

# IMPACT OF DUMPING AND HEALTH CARE

by

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## ABSTRACT

*Anti-dumping duties have been increasingly popular in recent years as a mechanism for correcting market inefficiencies caused by international trade liberalisation. Several recently industrialized countries, like Japan, Korea, Taiwan, and now China, have been accused of dumping their products on the world market in order to achieve stronger market penetration and, in the long run, higher profits if their competitors leave the market. The Ministry of Commerce and Industry responsible for free and fair trade in India considers dumping to occur ‘When the export price of the goods imported in India is less than the normal value of the like articles sold in the domestic market.’*

*Even though members of the World Trade Organization (WTO) are required to trade freely, there are some exceptions. One is when goods are suspected of being dumped in a foreign market, which implies that the exporter sells the product at a cheaper price in the international market than in its domestic market. Along with the Anti-dumping Agreement, GATT Article VI governs this. Imported medical devices account for approximately 80% of overall sales in the medical device sector. Domestic Enterprises are primarily engaged in the production of low cost goods for both domestic and foreign markets.<sup>1</sup>*

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<sup>1</sup><https://timesofindia.indiatimes.com/business/indiabusiness/80-medical-equipment-imported-doctors-say/articleshow/56081617.cms> (last accessed: February 27, 2018).

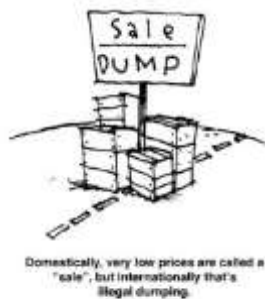
*I also provide links to resources and extensive data on available to study AD, as well as my own perspectives (in a concluding section).*

**Keywords:** - Anti-dumping, Anti-dumping agreement, WTO etc.

## Chapter 1

### INTRODUCTION

#### What is Dumping?



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‘Exporting goods at prices lower than the home market prices.’

In price-to-price dumping, the exporter uses higher home prices to supplement the reduced revenue from lower export prices.

The Ministry of Commerce and Industry responsible for free and fair trade in India considers dumping to occur ‘*When the export price of the goods imported in India is less than the normal value of the like articles sold in the domestic market.*’

The normal value of a product is the price at which it is sold in the exporting country's or territory's domestic market. It would be the toy's pricing on the Chinese domestic market in the instance

above. Margin of Dumping is the difference between the two prices. Dumping is also now universally regarded as an unfair business activity, as products of the same quality should be sold at the same price everywhere, with the exception of transactions such as import tariffs and municipal taxes, which may cause price difference.

Dumping can only happen in regions where there is insufficient competition and marketplaces are fragmented in such a way that domestic people cannot easily purchase items intended for export. Anti-dumping duties were enacted with the goal of mitigating the effects of market distortions caused by strong exporters' unfair trade practices.

Anti-dumping duties are imposed on exporting countries that have been accused of dumping goods in another country as a means of protecting domestic businesses.

### **DUMPING IN THE GATT/WTO**

It is international price discrimination, where the price of when sold in the importing country is less than price of that product in the market of the exporting country. Thus we can say here one can understand Dumping simply by comparing prices in two markets.

The concept of anti Dumping measures has a lots of implication and are important weapons in the arena of international trade. Dumping is per se is not discardable as prices may vary from time-to-time in accordance with the supply demand market fluctuations. In the world of international trade, dumping as a type of price discrimination is a common occurrence. When dumping poses a threat to a country's domestic market, the country's designated authority has the authority under the WTO agreement to take appropriate action against such exporters.

### **RESEARCH OBJECTIVES**

The research topic aims to investigate the connections between the Indian healthcare industry and anti-dumping policies, as well as how they are related and whether anti-dumping duties have an effect on competition.

### **RESEARCH METHODOLOGY**

The research methodology used is mostly descriptive and non-doctrinal. Data is gathered from secondary sources such as books, articles, and journals.

## TYPES OF DUMPING<sup>2</sup>

**1. Sporadic Dumping:** Occasional sale of a commodity at below cost in order to unload an unforeseen and temporary surplus of the commodity such as cheese, milk, wheat etc. in the international market without reducing domestic prices.

**2. Predatory Dumping:** Temporary sale of a commodity at below its average cost or a lower price abroad in order to derive foreign producers out of business, after which prices are raised to take advantage of the monopoly power abroad.

