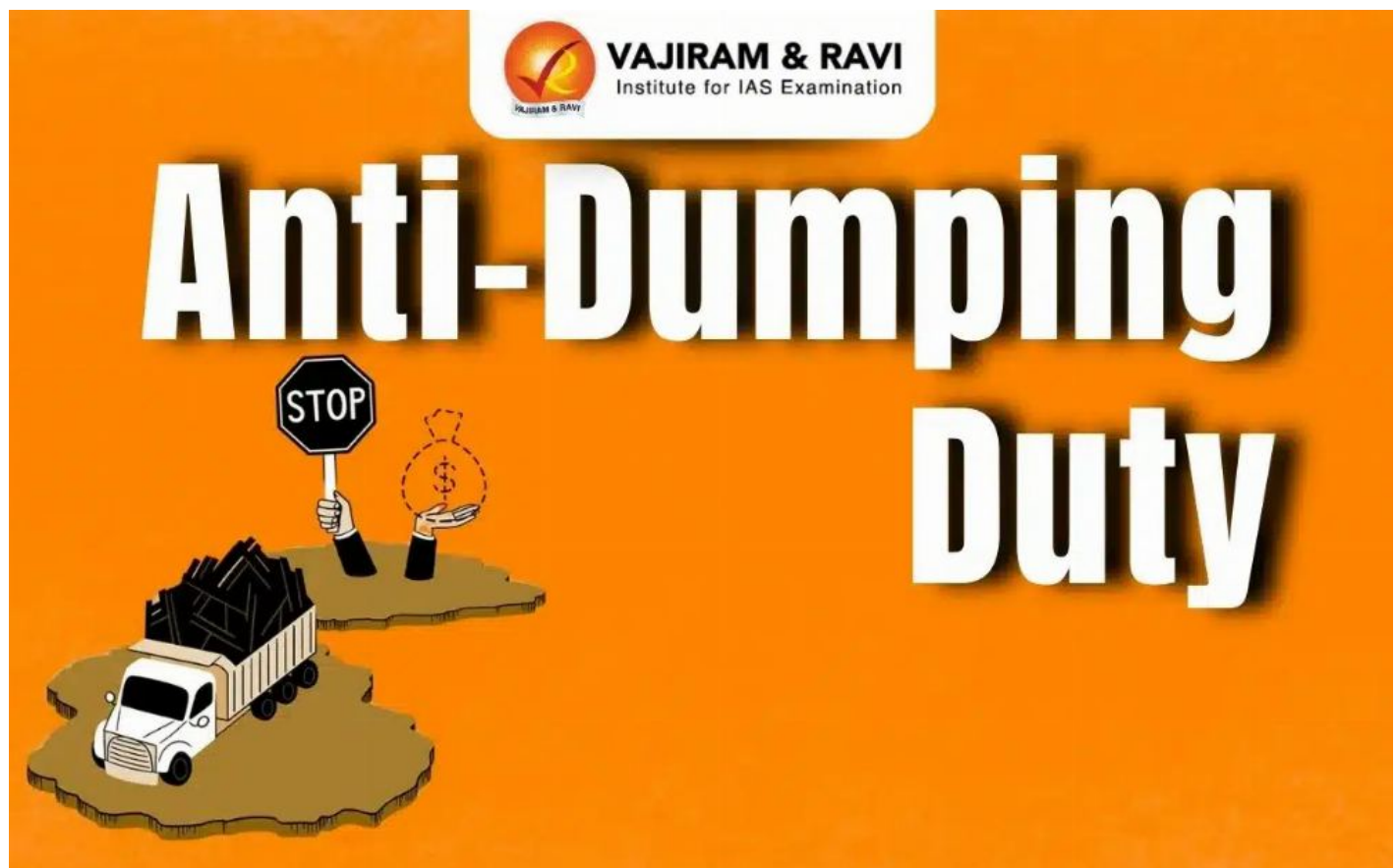


## What is Anti-Dumping Duty?

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### Anti-Dumping Duty Latest News

India recently has imposed anti-dumping duty on five Chinese goods, including vacuum flasks and aluminium foil.

### About 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**.

- The use of anti dumping measures as an instrument of fair competition is **permitted by the WTO**.
- 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**.
- **In the long-term**, anti-dumping duties **can reduce the international competition of domestic companies** producing similar goods.
- In India Anti-dumping and Anti-subsidies are **administered by the Directorate General of Trade Remedies (DGTR)**, which is operated by the **Ministry of Commerce and Industry**, and headed by the "Designated Authority".
- The **Department of Commerce recommends** the Anti-dumping duty, and the **Ministry of Finance levies it**.

## What is Countervailing duty (CVD)?

- It is a specific form of duty that the **government imposes to protect domestic producers by countering the negative impact of import subsidies**.
- CVD is thus an **import tax by the importing country on imported products**.
- The duty nullifies and eliminates the price advantage enjoyed by an imported product.
- The **WTO permits** the imposition of CVD by its member countries.

## Countervailing duty v/s Anti-dumping duty

- **Anti-dumping duty** is imposed to **prevent low-priced foreign goods from damaging the local market**.
- On the other hand, **CVD will apply to foreign products** that have **enjoyed government subsidies**, which eventually leads to very low prices.
- While the **anti-dumping** duty amount **depends on the margin of dumping**, the **CVD** amount will completely **depend on the subsidy value** of the foreign goods.

## Anti-Dumping Duty FAQs

**Q1.** What is the main purpose of an anti-dumping duty?

**Ans.** To protect domestic industries from unfairly priced foreign imports

**Q2.** Who administers anti-dumping duties in India?

**Ans.** Directorate General of Trade Remedies (DGTR)

**Q3.** What is a countervailing duty (CVD)?

**Ans.** It is a duty that the government imposes to protect domestic producers by countering the negative impact of import subsidies.

**Source:** [BS](#)