

# Let's distinguish between dumping and differential pricing.

| [Alan Moran](#)

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Zone Severn's letter (*Business Age* 19/8) in response to my article on dumping confuses dumping with differential pricing. Companies set different prices to meet particular market situations; we see it daily in petrol prices, which vary considerably from suburb to suburb.

An example of alleged dumping under review by the Australian Customs Service concerns seven or eight different producers of carpet backing that may be selling at a lower price in the Australian market than in their own markets. This is no more dumping than when Australian farmers get a lower overseas price for beef or wheat than in Australia.

In both cases, the producer is meeting the competitive conditions. The constraint on this is the ability to reimport product sold into low priced markets. This is as potent an antidote to price differentiation as the ability to shop around for lower-priced petrol in another suburb. It limits the seller's scope to price according to customer needs, but will never prevent differential pricing.

Price is far from the sole consideration in the marketing mix, but there is no shortage of entrepreneurs who are keen to spot opportunities for arbitraging prices and no shortage of buyers who will use them, bypassing the normal supplier.

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- > [January](#)

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- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)

- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

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- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

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[2005](#)

[2004](#)

[2003](#)

[2002](#)

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