

Title: Trade Destruction and Trade Diversion of Indian Anti-dumping Duties Against Bangladesh

Author Names: Md Iqbal Bhuyan and Keunyeob Oh

Abstract: In this study, we investigate Indian anti-dumping (AD) duties imposed on eight products (Harmonized System classification) from Bangladesh over the period 1998–2020. Using the Poisson pseudo-maximum likelihood method, panel regression analysis is applied to examine the relationship between Indian AD duties and goods imported from Bangladesh. Our results provide weakly suggestive significant evidence of trade destruction in the full sample, though statistical significance is enhanced for all product groups other than lead-acid batteries at the product-level investigation. We also provide suggestive evidence for trade diversion from AD duties. Overall, our results show Indian AD duties to be correlated with a decrease in imports from Bangladesh, and an increase in imports of goods from other, unnamed countries. This suggests that India's protectionist measures may have been ineffective in protecting local producers, as any adverse effects of protectionism on Bangladesh may be offset by import diversion to other foreign suppliers. We also discuss the policy implications of these findings.

Keywords: Anti-dumping duties Trade destruction Trade diversion Poisson pseudo-maximum likelihood (PPML) Panel regression analysis

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