

ANTI-DUMPING TAXES AND THE PAPER SECTOR

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Abstract:

Importation and exportation are essential elements of foreign trade. The desired condition is to keep importation and exportation in balance as well as to preserve national reserves via currency control established over the balanced currency. In cases when foreign trade is unbalanced government may take measures to direct, prohibit and restrict money flow in importation and exportation (Eksi, Nuray, p.3.1.). The first measure was implemented by Canada in 1904, Provisional Customs Tariff Law. In Turkey the first case is seen in Regulation Regarding Prevention of Unfair Competition in Importation enacted in 1989. The first global implementation in paper business was the anti-dumping tax resolution adopted as the conclusion of the case pending between Switzerland and Australia in 1998 (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds119_e.htm); the first implementation in Turkey was "Communiqué Regarding the Prevention of Unfair Competition in Importation" promulgated in Official Gazette under 2015/28 number by the Ministry of Economy.

Keywords: *Anti-Dumping, Trade Policies, Tax, Paper, Import*

1. Introduction

Antidumping taxes are policies aimed at protecting the local producers from the industry-based damage caused by aggressive import actions and thereby preventing unfair competition in importation, one of the international trade defense instruments. In accordance with the import legislation, dumping is the export of a product at a price lower than the normal value in the domestic market in which it is produced. The anti-dumping tax is the trade policy developed by the importing country with aim of protecting its domestic producers and the local market in respect of the exported product. The paper industry includes the conversion of cellulose (from wood), pulp (from annual plants) and recycled paper pulp (from waste paper) into paper via various mechanical and chemical operations. The products of the paper industry then serve in turn as the raw materials for the printing and packaging industries as capital- and energy-intensive medium/heavy industry branches as well.

The anti-dumping panel of the Republic of Korea and Indonesia in 2004 is about this issue (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds312_e.htm); In 2007, China complained about the anti-dumping taxes applied by the United States in the World Trade Organization (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds368_e.htm), arguing that they are unfair and based on subjective decisions. Other disagreements such as those between (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds374_e.htm) Indonesia and (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds470_e.htm) South Africa in 2008, Indonesia and Pakistan in 2013 and Indonesia and United States (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds491_e.htm) in 2015 are also cases which were brought to the World Trade Organization for a resolution.

In Turkey, the dumping investigation case published in the Official Gazette on 22.07.2014 with no. 29068 based on the Communiqué 2015/28 on the Prevention of Unfair Competition in Importation was justified and a decision to apply anti-dumping tax on non-bleached Kraft Liner papers not exceeding 175 grams of US origin was given. To date, there has been no request for an agreement submitted by the US authorities to Turkey or any panel application to the World Trade Organization against this anti-dumping tax applied against products of US origin (Official Gazette, July 14, 2015, Issue: 29416)

To the best of our knowledge, anti-dumping applications and anti-dumping taxes in Turkish paper industry have not been examined yet in literature. In this paper, we aim to facilitate the discussions for different approaches and analyses for improvement projects by evaluating the topic from different perspectives and raising questions. The first

part of this study covers the dumping and anti-dumping concepts as well as economic, political and legal aspects. The second part includes cases of dispute from around the world and the general application procedure in Turkey. The third part covers an industry-based interpretation of results obtained in the light of information acquired from official governmental agencies. The last part of this study covers the conclusion and recommendations.

2. Dumping and Anti Dumping

From an etymological point of view, the English word dump (Tuncer, 2001, p. 326) / 'to dump' means 'to deposit or dispose of (rubbish, waste or unwanted material), typically in a careless or hurried way (Kaya, Heval Savaş, 2010, p. 5). It turns into 'dumping' according to the purpose of use and finds a field of use in the field of economics at the same time. Furthermore, there is an article on 'dumping' in Turkish Law of 1944. From an economic point of view (Tuncer, 2001, p. 327), The Dictionary of Economics defines dumping as the sale of goods at a value below its normal cost in another country (The Penguin (English Economy Glossary) 'The Sale of a Good Under a Marginal Cost in a Foreign Market'). In the customs taxes section of his 1979 publication (Tuncer, 2001, p. 327) titled "Turkish Tax System (Türk Vergi Sistemi)", Prof.Dr. Kenan Bulutoglu explains dumping as entering of the products of a country into the domestic market of another country for very low prices. In the same publication, the anti-dumping tax is described as a different tax than the regular customs tax for it is a protective measure and not calculated according to the regular customs tariff, yet no implementation of anti-dumping tax can be found around the time of this publication.

The concept of dumping has been analyzed (Dişbudak; Türkcan, p. 67-68) in detail by Viner (1925) and divided into 3 groups: (1) occasional dumping (e.g. exceptional dumping implementation due to seasonal reasons), (2) periodical dumping applied in short time-periods (e.g. dumping applied when entering new markets), (3) long-term continuous dumping (e.g. dumping applied to utilize the maximum production capacity while protecting the prices in the domestic markets). Viner also concluded that an intervention becomes necessary when the negative effects on the domestic production industry is bigger than the benefits obtained by the consumers. The author also concluded that periodical dumping applied in short time-periods must be avoided more than the other two dumping types when the effects of all three are compared. However, against the opinion of the time that the domestic supply would not last for long periods, Belderbos and Holmes (1995) as well as Scherer and Roos (1990) argued that long-term dumping practices could harm the free-market economy by creating a monopoly environment. Viner has used the term "strategic dumping" in 1995. According to this definition, if the country in which the firm applying the dumping is closing its domestic market to importer countries' firms, this creates an economically risky situation. Following the 80s, the issue has been examined both from theoretical and practical perspectives and studies have come to emerge regarding the results of anti-dumping investigation cases.

