Section 301 Investigation Report

India's Acts, Policies, and Practices Relating to Structural Excess Capacity and Production in Manufacturing Sectors

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Executive Summary

On March 11, 2026, the United States Trade Representative (Trade Representative) initiated an investigation of the acts, policies, and practices of India relating to structural excess capacity and production in manufacturing sectors under Section 302(b)(1)(A) of the Trade Act.[1] The investigation involves an examination of whether the acts, policies, and practices relating to structural excess capacity and production in manufacturing sectors are unreasonable and burden or restrict U.S. commerce under Section 301 of the Trade Act of 1974, and if so, what action to take, if any.

For the purposes of this investigation, the Office of the United States Trade Representative (USTR) considers structural excess capacity and production to be capacity or production in an economy that is *persistently in excess* of the amount that would exist under *market-oriented conditions* and is *created, sustained, or contributed to* by governmental policies or interventions.[2]

There is increasing international recognition that structural excess capacity and production–and the acts, policies, and practices that give rise to these phenomena–pose a fundamental challenge for the global economy and individual economies. Because demand is finite at any given point in time, structural excess capacity and production limit and deter production and manufacturing investment in the United States. This Report (*see* Background and Analytical Approach section) describes in detail the recognition of these phenomenon by U.S. trading partners and economists, and the serious challenge they present to U.S. businesses and workers, as well as the U.S. and global economies.

India's Acts, Policies, and Practices That Create, Sustain, or Contribute to Structural Excess Capacity and Production

India engages in a range of acts, policies, and practices that create, maintain, or contribute to structural excess capacity and production by promoting production and exports, and failing to effectively address global structural excess capacity and production. India engages in acts, policies, and practices that promote structural excess capacity and production, including:

(1) implementing industrial plans to maintain and expand Indian manufacturing, setting overall targets for manufacturing and exports, such as *Make in India*, *Production Linked Incentives* (PLI)*, Atmanirbhar Bharat* (*Self-Reliant India*), and the *India Brand Equity Foundation* (IBEF), including by offering financial incentives to eligible companies based on their incremental sales;

[1] Initiation of Section 301 Investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors, 91 Fed. Reg. 12886 (Mar. 17, 2026) [hereinafter Initiation Notice].

[2] Note that the presence, or lack thereof, of market-oriented conditions as it relates to the definition is distinct from a country's designation or status as a "market" or "non-market" economy. Governmental distortions within economies that generally (or in many cases) adhere to market mechanisms and disciplines may nonetheless affect capacity and production in a manner that diverges from what would exist under market-oriented conditions.

(2) tolerating inadequate labor protections that impose constraints on wage formation and cost structure;

(3) imposing financial repression policies that have the effect of suppressing interest rates or of directing the allocation of equity and debt in a manner that results in outcomes different than those that would reflect market-oriented conditions;

(4) maintaining sustained market access barriers that encourage capacity and production;

(5) encouraging or failing to effectively monitor and address imports and investment from NMEs to speed production and lower costs in key manufacturing/export sectors; and

(6) maintaining sector-specific acts, policies, and practices in the steel, solar, health, and ICT sectors.

Through these acts, policies, and practices, India channels activities, resources and financing towards the maintenance and expansion of manufacturing capacity and production. That resulting capacity and production are in excess of what would result under market conditions.

Indicia of Structural Excess Capacity and Production

There is no one single metric that determines the existence or extent of structural excess capacity in a sector or economy. However, there are economic data—termed "indicia" in this Report—that are consistent with the presence of structural excess capacity and production within an investigated economy.[3] These indicia provide insight into distortions that result from government acts, policies, and practices and manifest as outcomes or trends in two broad categories which are sometimes overlapping: **(i) domestic economy-wide and sectoral data and (ii) international trade flows.**

As discussed in this Report, economic data reveal several indicia of structural excess capacity and production in the Indian economy, including:

(1) the above-average share of the Indian manufacturing sector to its gross domestic product (GDP) as compared to the U.S. or Organization for Economic Co-operation and Development (OECD) average;

(2) above-average investment as a share of GDP;

(3) low labor share of manufacturing;

[3] *See, e.g.*, STEFAN MAYR ET AL., INDUSTRIAL OVERCAPACITIES, WITH A FOCUS ON CHINA 6–7 (2026), https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783610/EXPO_STU(2026)783610_EN.pdf (evaluating a range of economic indicators to identify whether each "provides a strong, moderate or weak signal of overcapacity" in the Chinese economy).