**3. Persistent Dumping:** Continuous tendency of a domestic monopolist to maximize total profits by selling the commodity at a higher price in the domestic market than internationally (to meet the competition of foreign rivals).

## 4. Chapter 2

### HISTORICAL BACKGROUND

The concept of AD was documented by Adam Smith in 1776, in his work, the “wealth of nation”, Adam Smith quoted that, “if the foreign country can supply us with commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in way in which we have some advantages”.<sup>3</sup> The above stated view, very well promotes the principle of comparative advantages, which form the basis of free trade.

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<sup>2</sup>[http://books.google.co.in/books?id=bgLXTW2oq2cC&pg=PA459&lpg=PA459&dq=types+of+dumping+in+international+trade&source=bl&ots=7uTPCiui0&sig=jT\\_54ZXWlsElfKXxZJPEBHK5t8&hl=en&sa=X&ei=MDKFUPXGFIImSrgf82oHwDw&ved=0CCwQ6AEwAg#v=onepage&q=types%20of%20dumping%20in%20international%20trade&f=false](http://books.google.co.in/books?id=bgLXTW2oq2cC&pg=PA459&lpg=PA459&dq=types+of+dumping+in+international+trade&source=bl&ots=7uTPCiui0&sig=jT_54ZXWlsElfKXxZJPEBHK5t8&hl=en&sa=X&ei=MDKFUPXGFIImSrgf82oHwDw&ved=0CCwQ6AEwAg#v=onepage&q=types%20of%20dumping%20in%20international%20trade&f=false) (visited on 18th October, 2012).

<sup>3</sup> Adam Smith ‘An inquiry into the nature and causes of the wealth of nations’ (Glasgow Edn. 1976), Book IV, chapter III.

In the present era, Dumping is one of the most controversial issue and is not per se illegal. Canada was the first country to frame laws against dumping in 1904. (Article XIX of custom Act, 1904) followed by New Zealand in 1905, Australia in 1906 and union of south Africa in 1914, thereafter, section 801 of the American Revenue Act, 1916 was enacted which prohibited predatory pricing<sup>4</sup>. The first multi-lateral agreement which gave a formal outlook to the concept of Dumping was the General Agreement on Tariffs and Trade, 1947 (it was converted to GATT, 1994 after acceptance of Dunkel Draft proposal). The regular procedures of its improvement are followed in regard to anti-dumping measures, for instance Kennedy round negotiations, coming of anti-dumping code, 1967, which was again consider for the improvement in Tokyo rounds negotiation which further resulted in drafting of 1979 code.

The Uruguay round negotiating group on multinational trade negotiations resulted in drafting of agreement on implementation of the Article VI of GATT 1994 which is commonly known as the “Anti- Dumping Agreement”.

Anti dumping measures focuses on the eradication of dumping problems only, and for the matters related to the government subsidies, there is separate provision for countervailing duties.

Article VI empowers the importing Member to seek measures against deleterious dumping. This approach follows logically from the idea of dumping as private entities indulging in predatory pricing. Because the GATT focuses on government conduct, it cannot reasonably outlaw private-sector dumping. Furthermore, it would not be in importing nations' best interests to take action against dumping, for instance, since their user industries benefit from the low pricing. As a result, the GATT (and now that the WTO) handles the matter from the perspective of the importing Member. Recognizing the potential for trade restrictions, GATT (and WTO) law prescribes the circumstances in which anti-dumping measures may be imposed in some detail.

Anti-dumping has been the subject of intense discussion at the GATT/WTO on various occasions since 1947. Following a study of national anti-dumping laws by the GATT Secretariat in 1958, a Group of Experts was formed, and in 1960, they agreed on some consensus interpretations of

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<sup>4</sup> Predatory pricing is one of the kind of Dumping wherein a document supplier works in the principle of deliberate pricing below cost in order to eliminate competitors out of the foreign market.

problematic wording in Article VI. Article VI of the GATT of 1994. During the 1967 Kennedy Round, 17 parties negotiated and signed an Anti-Dumping Code. The Code was updated during the Tokyo Round. The EC was one of the 25 signatories to the Tokyo Round Code. Despite the fact that the 1979 Code was not directly mentioned in the Ministerial Declaration on the Uruguay Round, early in the negotiations, a number of GATT Contracting Parties, including the European Union, Hong Kong, Japan, Korea, and the United States, proposed amendments to the 1979 Code.