Regarding the policies followed in our country (Turkstat, Foreign Trade Statistics, October 2016) the TÜİK (Turkish Statistical Institute) data indicates the economical and foreign-trade politics in the Republic Era. Following the transition to the Republic, open foreign trade policy applied in accordance with the Lausanne Treaty lasted until the Great Depression in 1929. In 1929, the export of domestic industry was promoted with export oriented practices, and a method of import substitution was adopted. This policy continued until the end of the World War II. At the end of the war, restrictive obstacles to foreign trade were lifted and an open foreign trade policy was adopted again, but with the rising unemployment and high inflation rates together with the liberal movement brought back the protective policies once more. On January 24, 1980, a new era was introduced in Turkey from a planned economy that had been followed since 1961 (Dişbudak, Türkcan, Kemal, p. 57- 59) Following the acceleration of liberalization with the decisions of 24 January, Turkey is based on a model based on exports along with a rapidly advancing liberal movement. The reasons for this decision are the inability to reach the expected figures in exports with the methods practiced in 1973, the oil crises in 1973, , the stagnation of economic growth (Dişbudak, Türkcan, Kemal, p. 162- 165).

The 1990 GATT (The Customs Tariffs and Trade Treaty signed in 1947 and signed in 1948, signed by Turkey in 1953) was transformed into WTO (World Trade Organization) on January 1, 1995 and expanded while Turkey was included as a party. The treaty of the GATT and The Customs Union Treaty signed between the EU (European

Union) and Turkey on January 1, 1996 are a very decisive treaties for the foreign trade policy. The General Agreement on Tariffs and Trade (GATT), first signed in 1947 and negotiated in eight rounds, Annecy, Torquay, Geneva, Dillon, Kennedy, Tokyo, Uruguay, until 1994, has become an official organization in line with the purposes of drawing the general boundaries of international trade (Kaya, p. 11, 13). The GATT deals with commercial vehicles that distort two major competitive environments in the context of unfair commercial practice, the first being the use of subsidized goods for export; and the second is the dumping effect of the exported goods on the imported markets (World Trade System, 1999, Q: 163). In accordance with Subsidies and Countervailing Measures (SCM) and the Treaties and the Anti-Dumping Agreements (ADA), importer countries have the right to implement tax protection for unfair competition and the legal basis for this authorizations is Article 4 of GATT. The use of this authority is bounded in three ways; the first is the exporting country's harm to the domestic industry of the importer, the second is the threat of harm, and the third is the obstruction of the establishment of the domestic industry (World Trade System, 1999, Q: 163). Although the main aim of this practice is to achieve the conditions for fair trade, the prejudice that possible use of this practice as a commercial interests of the countries and it can be influenced by political activities is still a concern. Although the process of claiming the right through the Court of Justice of The European Union (CJEU) or the World Trade Organization (WTO) has been carried out, there is a view that the necessity of reform of the procedure of conducting the investigations and at least the improvement of the evaluation standards may be a solution to the doubts in this regard (Davis, 04 / 2009)

Thus, according to the information received from the Undersecretariat of Foreign Trade, anti-dumping tax is a tool that includes its own risk: when the importing country imposes anti-dumping tax on an exporter country, the exporter country also goes to investigate other products of the importer country (in an act of retaliation). An example of this is the investigation into the importation of cotton with US origin by Turkey, against a country such as the US who is known to have opened too many investigations against Turkey (Göktepe, p. 453). In some cases, it is possible to see the diversion of the origin as a countermeasure against the dumping. For example, an investigation has been launched by the Ministry of Economy on 20.10.2006 with Official Gazette number 26325 regarding the importation of plywood originating from the People's Republic of China via Bulgaria and Vietnam (Göktepe, p. 452). When the Turkish paper sector has been compared to the other countries in America, Europe and Far East, it can be seen that it has high costs in terms of cost and price, showing similarities in other sectors. In order to reach a competitive structure, it is important for our country to keep up with the import-export figures, specialization ratios, technological capacity, production, productivity, employment, incentives, in short, all the normal business indicators regarding paper production.

3. Anti Dumping Implementations Around the World

3.1. United States and Anti-Dumping

Although anti-dumping was not used extensively in the US in 1916 or until the 1970s, it was not only a pioneer in the international arena but one of the those that apply anti-dumping measures most (Göktepe, p. 113, 114). US, EU, Canada and Australia have been the countries/union that have been the primary users of anti-dumping measures until the mid 90s (Bown, p. 2). Moreover, the US laws are more extensive than the GATT in terms of not only anti-dumping content but other protective measures. According to these laws, the decision to take measures depends on two criteria: first, sales of goods exported to America are below normal value; second, due to this pricing, domestic producers suffer losses due to material reasons. In countries such as the US where the private sector is very powerful, the size of the share of aforementioned import in trade keeps the politics closely-aligned with the trade sector in cases of large losses. At this point, however, it should be noted that the commission, which conducts the anti-dumping investigations in all anti-dumping enforcing countries, has a private bureaucratic status independent from the political structure (Bolingén, Prusa, 2001, p. 7). Still, political pressure is inevitable not only in the US but in other member states as well. Moreover, another aim of the anti-dumping implementation is transparency, yet some countries keep their trade data secret or are unwilling to share their calculation methods and many countries utilize anti-dumping solely to increase their domestic market gains.

