



**BUSINESSEUROPE**

THE SECRETARY GENERAL

H.E. Mr Guillermo Valles Galmes  
Ambassador of Uruguay to the WTO  
Rue de Lausanne, 65 4<sup>e</sup> étage  
1202 Genève

29 January 2008

Dear Ambassador,

I am writing to express our firm disagreement with the far-reaching reintroduction of the 'zeroing' methodology in the draft WTO Doha text on Anti-dumping that was released under your authority as Chairman of the Rules Negotiations on 30 November 2007.

BUSINESSEUROPE has been a long-standing supporter of the Doha Rules negotiations to strengthen the progress made in the Uruguay Round in terms of harmonisation of anti-dumping practices, increased predictability for all companies and a more level playing field for international trade. Regrettably, we consider the Anti-dumping draft to be unbalanced and regressive in relation to the proposals on zeroing which could restrict market access and provide an unfair advantage to complainant industries in the US.

Zeroing unfairly inflates the level of dumping, makes it easier to bring new antidumping complaints and increases the amount of anti-dumping duties exporters must subsequently pay. This is one of the main reasons why the WTO Appellate Body has found zeroing to be inconsistent with WTO rules in a number of WTO cases. In its current form, the Doha Anti-dumping draft would reverse those Appellate Body decisions with harmful consequences for international trade. This would be regrettable as global industry, as represented by the International Chamber of Commerce, has called very clearly for the implementation the Appellate Body decisions on zeroing by all WTO Members in the position paper at annex.

The proposed fully-fledged re-introduction of zeroing will have a tremendous impact in the US anti-dumping system where zeroing has long been used to underpin the very high level of anti-dumping duties applied there. If we refer to current US anti-dumping duties on EU exports, the estimated costs of the system for European companies surpasses the €100 million per year mark. We estimate that these costs will rise significantly if the zeroing clauses proposed in your draft text are adopted by the WTO and dumping duties rise unfairly as a consequence. These costs will be further compounded by the expected increase in legal fees associated with the far-reaching introduction of zeroing.

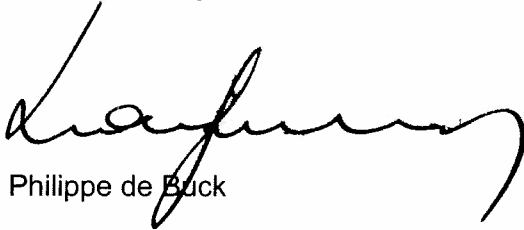
Moreover, we are very concerned that the far-reaching reintroduction of zeroing might encourage other users of antidumping such as Canada, China, Brazil or India to adopt this methodology along with other harmful features of the US anti-dumping system. The end result will be additional restrictions on trade and much higher costs for exporters to these markets. Meanwhile, the current structure of EU anti-dumping rules will practically make it very difficult for the European Union to introduce the zeroing methodology. Hence, European exporters confronted with anti-dumping measures will face higher penalties in an unbalanced global context.

From a systemic point of view, we must also insist on the fact that the reintroduction of fully-fledged zeroing goes against the level playing field logic of the Uruguay Round negotiations and nullifies the progress made with the Anti-Dumping Agreement in terms of harmonisation of anti-dumping practices, increased predictability and a more level playing field, as it provides a unjustified advantage to complainant industries.

Finally, we are concerned that this reintroduction of zeroing would *de facto* nullify some of the expected market access gains in the Round because it will enable the US as well as other anti-dumping users to shield industries currently protected by peak tariffs by using the zeroing methodology in anti-dumping cases.

BUSINESSEUROPE considers a balanced agreement on Rules to be an essential part of the overall Doha Round package. Consequently, I hope that this letter will encourage you to reconsider the zeroing articles currently proposed in the draft Doha Agreement on Anti-dumping.

Yours sincerely,



Philippe de Buck