(4) the presence of "zombie," or persistently unprofitable, firms;

(5) large and persistent trade surpluses with the United States;

(6) unchecked import levels in key export sectors from non-market economies (NMEs); and

(7) increasing investment from NMEs.

India also possesses a number of these indicia in key manufacturing/export sectors; the Report presents case studies in steel, solar, health, and information and communications technology (ICT).

As reflected in these indicia, India's acts, policies, and practices create, sustain, or contribute to structural excess capacity and production. Following on decades of industrial plans, in recent years, India has engaged in more targeted, aggressive industrial policy in key export-oriented sectors. India has increased the size of its manufacturing sector and boosted key sectors while being slow to monitor and address foreign direct investment and increasing NME imports, particularly from China. These acts, policies, and practices contribute to structural excess capacity in economies like China as well as in India's downstream industries. This Report finds that India engages in acts, policies, and practices that, taken together, create, sustain, or contribute to structural excess capacity and production.

India's Acts, Policies, and Practices That Create, Sustain, or Contribute to Structural Excess Capacity and Production Are Unreasonable

As identified in the Section 301 investigation and discussed in this Report, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable within the meaning of Section 301(b). These acts, policies, and practices target exports and export-led growth and undermine worker and public welfare by instead favoring the interests of producers and exporters. Specifically, India's acts, policies, and practices are unreasonable because they: (1) **target exports and export-led growth**; (2) **distort fair, market-oriented competition**; (3) **fail to commensurately promote domestic demand and consumption**; and (4) **undermine the welfare of its workers and the public, thereby negatively impacting U.S. workers.**

First, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because India targets exports and export-led growth. India has developed industrial plans and implemented coordinated actions to enhance its manufacturing capacity, production, and exports. For example, India has pursued a growth strategy, including through the development and implementation of industrial plans, such as *Make in India* and *Self-Reliant India*, that has led to non-market-driven capacity growth, production, and exports in key manufacturing sectors, such as steel, solar, health, and ICT. The U.S. Congress in Section 301 expressed particular concern for government plans or schemes to artificially enhance exports.

Second, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because they distort fair, market-oriented competition. India's acts,

policies, and practices create, sustain, or contribute to excess capacity and production on a persistent basis and in a manner that is divorced from market signals and disciplines. By artificially enhancing manufacturing capacity and production in excess of what would result under market conditions, India promotes unfair competition for market-oriented firms. India has numerous economy-wide indicia of structural excess capacity and production. These are apparent in the export growth in key sectors. For example, China and India together are projected to account for 80.4% of Asia's additional steelmaking capacity growth in the coming years according to the Global Forum on Steel Excess Capacity. As the OECD notes, the divergence between capacity and demand growth has led to significant downward pressure on steel prices and industry profitability. Reports indicate that India's solar module capacity has jumped dramatically since 2020 to 154 gigawatts (GW)—nearly triple the domestic demand of 53 GW. India has seen a massive build-out of its solar industry, with annual investment rising from $84 million in 2018 to $10 billion in 2025. Indian industry estimates India now supplies roughly one-third of its pharmaceutical exports to the United States, accounting for up to 47% of all generic prescriptions and 61% of generic solid oral drugs in the United States. Despite some domestic growth, India remains heavily dependent for many active pharmaceutical ingredients (APIs) and bulk drug ingredients on China. Thus, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because they distort fair, market-oriented competition.

India also encourages or fails to monitor and address imports and foreign direct investment (FDI) from NMEs in key sectors. For example, India imports inputs for manufacturing from NMEs, and particularly China, which have increased tremendously in recent years. India's value of intermediate consumption imports from China is up $44 billion, or 97%, between 2017 and 2025. India's value of intermediate consumption imports from NMEs is up $91 billion, or 152%, between 2017 and 2025. This difference holds for both gross fixed capital formation goods and final consumption goods. Surging imports of NME inputs both distort competitive conditions within the Indian market and enhance the (artificial) competitiveness of Indian downstream products manufactured using those NME inputs.