### Chapter 3

#### LEGAL FRAMEWORK

The international AD rules are provided by (a). GATT Article VI and (b). The Anti-Dumping agreement under the WTO. The Tokyo Round Anti-Dumping Code was amended as a result of the Uruguay Round negotiations and has become the new AD accord. The technique for evaluating prices and costs in order to compute Dumping Margin and measures of injury to domestic industry (DI) was exceedingly technical and sophisticated, necessitating amendment of the legislation.

The WTO holds two meetings of the AD committee each year to provide a forum for the discussion of AD measures. The AD committee is directly subordinate to the council for trade in goods and report to it each year on the implementation and administration of the AD agreement.

Anti dumping measures focuses on the eradication of dumping problems only, and for the matters related to the government subsidies, there is separate provision for countervailing duties. In india Section 9A, 9B, and 9C of the Custom Tariff Act, 1975 as amended in 1995 and the Custom Tariff Act( identification, Assessment and collection of AD duty on dumped articles and for

determination of injury) Rules, 1995 framed there under form the legal basis for AD investigation and for the levying AD duties.

GATT/WTO does not restrain the practice of AD, but it safeguards the domestic market of the country importing goods from the injuries of Dumping. According to the principles, countries could take an action against the dumped product only if it actual injury to the domestic market of the country<sup>5</sup>. Just the intention to create an injury without real injury is impossible. Thus it tries to balance between domestic market profit and free trade<sup>6</sup>. The degree of dumping is determined by whether it occurs in such large quantities as to be harmful to domestic industry. If an exporter's dumping margin is less than 2% of the export price, it is not deemed dumping. A comparison of the export price and the normal value is required to assess whether dumping has occurred. The difference between these two is called Dumping Margin. (Export price < Normal price = dumping ).

**There are four reasons for Dumping :**

- 1). Closed home market of exports
- 2). Anti competitive practices
- 3). Government subsidization and
- 4). Non- market conditions

There can be the other reasons as well.

**AD duty may be imposed where dumping transforms into an unfair practices.**

The Honorable Supreme Court of India quoted in the case of **Reliance Industries Ltd V. Designated Authority**, that “ the anti dumping law is extremely important for the country's industrial progress and hence, there should be total transparency and fairness in implementation”.

**THE LEGAL FRAME WORK FOR INDIA**

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<sup>5</sup> Van den Bossche, peter (2005). ‘The law and policy of the WTO’ ISBN 9780-511-12392-4.

<sup>6</sup> United states – Anti-Dumping Act, 1916, was first enacted as section 800-801 of the Revenue Act of 1916.

The established legal frame work for dumping activities has been laid down under the Custom Tariff Act, 1975. This Act was amended in the year 1995 to incorporate the principles and guidelines established in GATT, in the local laws of the nation. This amendment aimed to include specific anti-dumping rules, such as detecting, assessing, and collecting the necessary anti-dumping duty on dumped goods entering the country, as well as determining the local market injury.

*Section 9A of the Custom Tariff Act, 1975* amended in 1995 says the instances in which the central government of India may impose AD duty after inquiring and determining the export prices and the normal value of the article and the margin of dumping on case to case basis.

*Section 9B* of the Act talks about the central government of India levying dumping duty or any additional duty only in cases of material or substantial damages to the domestic market. The effect of the volume of dumped items imported into the country and how this import will influence India's local market are two ways in which the responsible authorities can assess substantial damages.

The appeal against the decision of dumping determination in respect to the import of any commodity should be directed to the Customs, Excise and Service Tax Appellate Tribunal, which was established under section 129 of the Customs Act, 1962. An appeal shall be accompanied by fee of fifteen thousand rupees, and an appeal has to be filed within ninety days of date of the order<sup>7</sup>.

## **ANTI DUMPING**

AD is a remedy for the problem that arises as a result of goods dumping and its trade distorting effects. As a result, the goal of anti-dumping duties is to correct the trade distortions caused by dumping and restore fair trade. The WTO permits the usage of anti-dumping procedures as a tool for fair competition. AD in common parlance, is understood as a measure of the protection of the DI. However, AD measures do not provide per se to the DI. It only serves the purpose of providing remedy to the DI against the injury caused by the unfair trade practices of dumping.

## **ANTI-DUMPING PROCEDURE**

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<sup>7</sup> Custom Tariff Act, 1975. Act No.51 of 1975.



