

---

## The causal link debate

Sheela Rai

National Law University  
Odisha, Kathajodi, India

---

### Keywords

GATT, Casual link, antidumping, Doha round, WTO, liberalization of trade

### Abstract

*General Agreement on Trade and Tariff 1947 and now the WTO aim at liberalization of trade and foster interdependence among members. The purpose is to progressively lessen intervention of State in trade and facilitate free flow of goods and services across the borders. However, since trade is core to any country's economy therefore, State has been armed with certain exceptions which would help it to tide over any crisis facing the national economy or the domestic industry. Of course exceptions are trimmed by certain rules and conditions. Trade remedy measures are part of the exceptions given under GATT 1947. Three trade remedy measure are recognized under the GATT. These are antidumping measures, countervailing measures and safeguard measures. These are meant for the protection of the domestic industry. In order to ensure these trade remedy measures are not misused certain rules have been provided which are being continuously made stringent by amendments in the agreements or by decisions of the panel/ appellate body. One of the conditions common for all trade remedy measures is the requirement of causal link. It has to be established that injury to the domestic industry is caused by dumping subsidization or increase in import depending upon the type of trade remedy measure is to be adopted.*

*Interpretation of the requirement of causal link remained ambiguous in antidumping measures as well as safeguard measures. The problem in both cases came because of the US law for these measures which did not clearly require that effect of other causes should be segregated to ensure a direct link between dumping or increase in import and serious injury. Indeed in case of safeguard measures interpretation of the appellate body has led to debate between Prof. Sykes and Prof. Yong Shik Lee. In the Doha Round again the extent of causal link requirement of antidumping/countervailing measures is being debated. The paper would examine this debate and jurisprudential development made through panel/appellate body decisions. The paper would also examine Indian antidumping cases in order to see how the causal link requirement is being applied in practice.*

---