Third, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because India enhances its own growth in capacity, production, and exports without commensurately seeking growth in its own demand, consumption, or imports. India seeks to build capacity and production, and expand exports, overtly through industrial plans, and in effect through other policies. For years, India has pursued a growth strategy, including through the development and implementation of government industrial plans to enhance its manufacturing capacity, production, and exports. Key among these are the umbrella efforts of *Make in India*, PLI, *Atmanirbhar Bharat* (*Self-Reliant India*), and IBEF, with a particular emphasis on efforts related to or under these efforts in the steel, solar, health, and ICT sectors. India's industrial plans seek to more than double the size of its manufacturing sector going forward. India's trade balances have fluctuated over the past five years while India has enjoyed, at the same time, consistent bilateral goods trade surpluses with the United States. In 2025, India overall had a global trade *deficit* of approximately $309 billion, growing from $241 billion in 2023, and $266 billion in 2022. However, India has had a persistent-and growing-trade *surplus* with the United States in recent years: $42.5 billion in 2023, $45.2 billion in 2024, $57.3 billion in 2025.

Fourth, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because India undermines the welfare of its own workers and public at the expense of U.S. workers, thereby negatively impacting U.S. workers. India diverts economic resources to expand manufacturing capacity and production and, directly or indirectly, suppresses domestic demand and consumption. This means that workers are able to consume less than their fair share of the value that they create. India also fails to ensure adequate wages and labor conditions to its workers. India's labor laws regarding the protection of internationally recognized labor rights, in particular freedom of association and the effective recognition of the right to collective bargaining, limit the extent to which market forces contribute to wage formation in India and the extent to which wage rates are determined by genuine bargaining between labor and management. This results in artificially lower labor costs, which may distort capacity and production in manufacturing sectors. Wage suppression also occurs through lax enforcement of labor laws, including laws related to freedom of association and collective bargaining, wages and hours, forced labor, and occupational, safety, and health. These acts, policies, and practices negatively impact U.S. workers because structural excess capacity and production provide an artificial advantage to producers in India.

India's Acts, Policies, and Practices That Create, Sustain, or Contribute to Structural Excess Capacity and Production Burden or Restrict U.S. Commerce

As identified in the Section 301 investigation and discussed in this Report, India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce within the meaning of Section 301(b). In particular, India's acts, policies, and practices: (1) **create unfair competition and reduce commercial opportunities for U.S. producers and exporters**; (2) **harm the U.S. economy through loss of U.S. domestic manufacturing and exports**; and (3) **increase U.S. economic security risks, including through reliance on NME inputs.**

First, India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by creating unfair competition and reducing commercial opportunities for U.S. producers and exporters. As noted, India's acts, policies, and practices create, sustain, or contribute to structural excess capacity and production in manufacturing sectors. India's high average export share of GDP over 2021–2025 indicate that these acts, policies, and practices contribute to substantial export success for India's firms. At a product level, the data reveal unfair competition and lost commercial opportunities in the U.S. market, global markets (including India), and upstream input markets in India. India exports significant amounts to the United States of products which U.S. firms also produce. India produces significant amounts of steel, medical devices, semiconductors, telecommunications articles, and solar products, which U.S. firms also produce and which are sold in global markets (including India). India imports significant amounts of gross fixed capital formation and intermediate input goods from NMEs, in particular China, which U.S. firms also produce.

Overall, India's trade imbalances are caused by unbalanced trade with China (*i.e.*, relying on cheap Chinese inputs), very large exports of manufactured goods to the United States, and large imports of energy products and other inputs. Indeed, the United States was far and away

the largest export market for Indian manufacturers, with exports exceeding those to India's next four largest markets (including China) combined. When firms in India artificially enhance investment, production, and exports, more market-oriented sectors and firms in the United States that do not benefit from the same measures to promote enhanced capacity and production experience decreased production, and lower investment in capacity or innovation, resulting in fewer jobs and lower wages for their workers.

