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## **THE EFFECTS OF AN ANTI-DUMPING POLICY ON STOCK PRICES OF THE SOLAR COMPANIES**

### **Abstract:**

This study focuses on the reactions of abnormal returns on the Taiwanese solar stocks from eight anti-dumping events to examine the effect of anti-dumping tax on the Taiwanese solar companies. We collect the Taiwanese market reactions to U.S. announced anti-dumping tax on Taiwan, and the Chinese market reactions to U.S. announced anti-dumping tax on China. The purposes of this study are to explore whether abnormal returns are negative during the announcement of anti-dumping tax investigation. Furthermore, we test how abnormal returns change when the verdict of anti-dumping tax is favorable or unfavorable. Finally, we test whether Taiwanese solar stocks abnormal returns are positive during American announcement of anti-dumping tax on China. We find that the abnormal returns are negative during the announcement of anti-dumping tax investigation. The abnormal returns are positive if the verdict of anti-dumping tax is favorable. On the other hand, the abnormal returns are negative if the verdict of anti-dumping tax is unfavorable. Because China and Taiwan ranks top one and two in solar investment respectively, we find positive abnormal returns of Taiwanese companies during American's announcement of anti-dumping tax on China.

### **Keywords:**

Solar, Anti-dumping, Abnormal Returns, Tax, Verdict

**JEL Classification:** G00, H21, Q20