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# Trade defence: Anti-dumping duty on Chinese goods

## Why in news?

The Central Board of Indirect Taxes and Customs (CBIC) recently imposed anti-dumping duty on five products manufactured in China for 5 years in order to safeguard domestic producers.

## What is Anti Dumping Duty?

- Dumping is a process where a company exports a product at a price that is significantly lower than the price it normally charges in its domestic market.
- An anti-dumping duty is a protectionist tariff imposed by a country on foreign imports that it believes as being dumped.
- WTO trade rules include international regulation of anti-dumping measures.

## Why did India impose anti-dumping duty now?

- Companies worldwide are now seeking to de-risk their businesses from an excessive reliance on China in the wake of the COVID-19 pandemic.
- In such a situation, in a country with huge manufacturing capacity like China, the prospect of dumping the surplus in overseas market increases.
- Directorate General of Trade Remedies (DGTR) had found five products manufactured in China as being 'dumped' in the Indian market.
- It is found that the domestic industry has suffered material injury due to the dumping and warrants a protective duty.

> DGTR functions as an attached office of Department of Commerce, Ministry of Commerce and Industry.

- The items include
  - Specific flat-rolled aluminium products for solar modules
  - Silicone sealants used in the manufacture of solar photovoltaic modules
  - Some chemicals like sodium hydrosulfite
  - Refrigerant (R-32) hydro fluorocarbon and hydro fluorocarbon blends
- The anti-dumping duty a remedy that is sanctioned by the WTO has become one of India's most widely used trade weapons, especially against a flood of cheaper Chinese imports.
- So far India had imposed anti-dumping measures on 90 Chinese products

## What will be the implications?

- Anti dumping duty was imposed to favour Indian companies.
- However there is a risk of distortion in market dynamics.
- Imposing Anti dumping duty protects domestic companies from competition due to low priced foreign goods.
- While the intention is to save domestic jobs, these tariffs can also lead to higher prices for domestic consumers.
- Downstream industries, in the case of intermediate goods and consumers are likely to face the consequences of reduced competition on final prices.
- However in the long-term, prices may come down due to advancement made by domestic industries.
- They become equally competitive in international markets.

**Reference**


1. https://www.thehindu.com/opinion/editorial/trade-defence-the-hindu-editorial-on-anti-dumping-duty-on-chinese-goods/article38058485.ece