The pre-selection system

In considering the pre-selection system in comparison with other systems the Group of Experts thought it desirable to re-affirm the following principles:

1. Anti-dumping duties should never be used for the purpose of ensuring normal protection for a domestic industry; such protection is the task of the tariff.

2. The imposition of anti-dumping duties is justified only:
   (a) where a product is in fact found to be dumped, and,
   (b) where the dumping causes or threatens material injury to a domestic industry - the judgment of which rests with the governmental authorities of the importing country.

The Group considered that the ideal method of fulfilling these principles was to make a determination in respect of both dumping and material injury in respect of each single import of the product concerned. This, however, was clearly impracticable, particularly as regards injury.

Failing such a method, the pre-selection system seemed to be the most satisfactory, since under such a system anti-dumping action was taken only after a specific complaint had been investigated and a finding of dumping and material injury made. Provided the pre-selection system was administered at the highest level, it could substantially reduce the number of cases in which anti-dumping duties were actually applied. An additional advantage of the system was that it involved a certain amount of publicity which in itself might serve as a deterrent to dumping.
The Group was generally of the opinion that anti-dumping measures adopted after the pre-selection procedure had been followed should be directed only against such firms as had been found responsible for the dumping, or at most against those countries from which the dumped imports came.

Basic price systems

The Group recognized that, inasmuch as existing basic price systems had so far been operated so as to limit anti-dumping action in a particular case to the degree of dumping judged to be materially injurious, these systems were fully within the terms of Article VI and in fact constituted part of a pre-selection system. Nevertheless, the majority of the Group considered that such systems might be open to abuse and they were not therefore in favour of their general adoption. It was in any case axiomatic that, where a basic price system existed, domestic importers or foreign exporters should have the opportunity to demonstrate that specific shipments of their products, although sold at prices below the basic prices, were nevertheless not dumped. For this purpose there should be a simple and equitable administrative procedure.