3.2. European Union and Anti-Dumping

The Kennedy Round talks in 1967 were taken as a basis before the Customs Tariff in the European Economic Community went into force in 1968 and the first anti-dumping regulation was adopted on 1 July 1969 (Öz, Bozdoğan, p. 111, 112). Anti-dumping was adopted as a policy in foreign trade practices as a protective measure against dumping and subsidized imports in the trade between member and non-member countries, on the condition of detected dumping in a certain importing action, a proven financial loss due to the detected dumping and a requirement for the Community to act in favour of its own best interests.

3.3. Decisions of the European Union Judicial Organs and World Trade Organization Decisions

The European Union (EU) has made it clear that the World Trade Organization (WTO) treaties are legally-binding for the Union under “pacta sunt servanda” principle. The Union has adopted a number of secondary legislations to fulfill obligations as treaties entered into force. On the other hand, it also has admitted that the corresponding WTO treaties are not directly applicable in EU law. Many clauses of the WTO treaties are open, precise and unconditional at a level suitable for direct application, however this does not change the nature of direct applicability. In a similar manner, it was also accepted in Turkey that the WTO treaties are equivalent with laws in terms of power, there is no direct obligation to provide legislative power to these treaties apart from the principle of “pacta sunt servanda” (Allowing the treaties a direct legal influence allows the involved parties to file actions at the domestic courts based on the treaties in question – which creates an additional obligation). For example, strong countries such as China, Japan, Canada and the US do not recognize a direct legal influence whereas the EU has not adopted any regulations regarding the direct legal influence, although a regulation exists regarding the adaptation to anti-dumping and anti-subsidy issue reports. Moreover, there is neither a regulation nor a case regarding this issue in Turkey.

Nevertheless, when individual cases are investigated, domestic legal interpretations are prioritized over the EU interests with respect to the interests of the parties and progression of the legal case (Ulusoy, p. 253 – 319). For instance, in the Preliminary Case of IKEA Wholesale which was settled by the Court of Justice of the European Union (CJEU) in 2007, as a result of the anti-dumping investigation conducted by the EU on bedside exports to Pakistan, India and Egypt, anti-dumping tax implementation was initiated in 1997 with Commission Regulation 1069/97 against the forementioned countries. India applied to the panel in WTO for this implementation of EU. The result of the panel was that EU's resetting application was found to be contrary according to WTO, the panel report was appealed, the appeals body confirmed the panel's decision, then the EU accepted the new legislation in 2001 and suspended the case. Following the decision to suspend the implementation of the Charter, India filed a lawsuit seeking the repayment of retroactive taxes on the UK. Finally, based on the new regulation adopted in 2001, the European Union Court of Justice announced that it did not allow the retrofit of the panel and appellate body reports against the Union (<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1482694273915&uri=CELEX:62004CJ0351>; <http://curia.europa.eu/juris/liste.jsf?language=en&num=C-351/04>)

For this reason, it is more likely approach for Turkey to consider the issue differently for two EU member states of Finland and Poland in the investigation opened regarding importation of Kraft Liner paper from 4 countries (Finland, Russia, Poland and Brasil). On the other hand, the anti-dumping action against Kraft Liner paper import from Brasil and South Africa origins was ended with a committee decision dated 4 March 1988. An application was filed to the commission regarding Kraft Liner paper import corresponding to codes 4804 11 11, 15 and 19 along with the proof of dumping from the European Union of Paperboard Manufacturers' Association dates 17 March 1987 (by stating the Council Charter no 2176/84 dated 23 July 1984 regarding the protection against dumping and subsidized import from non-European Economic Community member states) (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL%3A1988%3A062%3ATOC>).

It cannot be said that every complaint submitted to the World Trade Organization has gone through the panel stage of the consultation request for each anti-dumping implementation as a result of antidumping taxes or vice versa. For example, US requested consultation for anti-dumping taxes and compensatory duty that US imposed on Chinese origin coated free papers on 14 September 2007, but on 24 February , 2010, being the most recent update, there was not a step, progress and an outcome of this application determined (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds368_e.htm). There are also situations where the two sides agree, for example, Swiss-Australia (Anti-dumping Measures on Imports of Coated Woodfree Paper Sheets). Switzerland, is a member of an EFTA and is a member of GATT since 1966 and is a member of WTO since 1995. On 20 February, 1998, a request was made for an inquiry for the temporary anti-dumping measures applied by Australia into the importation of coated pulp paper speculating that they were incompatible with Articles 3 and 5 of the GATT, and on 25 May 1998, the two sides concluded in agreement within a short period of time (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds119_e.htm)

4. Anti-Importation Implementations in Turkey

4.1. Examples of Disagreement and Anti-Dumping Investigations of Turkey in the World Trade Organization

Turkey - Anti-Dumping Duty on Steel Pipe Fittings, On 9 October, 2000, Brazil requested consultation on the anti-dumping tax measures imposed by Turkey on imports of 26 iron and steel pipes from Turkey, but not the Panel. In addition, there are also no notifications in the records indicating that mutual agreement has been reached (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds208_e.htm).

