

GAO Highlights

Highlights of [GAO-13-575](#), a report to congressional requesters

Why GAO Did This Study

The United States and many of its trading partners have enacted laws to remedy the unfair trade practices of other countries and foreign companies that cause or threaten to cause material injury to domestic producers and workers. U.S. laws authorize the imposition of AD duties on certain imports that were dumped (i.e., sold at less than fair market value) and CV duties on certain imports subsidized by foreign governments. Commerce and ITC conduct AD/CV duty investigations, most of which are initiated based on petitions filed on behalf of a domestic industry. According to the U.S. Census, in 2010, small and medium-sized enterprises accounted for 45 percent of employment in the manufacturing sector.

GAO was asked to review SME's pursuit of trade remedies. This report examines (1) the extent to which SMEs have petitioned for the imposition of AD/CV duties, (2) key challenges to SMEs' ability to pursue the imposition of AD/CV duties, and (3) assistance provided by Commerce and ITC to help SMEs address these challenges. GAO examined petition data from ITC and interviewed petitioners, trade lawyers, trade association officials, academics, trade experts from the Congressional Research Service, and Commerce and ITC officials. In addition, GAO reviewed AD/CV duty petitions and reports.

What GAO Recommends

GAO is not making any recommendations.

View [GAO-13-575](#). For more information, contact Lawrence Evans, Jr. at (202) 512-4802 or EvansL@gao.gov.

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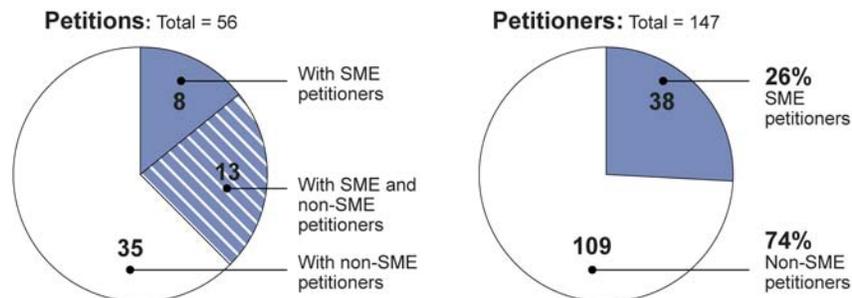
ANTIDUMPING AND COUNTERVAILING DUTIES

Key Challenges to Small and Medium-Sized Enterprises' Pursuit of the Imposition of Trade Remedies

What GAO Found

Some small and medium-sized enterprises (SME)—which are defined by the Small Business Administration's Office of Advocacy as independent businesses with fewer than 500 employees—have petitioned for the imposition of antidumping (AD) and countervailing (CV) duties to seek relief from unfair trade practices. Among the 56 petitions filed between 2007 and 2012, GAO found 21 that included at least 1 SME petitioner. In addition, the 56 petitions represented a total of 147 petitioners, of which 38 were SMEs. The majority of these SME petitioners had annual sales revenue of at least \$10 million. Close to half of the total SME petitioners were in the iron and steel industry. Since participation in the petitions is not mandatory, producers, including SMEs, may benefit from a successful petition even if they choose not to join as a petitioner.

Antidumping and Countervailing Duty Petitions and Petitioners, from 2007 through 2012



Source: GAO analysis of data from ITC, LexisNexis, and Dun & Bradstreet.

SMEs face three key challenges when pursuing the imposition of AD/CV duties: (1) high legal costs, (2) difficulty obtaining domestic and foreign pricing and production data, and (3) difficulty demonstrating industry support. Trade lawyers estimated that the cost of pursuing an AD or CV case during the petition and investigation phases can average between \$1 million and \$2 million and sometimes more, especially if the case involves multiple countries. It is often difficult for prospective petitioners to obtain domestic and foreign pricing and production data required by Department of Commerce (Commerce) and International Trade Commission (ITC) regulations and guidance. In addition, it can be difficult for prospective petitioners to demonstrate enough industry support to meet statutory requirements.

Commerce and ITC both have offices that provide information and assistance to SMEs to help them meet some of the administrative requirements and reduce costs. Commerce has the authority to self-initiate an AD/CV duty investigation without a petition and has used this authority only once since 1991. According to Commerce officials, the Department uses this authority only when it has significant participation from the industry. Self-initiation would likely have little impact on SMEs' overall costs since SMEs incur most costs during the investigation phase. Also, self-initiation could have adverse effects, including raising questions of whether the action was taken consistent with U.S. obligations under international trade agreements.