



Anti-dumping Duty on Steel Imports

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Why in News

Recently, India imposed anti-dumping duty on imports of certain types of **steel products** from China, Vietnam and South Korea.

Key Points

- **Dumping:**
 - In international trade practise, dumping happens when a country or a firm **exports an item at a price lower than the price of that product in its domestic market.**
 - Dumping **impacts the price of that product in the importing country,** hitting margins and profits of local manufacturing firms.
 - **Anti-dumping duty is imposed to rectify the situation** arising out of the dumping of goods and its trade distortive effect.
- **Imposition of Anti-dumping Duty:**
 - The anti-dumping duty was imposed after the **Directorate General of Trade Remedies (DGTR)**, in its probe, found that the steel products imported in India from these three countries were below its associated normal value, which resulted in dumping.
 - The duty has been **imposed for five years** with a view to guard domestic manufacturers from cheap imports from these countries.
 - Earlier, a provisional duty was imposed in October 2019 on these products from these three countries, which expired in April 2020.
 - According to global trade norms, including the **World Trade Organization (WTO)** regime, a country is allowed to impose tariffs on such dumped products **to provide a level-playing field to domestic manufacturers.**
 - The duty is imposed only after a thorough investigation by a quasi-judicial body, such as DGTR, in India.

- **Different from Countervailing Duty:**

- Anti-dumping duty is different from countervailing duty. The latter is imposed in order **to counter the negative impact of import subsidies** to protect domestic producers.
- Countervailing Duties (CVDs) are tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country.
- CVDs are meant to level the playing field between domestic producers of a product and foreign producers of the same product who can afford to sell it at a lower price because of the subsidy they receive from their government.

Directorate General of Trade Remedies

- It is the **apex national authority** under the **Ministry of Commerce and Industry** for administering all trade remedial measures including anti-dumping, countervailing duties and safeguard measures.
- It provides trade defence support to the domestic industry and exporters in dealing with increasing instances of trade remedy investigations instituted against them by other countries.

Source: FE