

# India, China, EU & 13 others under fresh US trade probe

Investigation to advance tariff agenda

MUKESH JAGOTA  
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LEAVING NO STONE unturned on its tariff escalation policy, the Donald Trump Administration has launched trade investigations on excess industrial capacity across 16 trading partners, including India.

The probe under Section 301 of the Trade Act of 1974 identified "excess capacities" created by India in solar modules, petrochemicals and steel, along with its trade surplus

## DUTY BOUND

New probe to examine if the policies of

16

nations

create 'excess manufacturing capacity' that harms US industries

Sectors mentioned for India include:

Solar modules

Petrochemicals

Steel

US believes these sectors produce more than domestic demand, leading to exports that affect American producers



with the US in goods like automotive goods, health-related goods, construction goods and textiles.

Investigation into its domestic policies that enable this is expected to help Wash-

ington persist with its tariff increase agenda without stumbling upon legal hurdles as the scrapped "reciprocal" measure did.

Continued on Page 9

# India, China, EU..

THE END RESULT of the probe is likely to be extra tariffs to address the large trade deficit of the US by making imports more expensive and creating conditions for building domestic manufacturing capacity. While justifying inclusion of India into the list of countries against whom investigations under Section 301 will be launched, the US had pointed \$58-billion trade deficit it had with India in 2025. The US Supreme Court on February 20 invalidated country-specific reciprocal tariffs imposed by it under the International Emergency Economic Powers Act (IEEPA). Immediately after the court's ruling the US imposed 10% additional duties on all imports under Section 122 of the Trade Act. These surcharges to address large and serious balance of payment deficits can be imposed only for 150 days and their upper limit is 15%. Other countries targeted by the investigation are the member countries of the European Union, China, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan, Bangladesh, Mexico and Japan.

"Several of these countries had already negotiated trade arrangements with Washington under the earlier tariff framework which was struck down by

the Supreme Court. With its earlier tariff strategy effectively dismantled, the US appears to be turning to trade investigations and targeted measures to maintain leverage in negotiations with trading partners," founder of Global Trade Research Initiative (GTRI) Ajay Srivastava said.

India's solar module exports to the US have been a target of the administration. On February 24, it imposed a 125.9% preliminary countervailing duty on Indian solar cells and modules pending final ruling by July 6. The notice starting the probe says that evidence suggests the solar module sector is plagued by excess capacity, including that India's current module manufacturing is nearly triple the annual domestic demand.

The initiation of investigations regarding the acts, policies and practices of various economies that lead to excess capacities and exports was announced late Wednesday by US Trade Representative Jamieson Greer. The notice of the probe said, "These investigations will focus on the economies that appear to exhibit structural excess capacity in various manufacturing sectors, such as through large or persistent trade surpluses or underutilised or unused capacity."