduction or elimination of antidumping duties, directly impacting the exporter's costs and overall market access in Turkey.

Foreign exporters can request different types of reviews depending on their circumstances:

a. Expiry Review

An expiry review can be requested when the antidumping duties are approaching the end of their five-year term. Under Turkish law, antidumping duties automatically expire after five years unless an expiry review is conducted. These duties will be announced in the Official Gazette during the final year of their term. Exporters can initiate this review to argue that the measures are no longer necessary to prevent dumping or injury to the domestic industry.

To initiate an expiry review, local producers must present sufficient evidence showing that dumping and injury will likely continue or recur if the duties are removed. This request must be submitted no later than three months before the expiration of the five-year term. During the review, which typically lasts one year (with a possible extension of six months), authorities will examine whether removing the antidumping duties would likely lead to a recurrence of dumping or injury. If they find that the local industry no longer needs protection, the duties may be terminated.

This type of review is particularly useful for exporters that have adjusted their pricing practices or market strategies and wish to prove that dumping is no longer occurring. However, the existing antidumping duties remain in place until the review is concluded.

b. Interim Review



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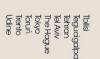












Valencia Varna Venice Venna Vilnius Warsaw Windhoek Zagreb Zürich An interim review can be requested at any time after antidumping duties have been in place for at least one year. Exporters, importers, or domestic producers may request this review if they believe that the conditions which led to the imposition of the antidumping duties have changed. This could involve a change in market conditions, adjustments to export pricing, or shifts in domestic production that reduce the need for continued antidumping measures.

Interim reviews may be partial (focused on specific aspects of the antidumping duty) or complete (examining whether the duty as a whole should be maintained, reduced, or eliminated). For example, if an exporter can demonstrate that their export prices now align with the normal value in the home market, they may successfully argue for a reduction or elimination of the duty.

The review process includes the submission of evidence, similar to the original antidumping investigation, and authorities assess whether the conditions that justified the duties are still in place. Depending on the findings, the duties may be adjusted or removed entirely.

c. New Exporter Review

A new exporter review applies to companies that were not involved in the original antidumping investigation but have since begun exporting the affected product to Turkey. New exporters who can prove that they are not associated with companies subject to the original antidumping duties can request this review to obtain their own dumping margin.

To initiate a new exporter review, the exporter must demonstrate that they have either exported the product to Turkey after the original investigation period or entered into substantial contractual obligations to export the product. Furthermore, they must provide proof that they are not affiliated with any exporter or producer who was subject to the initial antidumping measures.

During the review process, authorities will determine whether the new exporter engages in dumping and whether a specific antidumping duty should be applied to their products. Until the review is completed, new exporters may request that antidumping duties not be applied to their products, although they may need to provide a guarantee at customs. If the final review finds that the new exporter is not dumping, they can be exempted from paying antidumping duties retroactively.

IV. Potential Outcomes of the Review

Once a review of antidumping measures is initiated, the final decision made by the authorities can lead to various outcomes. These outcomes will have significant implications for foreign exporters, potentially altering their ability to trade competitively in Turkey. Below are the key potential outcomes of a review and what they mean for exporters.

1. Reduction of Antidumping Duties:

One of the most favorable outcomes for exporters is a reduction in the antidumping duties. This can occur if the review determines that the dumping margin has decreased, or that the domestic industry is no longer suffering as much harm from the imported products. A reduction in duties helps exporters regain competitiveness in the Turkish market by lowering the cost of their goods.

2. Elimination of Antidumping Duties:

In some cases, the review may conclude that dumping is no longer occurring, or that the injury to the domestic industry has ceased. If this is the case, the authorities may decide to eliminate the antidumping duties altogether. This outcome would allow the exporter to trade in Turkey without the added burden of duties, creating an opportunity to re-establish or expand market presence.

3. Continuation or Increase of Duties:

Not all reviews result in favorable outcomes for exporters. If the authorities determine that dumping is still occurring, or that it continues to harm the domestic industry, the antidumping duties may be continued. In some cases, the review might even result in an increase in the duties if the injury is found to be more severe than originally determined. Additionally, if new evidence emerges showing that the





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exporter continues to engage in dumping practices, the authorities could impose higher duties to further protect the domestic industry.

V. Conclusion

Antidumping measures play a crucial role in protecting Turkey's domestic industries from unfair competition caused by foreign imports sold at below-market prices. However, these measures can impose significant financial burdens on foreign exporters, making it essential to understand how to challenge them through the antidumping review process.

By initiating a review, foreign exporters have the opportunity to reduce or eliminate these duties, potentially regaining their competitiveness in the Turkish market. The review process offers a structured path for challenging existing antidumping duties based on changes in market conditions, adjustments in pricing practices, or the cessation of injury to the domestic industry.

Ultimately, navigating the antidumping review process requires careful planning, thorough documentation, and compliance with the Ministry of Trade's legal and procedural requirements. For exporters facing antidumping duties, a successful review can open doors to renewed market access and improved profitability in Turkey.

Ali Yurtsever Istanbul Türkiye