AD and anti subsidies & countervailing measures in India are administered by the Directorate general of Anti Dumping and Allied Duties (DGAD) functioning in the Dept. of commerce in the ministry of commerce and industry and same is headed by the ‘ Designated Authority’. The Designated authority’s function, is only to conduct anti dumping/anti subsidy& CVD investigation and make recommendation to the government for imposition of anti dumping and anti subsidy measures. Such a tax is imposed by the Ministry of Finance. Safeguards mechanisms, on the other hand, are supervised by a separate authority, the Director General (Safeguards), which is portion of the Ministry of Finance's Department of Revenue.

### **ESSENTIAL CONDITION FOR INITIATION OF ANTI DUMPING INVESTIGATION**

- A.) Designated Authority shall not initiate an anti-dumping investigation unless it receive well documented application.
- B.) That the domestic industry filing petition expressly supporting the petition account for at least 25% of the total domestic production of the like article in question.
- C.) There is sufficient evidence furnished by the petitioner regarding:
  - Dumping of goods in question.
  - Injury to the domestic industry and
  - A causal link between the dumped imports and alleged injury to the domestic industry <sup>8</sup>

### **Chapter 4**

#### **DUMPING AND INDIAN HEALTHCARE INDUSTRY**

The healthcare industriousness in India has made rapid-fire progress in the last decade, but significantly lags behinds other nations in accessibility and quality of just medical care and services for citizens. Medical devices assiduity in India is presently valued at roughly USD 6 billion and has expanded at a significant double number growth rate from the last few years. The is still at a nascent stage with sub-optimal penetration and usage and medical devices. India currently accounts for only 1.7 percent of the global market, the business is heavily reliant on imports, and present demand in many product categories does not allow for scalability.

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<sup>8</sup> [www.eximguru.com/exim/indian-custom/anti-dumping-duty/anty-dumping-duty-introduction.aspx](http://www.eximguru.com/exim/indian-custom/anti-dumping-duty/anty-dumping-duty-introduction.aspx).

## STRUCTURE OF INDIAN MEDICAL DEVICE INDUSTRY

The Indian medical device industry is highly fragmented. Currently this sector is dominated by MNCs with 70-75% of the demand being met through the imports. Approximately 30% of the domestically manufactured devices are exported, consists of which consumables and disposables segment has the largest share.

Factors for the higher Import in the country:

- a.) Lack of favorable policy and regulatory frame work.
- b.) Medical devices, unlike pharmaceuticals, are dependent on a mix of technologies such as engineering, electronics, material science and information technology.
- c.) There is no clear comparative cost advantage in comparison to other emerging markets and policy issues.

## SEGMENTS

### 1). Consumables and Disposables

The medical disposable and consumables sector consists of product such as disposable plastic syringes, blood bags, IV fluid sets etc. this segments is dominated by domestic players in india due to its low technology requirement.

### 2). Equipment and Instruments

This is the largest segment of the medical device industry, accounting for roughly 54 percent of total revenue, and it is heavily reliant on imports. MNCs such as GE Healthcare, Philips Healthcare, and Roche Diagnostics dominate this sector, which includes MRI machines, CT scanners, Ultrasound equipment, and dental drills..

### 3). Patient Aid

Hearing aids and pacemakers form a major part of the patient aid segment and constitute 70% of the segments collectively. Most of the product are sourced from Ireland , USA, Australia, china etc. some of the key players in this segments are Abbot Healthcare, Medisafe International, and Medtronic.

#### 4). Stents

Drugs- eluting stents and bare metal stents forms a major part of the segments and constitutes more than 70% of the segments collectively. And most product are sourced from the Europe and USA. Key players Abbott International, Boston Scientific, Medtronic<sup>9</sup>.

#### CHALLENGES TO DOMESTIC MEDICAL DEVICES HIT BY CHEAP IMPORTS

The home medical equipment industry seems to be facing double challenges. On the other hand, the industry that provides heart stents, ultrasound equipment, etc. faces the low cost of Chinese imports. On the other, it is being beaten by restrictive condition on ‘ Perceived Quality’ in government and institutional tenders for procurement of these medical devices and electronics. As many manufacturing units are on the verge of closure without government procurement, industry experts says.