Turkey - Restrictions on Imports of Textile and Clothing Products, Turkey requested a consultation from South Africa on April 10, 2003. The reason is the roll-shaped blanket imported from Turkey by Africa, but there is no report on whether a solution has been reached, since there was no attempt for the panel establishment following the request for consultation (https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds47_e.htm)

Investigation of Synthetic Polyester Fiber originating from South Korea and Indonesia, synthetic discontinuous fibers of polyesters originating from Republic of Korea (South Korea) and Republic of Indonesia (Indonesia) and in 5503.20.00.00 customs tariff statistics position (CTSP), have been subjected to anti-dumping prevention of CIF values in different ratios between 11.9% and 24.6% for South Korea and 6.2% and 37.4% for Indonesia according to the Communiqué No. 2000/2 on the Prevention of Unfair Competition in Imports published in the Official Gazette dated 13/03/2000 and numbered 23992 (Ministry of Economy, Report, p. 2).

Fan Coil investigation originating from People's Republic of China, With the Communiqué on the Prevention of Unfair Competition in Imports (2010/16) published in the Official Gazette dated 31/05/2010 and numbered 27597 for the STHCAA registered under the GTSP of 8415.83.00.90.00, 34.27% of the CIF price was placed against the dumping measure (<http://www.resmigazete.gov.tr/eskiler/2016/02/20160212-4.htm>).

4.2. Implementation Example in Turkey

The Law on the Prevention of Unfair Competition in Import Numbered 3577 dated 14.06.1989, the Cabinet Decree on the Prevention of Unfair Competition in Imports, Numbered. 99/13482 dated 20.10.1999, and Legislation from the Regulation on the Prevention of Unfair Competition in Imports numbered 23861 dated 30.10.1999 published in official gazette constitutes the legal basis and scope for the dumping investigation. The investigation is initiated officially as a result the evaluation and justification of the evidence and statistical information which establishes a relation of causality and the damage threat which the indigenous manufacturer of the product in question prepared for the dumping claim (Official Gazette, issue 29873). If the total production of the main applicant producer or producers in the field of production is 50% higher than the sum of the productions of the applicant supporting producers or unsupporting producers, the inquiry will be opened on behalf of the producer and carried out by the Directorate General of Import. Following the decision of the investigation, the phases of collection of information

are started with questionnaires; The Embassies in Ankara are notified for the companies which are importing the relevant product determined by the Ministry and who are also producers and / or exporters abroad. The written and oral follow-up of the inquiry is conducted in Turkish and is structured in a way that allows the understanding of the main information, which is not confidential for all the information, documents and opinions transmitted in the confidentiality record. In some cases, the parties should explain the reason why they cannot be summarized. The response time of the questionnaires is 37 days from the date of submission of the notification, if the time requirement is not complied with, misleading declaration is made or access to information is blocked, it is regarded as avoidance of cooperativeness and evaluation is made in the decision part which is made after the investigation. During the investigation period, transitional measures may be taken or a retrospective application decision may be made (Başkol, p. 110)