Second, India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by contributing to lost manufacturing, capacity, and exports and persistent trade surpluses with the United States. India's trade balances have fluctuated over the past five years, while India has enjoyed persistent bilateral goods trade surpluses with the United States. The strength of Indian exports to the United States that directly or indirectly benefit from India's acts, policies, and practices evidences market access opportunities that are not matched by equivalent opportunities for U.S. producers and exporters in India. India's share of consumption in GDP averaged 56.6% from 2021–2025, higher than the global average (56%), but lower than the United States (68%). In India, the labor share of manufacturing GDP was just 28.6% in 2022 (latest data available), which is 39% lower (19 percentage points) than in the United States (in 2022), reflecting inadequate compensation for Indian workers in India's successful manufacturing sectors. Taken together, these conditions have resulted in a loss of export opportunities for U.S. firms in India, with corresponding lost revenues, profits, and jobs, with sectoral, regional, and national impacts.

India's failure to effectively monitor and address imports and FDI from NMEs harms U.S. producers and exporters. As noted, Indian imports of inputs for manufacturing from NMEs, and particularly China, have increased tremendously in recent years. Surging imports of NME inputs not only distort competitive conditions within India, but also enhance the (artificial) competitiveness of Indian downstream products manufactured using those NME inputs, to the detriment of both competing U.S. producers and exporters. Failures by India to address FDI aimed at increasing manufacturing for purposes of producing excess capacity from China also permit China to export its excess capacity through Indian industries. The result is distorted competitive conditions for U.S. firms, and distorted prices, lost sales or exports, and diminished revenues in India and global markets.

Third, India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by creating economic security risks. India's acts, policies, and practices create, sustain, or contribute to structural excess capacity and production in numerous sectors, such as steel, solar, health, and ICT. Many of these sectors are critical to the functioning of the U.S. economy, or to U.S. national security. Structural excess capacity and production may lead to dependence on other countries for key products. Dependence on trading partners creates vulnerabilities from supply chain disruptions, which may negatively affect U.S. businesses, consumers, and the U.S. economy. U.S. firms are compelled to absorb undue risk and are exposed to loss of resilience from supply chain concentration. India now supplies roughly one third of its pharmaceutical exports to the United States, with shipments of generic and bulk drugs steadily increasing. India sells up to 61% of all generic solid oral drug doses in the United States, according to certain reports. Despite some domestic growth, India remains heavily dependent for many APIs and bulk drug ingredients on China.

Acts, policies, and practices that create, sustain, or contribute to structural excess capacity and production permit certain economies to create dependence, which raises vulnerabilities from risks of supply chain disruptions, which may negatively affect U.S. businesses, consumers, and the U.S. economy. India's reliance on inputs from China also creates economic security risks. In 2022, 3.8% of the value added in exports from India were attributable to China; by comparison, China's share of value-add in U.S. exports was 1.6%. Excess capacity and production in India suppress prices, investment, and production in the United States in sectors that are critical to the functioning of the U.S. economy.

Conclusion

The results of this investigation therefore indicate that:

1. India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable.

2. India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce.

The results of this investigation provide a basis for finding that responsive action is appropriate.

I. Background and Analytical Approach

A. Initiation and Foreign Government Consultations

On March 11, 2026, the Trade Representative initiated sixteen investigations of the acts, policies, and practices of certain economies relating to structural excess capacity and production in manufacturing sectors under Trade Act.[4] For each economy, the investigation examined whether the acts, policies, and practices of that economy relating to structural excess capacity and production in manufacturing sectors are unreasonable or discriminatory and burden or restrict U.S. commerce under Section 301(b) of the Trade Act, and if so, whether action is appropriate to obtain the elimination of those acts, policies, and practices.

Prior to initiating the investigation, and pursuant to Section 302(b)(1)(B) of the Trade Act, the Trade Representative sought the advice of appropriate private and public sector advisory committees established under 19 U.S.C. § 2155. The Trade Representative also sought the advice of the interagency trade organization established pursuant to Section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. § 1872) and the unfair trade practices advisory committee established pursuant to Section 141(d)(2) of the Trade Act (Section 301 Committee), prior to determining to initiate these investigations and in the course of conducting them.

In the *Federal Register* Notice announcing the initiation of the investigations, the Trade Representative established a public comment period and announced public hearings, which were held May 5-8, 2026.

Pursuant to Section 303(a)(1) of the Trade Act, on March 11, 2026, the day the investigations were initiated, the Trade Representative requested consultations with the authorities of each economy subject to investigation.

