

UPSC Civil Services Examination

Subject – UPSC GS-III

Topic – Dumping & Countervailing Duties (CVDs)

Dumping in economics is a type of predatory pricing talked about particularly in the international commerce space. Dumping is said to happen when manufacturers or marketers export a product to another nation at a price that is lesser than the home country price or lesser than the production cost. This is done with the intention of enhancing the market share in a foreign market or to remove competition.

Important for [IAS exam](#) from the perspective of Indian Economics, this concept comes under UPSC GS Mains-III. This article will provide you with relevant facts about Dumping and Countervailing Duties for civil services examination.

What are countervailing duties (CVDs)?

Countervailing duties (CVDs) are trade import tariffs imposed to nullify the adverse effects of subsidies. They are imposed only under World Trade Organisation rules and are also called anti-subsidy duties. They are levied if a country investigates and finds out that a foreign country is subsidising its imports to the home country thus harming domestic suppliers. Then, as per WTO rules, the country can charge additional duties in agreement with the GATT Agreement on Subsidies and Countervailing Measures and the GATT Article VI.

What is the difference between anti-dumping duty and countervailing duty CVD?

Anti-dumping duties are levied on goods that are imported at a substantially low price whereas countervailing duties are levied on subsidized products in the originating or exporting country.

Current Affairs related to dumping and CVDs:

1.
 1. Government in 2018 imposed anti-dumping duty on Ofloxacin import from China.
 - The imposition is for three years (Till 2021). Directorate General of Anti-Dumping and Allied Duties (DGAD) recommended the imposition of anti-dumping duty to protect domestic producers from below-cost shipments.
 2. Commerce ministry in March 2020 has put forward a recommendation to impose anti-dumping duty on Malaysian calculators
 - To guard domestic players from cheap imports
 3. DGTR, in January 2020 has proposed the imposition of anti-dumping duty on imports on Aluminium and Zinc coated products from China, Vietnam and Korea.

What is Countervailing Duties (CVD) rate?

The rate of Countervailing duty is equivalent to the rate of excise levied on such goods if it had been manufactured within the importing country.

Aspirants preparing for [UPSC 2020](#) can check the linked articles below which are related to GS-III economics:

Important Terms Related to Union Budget	Union Budget 2020	Economic Survey
Wholesale Price Index (WPI)	Consumer Price Index (CPI)	Index of Industrial Production (IIP)

