



India imposes anti – dumping duty on Chinese goods for 5 years

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Context

- India has imposed anti-dumping duty on **five Chinese goods to protect domestic players from cheap imports** from the neighbouring country.
- These duties were imposed as these products — **Soft Ferrite Cores, a certain thickness of vacuum insulated flask, aluminium foil, Trichloro Isocyanuric Acid, and Poly Vinyl Chloride Paste Resin** — were exported to **India** from China at **below normal prices**.

Anti-Dumping Duty

- It is a **protectionist tariff** that a **domestic government imposes on foreign imports that it believes are priced below fair market value**.
- **Dumping is a process wherein a company exports a product at a price that is significantly lower than the price it normally charges in its home (or its domestic) market**.
- The duty is priced in an amount that equals the difference between the normal costs of the products in the importing country and the market value of similar goods in the exporting country or other countries that produce similar products.
- It is imposed to **protect local businesses and markets from unfair competition by foreign imports**.
- Thus, the purpose of anti-dumping duty is to rectify the trade distortive effect of dumping and **re-establish fair trade**.

WTO's Stance

- The use of anti-dumping measures as an **instrument of fair competition is permitted by the World Trade Organization (WTO)**.
- The WTO **allows the government of the affected country to take legal action against the dumping country as long as there is evidence of genuine material injury to industries in the domestic market**.
- The government must show that dumping took place, the extent of the dumping in terms of costs, and the injury or threat to cause injury to the domestic market.
- While the intention of anti-dumping duties is to protect local businesses and markets, these tariffs can also **lead to higher prices for domestic consumers**.