USTR participated in confidential consultations with the following economies:

1. Cambodia
2. European Union (EU)
3. India
4. Indonesia
5. Japan
6. Malaysia
7. Mexico
8. Norway
9. Singapore
10. South Korea
11. Switzerland
12. Taiwan
13. Thailand
14. Vietnam

The governments of Bangladesh and China did not accept the Trade Representative's requests for consultations.

B. Statutory Framework

Under Section 301(b) of the Trade Act, actionable matters include acts, policies, and practices of a foreign country that are unreasonable or discriminatory and burden or restrict U.S.

[4] Initiation Notice.

commerce.[5] The term "unreasonable" denotes, in its ordinary sense, something that is not based upon reason, good sense, or sound judgment, is excessive in amount or degree, exceeds the bounds of reason or appropriateness, or lacks justification.[6] Section 301(d)(3)(A) provides that an act, policy, or practice "is unreasonable" if it, "while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable."[7] "Unfair" and "inequitable" are synonyms making up a compound term, referring to actions that are "not fair or equitable" or "unjust."[8]

In determining whether an act, policy, or practice is "unreasonable," Section 301(d)(3)(D) directs that "reciprocal opportunities in the United States for foreign nationals and firms shall be taken into account, to the extent appropriate." The statute also distinguishes "unreasonable" from "unjustifiable" acts, policies, and practices, the latter of which Section 301(d)(4)(A) explains are "in violation of, or inconsistent with, the international legal rights of the United States." In this investigation, USTR proceeds under the ordinary meaning of "unreasonable," with reference to the definition in Section 301(d)(3)(A) of "unfair and inequitable."

Section 301(d)(3) provides clarification on acts, policies, and practices of concern to Congress. The list of acts, policies, and practices is explicitly illustrative ("include, but are not limited to"):

> (B) Acts, policies, and practices that are unreasonable *include, but are not limited to,* any act, policy, or practice, or any combination of acts, policies, or practices, which—
>
> (i) denies fair and equitable—
>
> (I) opportunities for the establishment of an enterprise,
>
> (II) provision of adequate and effective protection of intellectual property rights notwithstanding the fact that the foreign country may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of

[5] 19 U.S.C. § 2411(b)(1).

[6] *Unreasonable*, OXFORD ENGLISH DICTIONARY (2026) (def. 2: "Not within the limits of what would be rational or sensible to expect; excessive in amount or degree"; def. 3(a): "not guided by, or based upon, reason, good sense, or sound judgement; illogical"), https://www.oed.com/dictionary/unreasonable_adj; *unreasonable*, MERRIAM-WEBSTER DICTIONARY (2026) (def. 2(a): "exceeding the bounds of reason, appropriateness, or moderation"; def. 2(b): "lacking justification"), https://www.merriam-webster.com/dictionary/unreasonable.

[7] *See* S. Rep. No. 93-1298, at 163 (1974) (describing "unreasonable" restrictions as "not necessarily illegal" but "which otherwise discriminate against or burden U.S. commerce"); *see also* Gregory T. Nojeim, *Foreign Industrial Targeting: Section 301 of the Trade Act of 1974 as a Remedy*, 25 VIRGINIA JOURNAL OF INTERNATIONAL LAW 483, 505 n.124 (1985) (explaining that Congress first defined the term "unreasonable" in the Trade and Tariff Act of 1984 to encompass trade restrictions "not necessarily inconsistent with trade agreements, but . . . which nonetheless nullified or impaired benefits accruing to the United States under trade agreements, or which otherwise discriminated against or burdened U.S. commerce").

[8] *Unfair*, OXFORD ENGLISH DICTIONARY (2026) (def. 2: "Not fair or equitable; unjust: 2.a. Of actions, conduct, etc.; spec. of (business) competition."), https://www.oed.com/dictionary/unfair_adj?tab=meaning_and_use#16711354; *inequitable*, OXFORD ENGLISH DICTIONARY (2026) ("Not equitable; characterized by want of equity or fairness; unfair, unjust."), https://www.oed.com/dictionary/inequitable_adj1?tab=meaning_and_use#551604.