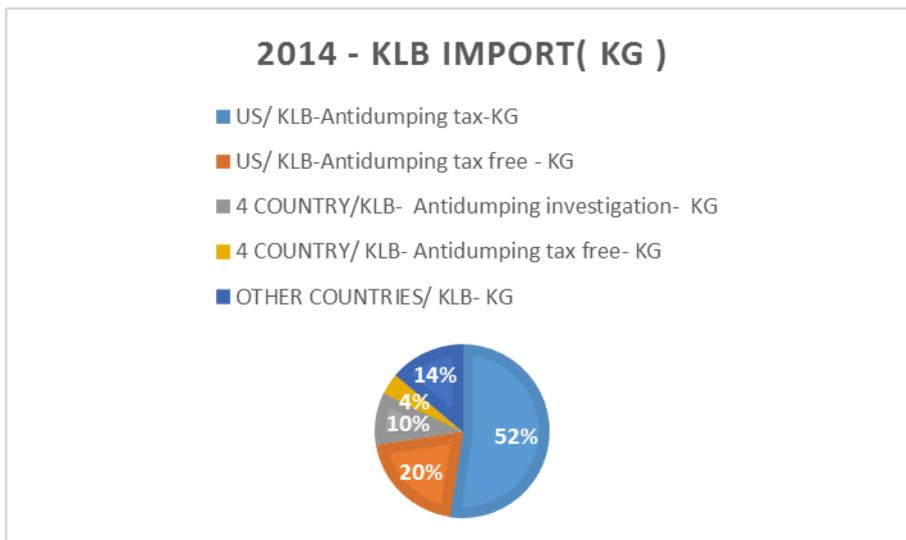
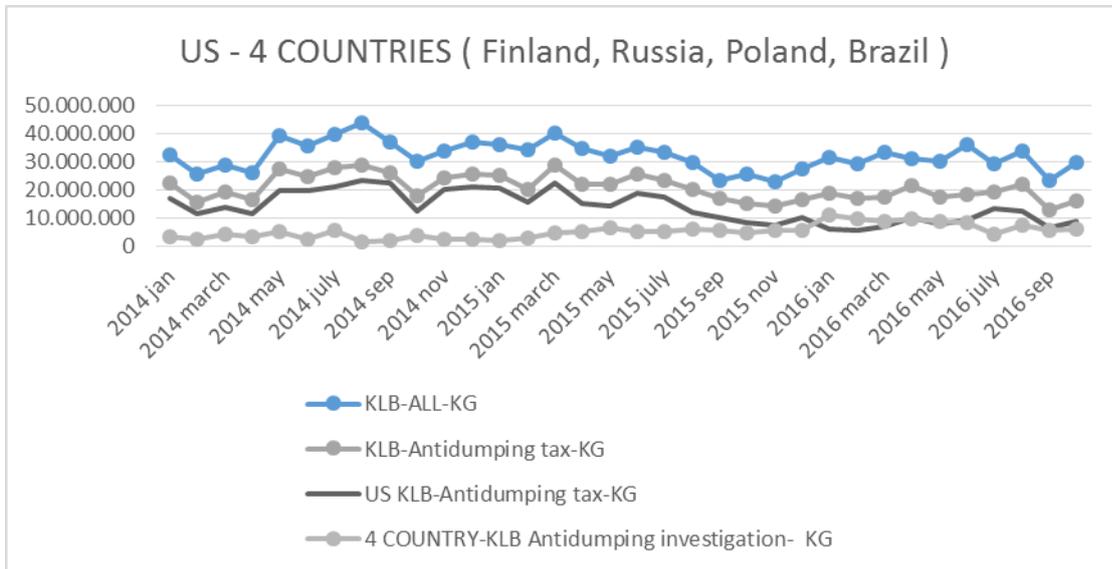
In the process of reaching the decision stage of the investigation, on-the-spot verification tests are carried out after the written and verbal information provided by the parties are evaluated and then technical items including production and quality acceptability issues are investigated. After the technical examination, initial determinations regarding the import volume of the national base, the share of the consumption rate in the country, the price progress rate are made by the help of the market conditions that exporters and importers in, the sales policies and the price comparisons. These determinations ultimately lead to a review of the domestic production sector (production, capacity utilization rate, domestic sales and exports, market share, stocks, employment, wages, productivity, costs and profitability, cash flow, net profitability, equity capital and investment earnings, growth, equity capital increase, progress of investment), all indicators are analyzed. If a causal link between dumping imports and losses can be established, communiqué regarding the anti-dumping taxes as strict measures against dumping comes into force by the date of its publication and shall be executed by the Minister of Economy (Official Gazette, issue 29416)

Below are graphs of monthly import quantities (from January 2014 and September 2016) of KLB (Non Bleached Kraft Liner Paper) papers originating from the USA and 4 European countries which are under investigation which have been reached by converting the sources accessed from TÜİK site into reports (Official Gazette, issue 29068). These reports are in accordance with the opening dates of an investigation into four European countries that resulted in an anti-dumping tax on the investigation of July 14, 2015 after the US initiated anti-dumping investigation of US-origin KLB products on July 22, 2014, and then exported the same product on October 30, 2016, all KLB papers are in line with the US originated KLB papers with anti-dumping tax, and the import quota of the 4 European countries investigated during the period when the import volume of US origin paper is decreasing. In the pie charts containing total annual import amounts, US-origin KLB had a share of 52% before applying anti-dumping taxes, in 2015 it was 46% and with the anti-dumping tax decision, it decreased to 29%. On the other hand, it was seen that the imports from 4 European countries, who are now in investigation, had a share of 10% in 2014, 16% in 2015 and this had increased up to 26% of the total, because the import of US origin anti-dumping tax papers headed towards Europe.

22 July 2014 - Anti-dumping investigation of US origin products

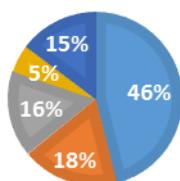
14 July 2015 - US anti-dumping tax

30 October 2016 - Investigation of imports from 4 countries (Finland, Russia, Poland and Brazil)



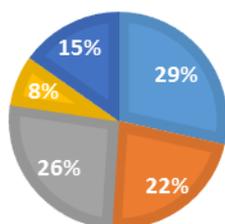
2015 - IMPORT(KG)

- US/ KLB-Antidumping tax-KG
- US/ KLB-Antidumping tax free - KG
- 4 COUNTRY/KLB- Antidumping investigation- KG
- 4 COUNTRY/ KLB- Antidumping tax free- KG
- OTHER COUNTRIES/ KLB- KG



2016 - KLB IMPORT (KG)

- US/ KLB-Antidumping tax-KG
- US/ KLB-Antidumping tax free - KG
- 4 COUNTRY/KLB- Antidumping investigation- KG
- 4 COUNTRY/ KLB- Antidumping tax free- KG
- OTHER COUNTRIES/ KLB- KG



5. Econometric Model

Empirical work on anti-dumping issues has been intensifying since the 1980's. The anti-dumping decisions of Finger in 1982, which was practiced by the US, were examined in political and economic terms and it was stated that political power was effectively in practice (Dişbudak, Türkcan, p. 157). In 1994, Krupp's investigated the anti-dumping decisions in US chemical industry in terms of micro-economy and after that Sabry (2000) investigated the link between the US industrial sector and anti-dumping practices. In the anti-dumping decisions, the import quantity of the related industry, the choking rate and the anti-dumping rate calculations of the anti-dumping applicants are the most important variables (Dişbudak, Türkcan, p. 157, 158).