According to the Association of Indian Medical Device Industry(AIMED), the medical technology and devices industry has grown from Rs 31,900 crore in 2013-14 to over Rs 60,000 crore in 2016, with approximately 80% of the products being imported (AIMED). With this huge Influx of Imports DI are under the great threat to the Chinese manufacturers who are dumping products are 30-40% cheaper. Even for the small items like Syringes.

The data shows that 30 weird medical devices are facing stiff competition from foreign Chinese purchases. The imports account for anywhere from 5% to even 95% of that segments. Certain diagnostic, ophthalmic surgical instruments, and instruments for measuring the blood pressure and MRI apparatus are impacted the most<sup>10</sup>.

Aarti Drugs had approached the DGAD for the start of an AD inquiry and the application of tax on OFLOXACIN imports. Following an inquiry into imports, the official came to the conclusion that the goods was exported to India from China at a lower price than it was worth, resulting in

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<sup>9</sup> [www.skpgroup.com](http://www.skpgroup.com) Advanced Medical Technology Association( AdvMed).

<sup>10</sup> [https://www.google.co.in/amp/s/m.timesofindia.com/business/india-business/domestic-med-devices-hit-by-cheap-imports/amp\\_article/show/58920364.cms](https://www.google.co.in/amp/s/m.timesofindia.com/business/india-business/domestic-med-devices-hit-by-cheap-imports/amp_article/show/58920364.cms).

"dumping." OFLOXACIN is used to treat certain certain infections, including bronchitis, pneumonia, and infection of the skin, bladder, urinary tract, reproductive organs<sup>11</sup>.

### **COUNTERVAILING DUTIES AGAINST DUMPING IN INDIA**

AD duties are most common form of remedy provided against dumping. These duties are imposed in non-cooperative exporters and are usually at a very high rate as being a form of penalty.

- a). By GATT members cannot impose higher duties than the margin of dumping, some most of the nations impose duties proportion to the injury suffered.
- b). injury margin is the difference between the fair selling price due to the domestic industry and landed cost of the product accused of being dumped.
- c). these margins are adopted keeping in regard the notion of fair competition and providing adequate opportunities to the world players to tap the domestic market maintaining pace of globalization.
- d). Get undertaking from the exporters : if dumping is proved, then government of India among the available measures can ask exporter concerned to revise the prices to removing dumping.

### **DOMESTIC INDUSTRY:**

**Article 4 ADA-** Article 4 ADA defines the domestic industry as the domestic producers as a whole of the like products or those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products. The ADA does not define the term 'a major proportion.'<sup>12</sup>

### **THERE ARE TWO EXCEPTIONS TO THIS PRINCIPLE**

First, when domestic producers are associated with exporters or exporters or themselves importing discarded products, they may be excluded from the domestic industry definition under Article 4.1

- (i). Such manufacturers may benefit from disposal and may therefore distort the damage analysis.

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<sup>11</sup> <http://www.thehindubusinessline.com/economy/anti-dumping-duty-imposed-on-ofloxacin-imports-from-china/article23284793.ece>.

<sup>12</sup> [https://unctad.org/en/Docs/ditctncd20046\\_en.pdf](https://unctad.org/en/Docs/ditctncd20046_en.pdf)

Exclusion is the discretionary decision of the importing Member Authority when the ADA does not provide additional guidance. If, for example, an investigation is launched against the PSF and that one of the external producers targeted has set up a factory in the importing Member, thus qualifying to be a domestic producer.

This domestic producer may object to enforcement of anti-dumping measures in a related company and, therefore, may assume that it is not damaged by dumped exports. Article 4.1 (i) allows the investigating authority not to include the manufacturer in the injury analysis. Second, a regional industry that includes only producers in a particular Member's market may be found under Article 4.1 (ii) if these producers sell all or almost all of their produce in that market and the demand within that market is not appropriate. any major degree awarded by product manufacturers elsewhere in the area.

Even if a large fraction of the overall domestic sector is not impacted, injury may be found even if there is a concentration of dumped imports into the isolated market and the dumped imports are causing injury to the manufacturers of all or almost all of the production in that market.

Anti-dumping charges will be imposed solely on imports destined for ultimate consumption in that area if the regional industry exception is applied. If the importing Member's fundamental law does not allow it, exporters should be given the option to stop exporting to the area in concern or to submit undertakings.

Findings indicating the presence of a regional industry are uncommon and usually limited to businesses where transportation is a significant cost issue, such as cement. Finally, it should be underlined that the domestic industry definition is inextricably tied to the standing determination that importing Member authorities must make prior to start.

