

Global Trade News Alert

WTO Rules that Russian Antidumping Duties on Vans from Germany and Italy are Illegal

On 9 April 2018, the World Trade Organization's (WTO) dispute settlement body formally adopted a ruling that found that Russian antidumping duties that are being levied against European light commercial vehicles (LCVs) are inconsistent with global trade rules.

Background

Antidumping duties ranging from 23 to nearly 30 percent were introduced by the Russian Federation pursuant to Decision No. 113 issued on 14 May 2013 by the College of the Eurasian Economic Commission. Such antidumping duties targeted imports from Germany, Italy, and Turkey of LCVs between 2.8 and 3.5 tonnes, with van-type bodies and diesel engines with a cylinder capacity not exceeding 3,000 cm³, designed for the transport of cargo of up to two tonnes, or for the combined transport of cargo and passengers.

The EU triggered the Dispute Settlement process with the WTO based on impacted imports from Germany and Italy. On 27 January 2017, the panel report found that the Russian Federation acted inconsistently with WTO rules. On 22 March 2018, the WTO Appellate Body dismissed Russia's appeal and upheld the EU's arguments in the dispute.

Implications for EU Exporters of LCVs

Before the measures were imposed, exports of LCVs from Germany and Italy to the Eurasian Economic Union were worth approximately EUR 120 million according to Eurostat, the European Commission's Directorate in charge of computing external trade statistics.

The European Union will expect Russia to comply with the panel report and Appellate Body ruling by removing its antidumping duties on LCVs. However, since the original measure is due to expire on 14 June 2018, it remains possible that Russian trade authorities will simply let the measure expire.

Repayment of duties illegally collected is subject to annulment with retroactive effect pursuant to Article 48 of the Treaty on the Eurasian Economic Union, which is not an observed practice in Russia. For example, an appeal for annulment and repayment of duties brought by a German manufacturer against Russia in 2014 did not succeed. However, given the new circumstances of the WTO ruling, the legal opportunity for new cases should not be overlooked.

Automotive companies affected by the measure should consider taking advantage of renewed access to the Russian market beginning on 15 June 2018, as well as consider the opportunity to take action against Russia for the repayment of illegally collected antidumping duties.

Deloitte's Global Trade Advisory specialists have hands-on experience in trade defence matters and are part of a global network of professionals who can provide specialised assistance to companies seeking to develop and optimise their trade with the Russian market.

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