Hansen and Prusa (1997) examined US anti-dumping practices by using data from imports, political pressures and industry, and argue that politics has an important role on anti-dumping decisions in developed countries (Dişbudak,

Türkcan, p. 157, 158; Özer, Erkal, 2016, p. 444). Knetter and Prusa (2000) stated that according to their model which was established with data of investigations between the US, Canada, Australia, and the European Union, real exchange rates, GDP growth rates and growth rates of other countries, an increase in real exchange rate has led to an increase in anti-dumping investigations (Dişbudak, Türkcan, p. 158). In 2003, Lee and Mah found that anti-dumping practices increased as the unemployment rate with US anti-dumping practice, GDP growth rate, foreign trade balance and ratio of imports to GDP and GDP ratio increased too (Ibid). While Irwin (2004) worked with unemployment rate and nominal exchange rate in developed countries, according to the study of Aggarwal (2004) in which the GDP growth rate, trade balance, import growth rate, customs tariffs, and the number of anti-dumping duties applied to a country in the past were used, it was stated that as the problems in the balance of foreign trade increased, the number of anti-dumping investigations increased in developing countries (Ibid).

In a study using the NBR model in 2014 it found that anti-dumping investigations were in direct proportion to the financial strength of the industry, and that the idea of Knetter and Prusa in corresponding economy which states that during the recession periods, local producers tended to apply to anti-dumping more frequently (Avşar, p. 47) According to Utton, countries have a tendency to hold preliminary plans from a very national perspective, rather than the fair trade at global level (Utton, p. 19), it is also true that lobbying is important in terms of providing political support (Davis, pp. 2 - 4). Considering the existing empirical approaches in the literature, in this model, logarithmic calculations of which unit of measure were performed by using the multiple linear regression analysis method and the least squares method in the Eviews program, the assumptions of regression were examined and it was concluded that there is no autocorrelation, heteroscedasticity, and multicollinearity (Eşiyok, p. 96 – 126). The main data source is the published information about the years 2014-2015 - 2016 taken from Turkish Statistical Institute. The reports obtained by processing raw information were then used to investigate the significancy of the relationships between dependent and independent variables through econometric modelling.

KLB ALL Import Quantity KG y11			KLB TAXED Import Quantity KG y12			KLB UNTAXED Import Quantity KG Y13		
LY11			LY12			LY13		
LPAP	0,93		LPAP	1,07		LPAP	0,67	
LY11 (-1)	0,37	***	LY12 (-1)	0,38	***			
R2	0,46		R2	0,4		R2	0,1	
F-statistic	13,24	*	F-statistic	10,23	*	F-statistic	3,8	***
D-W	2,04		D-W	2,28		D-W	1,53	

LY21			LY22			LY23		
LPAP	1,10		LPAP	1,11		LPAP	1,26	
LMAN	-2,61		LMAN	-4,18				
LY21 (-1)	0,32	***	LY22 (-1)	0,38	***			
R2	0,67		R2	0,62		R2	0,42	
F-statistic	20,29	*	F-statistic	15,84	*	F-statistic	23,36	*
D-W	2,04		D-W	2,22		D-W	1,68	

*** indicates a level of 1% significance

** indicates a level of 5% significance

* indicates a level 10% significance

According to the LY 11 dependent variable investigation, an increase of 1% in log of import amount (KG) of Kraft Liner (KLB) paper, has led an increase of 0.93% in log of the total import value (million USD) of all paper and paper products. In addition, 46% of log of the changes in the import quantity variable of all Kraft Liner papers, which are being dependent variable, are explained by the explanatory variables included in the model and an increase of 1% in the log of import amount (KG) of all Kraft Liner (KLB) paper in one period delay, has led to an increase of 0.37%. According to the LY 12 dependent variable investigation, an increase of 1% in log of import amount (KG) of Kraft Liner(KLB) paper who apply anti-dumping tax, has led an increase of 1.07% in log of the total import value (million USD) of all paper and paper products. In addition, 40% of log of the changes in the import quantity variable of all Kraft Liner papers, which are being dependent variable, are explained by the explanatory variables included in the model and an increase of 1% in the log of import amount (KG) of all Kraft Liner (KLB) paper in one period delay, has led to an increase of 0.38%.

According to the LY 13 dependent variable investigation, an increase of 1% in log of amount (KG) of Kraft Liner(KLB) paper imported (who is import - free), has led an increase of 0.67% in log of the total import value (million USD) of all paper and paper products. In addition, 10% of log of the changes in the import quantity variable of import-free Kraft Liner papers, which are being dependent variable, are explained by the explanatory variables included in the model. According to the LY 21 dependent variable investigation, an increase of 1% in log of import amount of (KG) of all Kraft Liner (KLB) paper, has led an increase of 1.10% in log of the total import value (million USD) of all paper and paper products. In addition, 67% of log of the changes in the import quantity variable of all Kraft Liner papers, which are being dependent variable, are explained by the explanatory variables included in the model and an increase of 1% in the log of import amount (KG) of all Kraft Liner (KLB) paper in one period delay, has led to an increase of 0.32%, while an increase of 1% in the same variable (log of import amount of all Kraft Liner papers) resulted in an decrease of 2.6% in the capacity utilization rate of the whole manufacturing industry of the paper and paper products sector.

