

## IN BRIEF

### INDIA'S USE OF TRADE REMEDIES: IMPLICATIONS FOR FOREIGN EXPORTERS AMID GLOBAL TRADE TENSIONS



#### Introduction

India's increasing reliance on trade remedy measures — particularly anti-dumping (AD) and countervailing duties (CVD) — has major implications for foreign producers and exporters seeking access to the Indian market. In the wake of a protracted U.S.-China trade war, supply chain recalibrations, and heightened protectionism, India's regulatory approach has gained momentum over the last 12 (twelve) months. In fact, over the last 2 (two) years, India has launched in excess of 100 (one hundred) trade remedy investigations involving multiple countries. For foreign producers and exporters, navigating India's AD and CVD framework has become not only a compliance issue but a strategic one.

#### Impact of the U.S. – China Trade War and Global Supply Shifts

The trade war between the United States and China over the last 7 (seven) years continues to cast a long shadow over global trade dynamics, with significant consequences for third-country exporters and importers, including those in and trading with India.

As of early 2025, the United States has imposed punitive tariffs exceeding 125% on a wide range of Chinese goods, including semiconductors, renewable energy components, electric vehicles, and industrial machinery. The rationale cited was that it involves national security, intellectual property theft, and market

distortions caused by state subsidies. China has retaliated with counter measures targeting U.S. agricultural, aerospace, and technology exports. Although some tariffs were eventually rolled back, the initial imposition had already caused significant market disruption. Supply chains were unsettled and uncertainty among both importers and exporters affected business planning and investment decisions.

With traditional trade corridors disrupted, Chinese exporters would likely face diminished demand in the U.S. and EU and seek alternate destinations. India, with its expanding consumption base, will emerge as a preferred alternative. This redirection of exports, however, as seen in the past, often leads to price suppression in the Indian market.

For example, the Indian solar glass and chemical industries have reported sharp increases in Chinese-origin imports leading to the initiation of anti-dumping and countervailing duty investigations. While Chinese exporters consider this forced market realignment as an effect of external barriers, the Indian Government and domestic industry in India sees this as injurious dumping.

#### India's Balancing Act

India finds itself in a position where it is navigating competing priorities. On one hand, it seeks to attract investment diverted from China through policies like 'Make in India' and Production-Linked Incentives (PLIs). On the other hand, it must protect its domestic industries from import surges that threaten local capacity-building.

This duality is reflected in India's increasingly assertive use of trade remedies. AD and CVD measures now function not only as responses to unfair trade practices, but also as instruments of strategic and industrial policymaking.

While India is within its rights under WTO law to impose AD/CVD measures following proper investigations, the global gridlock at the WTO Appellate Body has made enforceability of trade norms inconsistent. Countries such as India are responding by bolstering their domestic trade remedy mechanisms and using them as a substitute for global oversight.

This legal vacuum also opens the door for trade tools to be used for political purposes. Today, stakeholders must consider not just WTO rules, but also how geopolitics can shape domestic investigations and outcomes.

## Implications for Foreign Producers and Exporters to India

Exporters, particularly from China, Southeast Asia, and the EU, need to be mindful of India's rising sensitivity toward import volumes and pricing trends. Investigations are also expanding in scope, moving beyond basic metals and chemicals to include high-tech inputs and consumer goods. Additionally, there is an increasing possibility of retroactive duties, especially in cases where injury is found to have begun during the investigation period.

Foreign producers and exporters can no longer afford to rely on compliance alone. To continue accessing the Indian market, anticipation of policy shifts, sensitivity to the political context, and readiness to navigate legal challenges is a must.

## Strategies for Foreign Exporters

To grow trade with Indian customers under this evolving regime, it is important that the foreign producers and exporters adopt a multi-pronged strategy. Proactive monitoring of ongoing and potential DGTR investigations is essential to ensure early awareness and timely action. Engagement with Indian users/importers and collaborating to share data can also prove beneficial especially during the course of investigation. Equally important is maintaining a transparent, well-documented cost and sales data to navigate procedural complexities during a trade investigation. Finally, securing legal and accounting representation within India can significantly enhance the likelihood of obtaining lower duty margins or exemptions.

## Conclusion

For foreign producers and exporters, the Indian trade landscape in 2025 is marked by both opportunity and volatility. As one of the fastest-growing economies in the world with a large, diversified consumer base, India remains an attractive export destination. Its increasingly assertive use of anti-dumping and countervailing duties signal a clear policy shift toward safeguarding domestic industries and asserting greater control over the terms of trade.

With Indian authorities becoming more proactive in targeting pricing practices they deem unfair, producers and exporters must recognize that the trade remedy landscape in India is as much about industrial policy and economic self-reliance as it is about fair trade. In this environment, India cannot be viewed as just another export destination but as a strategic partner while understanding its regulatory and policy direction.

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