## **RELIEF TO DOMESTIC INDUSTRIES**

Anti-dumping duties or price undertakings can be used to provide relief to the Indian domestic industry. The Central Government must apply anti-dumping duty within months of receiving the final finding from the designated body, according to Rule 18 of the Rules. The anti-dumping duty is imposed on the lower of the dumping margin or the injury margin.

The Act allows anti-dumping duty to be imposed retroactively if (a) there is a history of dumping that caused the injury or the importer was, or should have been, aware that the exporter practices dumping and that such dumping would cause injury, and (b) the injury is caused by massive dumping over a short period of time, seriously undermining the anti-dumping duty's remedial effect.

If the exporter concerned provides an undertaking to adjust his pricing to remove the dumping or the adverse effect of dumping, Rule 15 of the Rules allows the designated authority to suspend or terminate the investigation. Anti-dumping duties are not imposed on the exporter if he or she signs a price undertaking. Before a preliminary determination is made, no undertaking can be accepted.

### **IMPLEMENTATION OF THE WTO AGREEMENTS ON ANTI-DUMPING AND COUNTERVAILING MEASURES**

The Uruguay Round anti-dumping discussions resulted in the third multilateral agreement on the issue (on the implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (GATT 1994)), which increased the predictability of anti-dumping measures' application. The fundamental goal of the WTO Anti-Dumping Agreement (AAD) that resulted was to standardise policies among the major users of the time. It did not, however, result in a restriction on the scope of anti-dumping actions.

The Uruguay Round Agreement on Subsidies and Countervailing Measures (ASCM) offered more defined definitions of subsidies<sup>26</sup> and stronger, clearer regulations over subsidies, as well as the application of countervailing levies, when compared to the Tokyo Round Subsidies Code. This could explain why the number of countervailing probes has decreased after the WTO Agreements went into effect. On the other hand, it's probable that the use of subsidies has dropped as well. Anti-dumping actions, on the other hand, are seen as "easier" and "politically correct" because they do not bring into question the government policies of the exporting countries. The use of countervailing duty proceedings is projected to expand as research and development (R&D), regional assistance, and environmental subsidies are no longer non-actionable.

## **THE WTO WORKING GROUP ON INTERACTION BETWEEN TRADE AND COMPETITION POLICY**

The first WTO Ministerial Conference, held in Singapore in December 1996, voted to form a working group to investigate issues relating to "trade and competition policy interplay." When discussing the relationship between anti-dumping and competition policy, it was stated that anti-dumping regulations were designed to protect rivals from allegedly unfair trade, but competition rules were designed to protect competition. Anti-dumping measures were also discovered to be frequently used as a strategic tool by companies to limit or eliminate competition in the market, as even the threat of anti-dumping action could restrict competition, causing exporters to unilaterally reduce exports, raise prices, or relocate production. Regarding the anti-competitive impacts of anti-dumping and countervailing measures, some participants suggested that the Working Group look at ways to guarantee coherence between trade and competition policies, and that this should be done through discussions of current anti-dumping measures. Others, on the other hand, were opposed to the Group evaluating anti-dumping measures, believing that it should instead focus on competition policy and ignore trade matters.

### **CONCLUSION**

The primary goal of AD legislation is to safeguard domestic industries. Is this to say that less efficient industries must be safeguarded? In fact, under the Competition Act of 2002, less efficient industries are required to close. Anti-dumping legislation has a protectionist tinge to it, whereas competition legislation does not. These two are incompatible; they cannot coexist.

From an economic standpoint, there are no compelling grounds to support any anti-dumping legislation because pricing differentials between markets are a perfectly rational, sensible, and legitimate profit maximization process. According to this line of reasoning, there is no reason to reject specific export prices merely because they are lower than prices in other markets. Above all, if AD is to be the tool against unfair trade that it was intended to be, the definition of dumping must be reconsidered, and what is right and what is not must be carefully considered. Is it appropriate to blame and punish someone simply because their prices are not equal? But, before things get any worse, reform is required.

To protect domestic infant industries, provisions for such reforms should be made in the competition act, or the phrase "guarantee freedom of commerce carried on by the other participant" should be expanded, as stated in section 18 of the Competition Act, 2002. These duties should, in theory, be abolished, but no country will do so unless it is applied in other countries. As a result, the problem must be addressed at an international level.



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