Finally, according to the LY 22 dependent variable investigation, an increase of 1% in log of import amount (KG) of Kraft Liner(KLB) paper who has anti-dumping tax, has led an increase of 1.11% in log of the total import value (million USD) of all paper and paper products. In addition, 62% of log of the changes in the import quantity variable of all Kraft Liner papers, which are being dependent variable, are explained by the explanatory variables included in the model and an increase of 1% in log of import amount (KG) of Kraft Liner(KLB) paper which is subject to anti-dumping tax, in one period delay, has led to an increase of 0.38%, while an increase of 1% in the same variable (log of import amount of all Kraft Liner papers) resulted in an decrease of 4.18% in the capacity utilization rate of the whole manufacturing industry of paper and paper products in terms of sector.

6. Results and Recommendations

The import substitution growth adopted in the economy before the 1980's were replaced by the growth based export after the 1980's. On the other hand, Turkey has become dependent on imports, while maintaining its position of emphasizing exports because of its integration with WTO and the Customs Union requirements in the 1990's. In other words, exports induce imports and thus it has been creating the effect of sustaining the problem of foreign trade deficit (Topbaş, p. 45 – 46). If the price we mention is the dumped price of imported goods, it is a factor that negatively affects the domestic market. Because competing with dumped prices means lowering costs, and lowering costs often means reducing quality, service or keeping up to date with the latest technologies (Yalçınkaya, Çakır, 2004, no. 194).

Even though it seems that the liberalization of the economy had a positive effect on GDP and export figures, it cannot be said that this increase is due to the fact that intermediate goods and investment goods are imported because they cannot be produced in the local market and therefore the importation is triggered and the hypothesis represented in the economic theories (Vernon 1966 - Keynesian policies) which state that an increase in the country's competition power, capacity of investment and technological development increases the economic growth increases is realized. For this reason, the solution is an industrial transition in which intermediate goods and investment goods can be produced (Saraç, pp. 190 - 191). Our country is in a tough situation due to the fact that the energy, water, electricity, technology, raw materials and auxiliary materials (filling materials such as kaolin and calcium carbonate) which are the inputs for the paper sector are costly and we do not have forests which have a comparative advantage in terms of geographical and climatic conditions, but this situation can be brought to a point where it can compete with other countries by choosing the right location, with educated - experienced personnel, technology, economic stability provided by state support, high-capacity factories and by analysis to decrease the production costs and savings aimed at the scale of production facilities. Numerical data showed that anti-dumping tax practice did not have a restrictive impact on imports but this impact can be attained with an additional tax to be applied in conjunction with the anti-dumping tax, because in this application, the tax is applied to the product with the relevant tariff code regardless of origin (Köse, Ali, pp. 197 – 200). It is expected that the restriction of imports will have two effects on the domestic producer: The brand known as the only domestic producer for Kraft Liner developing, capacity increasing, increasing the capacity to meet the domestic demand and also increase in demand of the paper produced by the domestic producers through conversion of waste paper known as Imitation Kraft Liner.

For the paper sector, the establishment of certified forests, the activation of local producers with idle capacity within the scope of incentives, the development of legislation aimed at the main target by the state foreign trade units, the measures to reduce the financial weight of production input costs, supply of state support in accordance with Environmental Law Article 29 (Environment Law; p. 15) and European Union Environmental Directive are among the solutions to make a positive impact. Qualified solutions are necessary since the social improvement and development based on production (Directive 2008/98 / EC of The European Parliament and of The Council, of 19 November 2008, on waste and repeating certain Directives). With national interpretation, 'national income = domestic product + net foreign income'; 'national income + capital income + labour income'; with global interpretation 'the total income of the world = the total production in the world (Piketty, Thomas; p. 52). No matter how it is evaluated, national or international, production is the dominant function for the growth of the economy, with the growing economy employment increases, GDP per capita increases, technology develops, education level increases, the quality of social services gets better and society undergoes change and transformation. Investigations have shown that a growth of 1% per annum causes a change in the growth rate of 35% in a period of thirty years; the depth of the effect of a growth of 1.5% per annum will be over 50% in a period of thirty years (Ibid., p.101).

As a result, foreign trade measures, state supports and incentives, economic measures, tax policies are some tools that can be implemented in order to increase national production. Production is the only way to reach a strong economy which is the main purpose.

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Appendix

Tables

EXPORTS IN TERMS SUB-SECTORS (MILLION DOLLARS)

CODE	PRODUCT DESCRIPTION	2007	2008	2009	2010	2011	2012	2013
48	Paper and Cardboard	861	1.078	1.005	1.217	1.427	1.687	1.963
4802-4805 4810-4811 4823	Paper and Cardboard	170	215	171	202	245	269	304
4803- 4818*9619*	Cleaning & Toilet Paper, Diaper	400	536	523	644	754	945	1.154
4819	Paper and Cardboard Packaging Products	188	212	210	250	294	319	355
4816-4817 4820-4821	Paper Stationery Products	76	81	70	72	82	89	95

4801-48044806-4807 4808-4809 4812-4813 4814-4822	Other Paper and Cardboard Products	27	33	30	49	53	65	56
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* The product number 481840 GTIP has been coded with 961900 GTIP number since 2012

Source: Istanbul Chamber of Industry (iso), Paper and Paper Products Manufacturing Sector Report, 2015, Istanbul

EXPORT IN TERMS SUB-SECTORS (MILLION DOLLARS)

CODE	PRODUCT DESCRIPTION	2007	2008	2009	2010	2011	2012	2013
48	Paper and Cardboard	2.470	2.605	2.211	2.820	3.110	2.963	3.171
4802-4805 4810-4811 4823	Paper and Cardboard	1.468	1.520	1.319	1.704	1.883	1.808	1.967
4803-4818*9619*	Cleaning & Toilet Paper, Diaper	63	65	87	87	98	121	117
4819	Paper and Cardboard Packaging Products	67	68	57	69	65	68	68
4816-4817 4820-4821	Paper Stationery Products	106	110	84	117	119	112	106
4801-48044806-4807 4808-4809 4812-4813 4814-4822	Other Paper and Cardboard Products	765	843	665	844	945	854	913

* The product number 481840 GTIP has been coded with 961900 GTIP number since 2012

Source: Istanbul Chamber of Industry (iso), Paper and Paper Products Manufacturing Sector Report, 2015, Istanbul

GLOBAL PAPER PRODUCTION (THOUSAND TONS)

	2008	2009	2010	2011	2012	2013
PAPER PULP	151.410	148.690	150.427	151.344	152.678	153.878
PAPER AND	262.140	251.125	258.420	262.880	263.724	265.202

PRODUCTS						
NEWSPAPER PAPER	32.124	30.320	29.880	28.866	28.125	27.452
WRITING AND PRINTING PAPERS	95.916	89.539	91.846	92.020	92.143	91.343
HOME AND CLEANING PAPERS	21.124	20.615	20.346	20.412	20.220	20.037
PACKING AND LABEL PAPER	104.856	102.961	108.536	114.038	115.791	119.059
OTHER PAPER AND CARDBOARD PRODUCTS	8.120	7.690	7.812	7.544	7.445	7.311

PAPER INDUSTRY NET EXCHANGE INCOME (MILLION DOLLARS)

Years	PAPER EXPORT (MILLION DOLLARS)	PAPER IMPORT (MILLION DOLLARS)	NET EXCHANGE INCOME (MILLION DOLLARS)
2005	582	1.767	-1.185
2006	625	2.043	-1.418
2007	861	2.470	-1.609
2008	1.078	2.605	-1.527
2009	1.005	2.214	-1.209
2010	1.217	2.820	-1.603
2011	1.427	3.110	-1.683
2012	1.687	2.963	-1.276
2013	1.963	3.171	-1.208

Source: Turkish Statistical Institute

GLOBAL PAPER AND PAPER PRODUCTS MANUFACTURERS CAPACITY AND PRODUCTION (THOUSAND TONS IN 2013)

COUNTRIES	PRODUCTION CAPACITY	PRODUCTION
CHINA	104.000	101.000
USA	80.224	73.723
JAPAN	30.213	26.242
GERMANY	24.276	22.395
BRAZIL	13.045	10.444

FINLAND	12.649	10.592
CANADA	12.384	11.149
KOREA	11.781	11.801
SWEDEN	11.714	10.781
RUSSIA	9.800	7.746
ITALY	9.610	8.536
FRANCE	9.534	8.043
SPAIN	6.787	6.181
MEXICO	5.962	4.835
AUSTRIA	5.438	5.840
GREAT BRITAIN	5.023	4.561

**LARGEST MARKETS OF GLOBAL PAPER AND PRODUCTS CONSUMPTION
(THOUSAND TONS)**

COUNTRIES	2009	2010	2011	2012	2013
CHINA(*)	76.000	79.000	83.000	86.000	89.000
USA	72.498	77.328	74.272	68.483	68.843
GERMANY	18.494	19.959	20.255	20.070	19.898
ITALY	9.859	11.139	11.080	10.210	9.920
GREAT BRITAIN	10.416	10.628	10.255	9.268	9.150
FRANCE	9.298	9.771	9.515	9.056	8.787
RUSSIA	5.742	4.521	6.642	6.643	6.431
SPAIN	6.742	7.766	6.544	6.132	6.091
TURKEY	4.325	5.060	5.174	5.343	5.658
CANADA	5.945	5.938	5.449	5.494	5.404
POLAND	4.407	4.808	4.922	4.929	5.201
NETHERLANDS	3.525	3.625	3.138	3.389	3.380
BELGIUM	2.767	2.521	2.813	2.858	2.808
AUSTRIA	1.951	2.300	2.281	2.276	2.247
SWEDEN	1.932	23.215	1.700	2.328	1.528

GLOBAL PAPER PRODUCTION CAPACITY PREDICTIONS (THOUSAND TONS)

	2013	2014	2015	2016	2017	2018
PAPER PULP	152.838	153.750	155.733	157.825	159.757	160.449

PAPER AND PRODUCTS	273.954	273.055	274.715	276.542	278.268	279.106
NEWSPAPER PAPER	24.921	24.122	23906	23.971	24.302	24.303
WRITING AND PRINTING PAPER.	76.933	75.656	75.540	75.860	75.985	76.262
HOME AND CLEANING PAPER	22.124	22.455	22.745	23.049	23.237	23.420
PACKING AND LABEL PAPER	138.592	139.365	141.248	142.517	143.177	144.075
OTHER PAPER AND CARDBOARD PRODUCTS	13.380	13.184	13.125	13.170	13.199	13.282