> Intellectual Property Rights referred to in section 3511(d)(15) of this title,
>
> (III) nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection, or
>
> (IV) market opportunities, including the toleration by a foreign government of systematic anticompetitive activities by enterprises or among enterprises in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods or services to a foreign market,
>
> (ii) constitutes export targeting, [or]
>
> (iii) constitutes a persistent pattern of conduct that—
>
> (I) denies workers the right of association,
>
> (II) denies workers the right to organize and bargain collectively,
>
> (III) permits any form of forced or compulsory labor,
>
> (IV) fails to provide a minimum age for the employment of children, or
>
> (V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers[.][9]

Section 301(d)(3)(E) further defines "export targeting" as "any government plan or scheme consisting of a combination of coordinated actions (whether carried out severally or jointly) that are bestowed on a specific enterprise, industry, or group thereof, the effect of which is to assist the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise."

The "specification" or "enumeration" of certain acts, policies, and practices in Section 301(d)(3), while not serving to limit the scope of Section 301,[10] reflects the broad range of issues Congress intended Section 301 to encompass, including denial of fair commercial opportunities, denial of adequate and effective intellectual property protection, toleration of systemic anticompetitive commercial activities, patterns of conduct denying workers' rights, government plans or schemes of coordinated activities to enhance export competitiveness, and others.

Under Section 301 of the Trade Act, an act, policy, or practice may be understood to encompass affirmative conduct taken by foreign trading partners, as well as failures to act. For example, Section 301(d) of the Trade Act recognizes inaction as a basis for finding unreasonable

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[9] 19 U.S.C. § 2411(d)(3)(B) (italics added).

[10] *See* S. Rep. 100-71, at 74 (1987) ("[T]he statute's enumeration of actionable foreign acts, policies, and practices while intentionally broadly stated may be so broad as to permit an Administration to overlook situations that are within the scope of the statute and ought to be investigated and remedied. Consequently, this title specifies several additional types of foreign practices as actionable under the statute in order to provide more concrete direction to the USTR and the President. *This specification is in no way intended to imply that the full scope of section 301 is in any way abridged, or that any acts, policies, or practices not specifically enumerated are meant to be excluded.*" (italics added)).

an act, policy, or practice that:

- *denies* fair and equitable provision of adequate and effective protection of intellectual property rights notwithstanding the fact that the foreign country may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights;[11]

- *denies* fair and equitable market opportunities through the *toleration* by a foreign government of systematic anticompetitive activities;[12]

- *fails* to provide a minimum age for the employment of children,[13] or *fails* to provide standards for minimum wages, hours of work, and occupational safety and health of workers;[14] or

- constitutes a persistent pattern of conduct by the government of a foreign country under which that government *fails* to effectively enforce commitments under agreements to which the foreign country and the United States are parties.[15]

Consistent with this understanding, beginning four decades ago, the Trade Representative has initiated Section 301 investigations to address not only affirmative conduct but also failures to act on the part of U.S. trading partners that may burden or restrict U.S. commerce.[16]

Pursuant to Section 304 of the Trade Act, the Trade Representative must determine whether any act, policy, or practice described under Section 301(b) exists on the basis of the investigation. If that determination is affirmative, the Trade Representative will determine

[11] 19 U.S.C. § 2411(d)(3)(B)(i)(II).

[12] *Id.* § 2411(d)(3)(B)(i)(IV).

[13] *Id.* § 2411(d)(3)(B)(iii)(IV).

[14] *Id.* § 2411(d)(3)(B)(iii)(V).

[15] *Id.* § 2411(d)(3)(B)(iv).

[16] *See, e.g.*, Determination Under Section 301 of the Trade Act, 53 Fed. Reg. 28,177 (July 21, 1988) (stating that the Trade Representative initiated an investigation resulting in a Presidential determination of unreasonable policies and practices where Brazil failed to provide adequate intellectual property protection in its laws); Initiation of Section 302 Investigation; Thailand Copyright Enforcement, 56 Fed. Reg. 292 (Jan. 3, 1991) (initiating a Section 301 investigation regarding Thailand's failure to enforce its copyright laws and the resulting denial of fair and equitable market opportunities for U.S. products); Initiation of Section 302 Investigation and Request for Public Comment: Intellectual Property and Market Access Acts, Policies and Practices of the Government of India, 56 Fed. Reg. 24,877 (May 31, 1991) (initiating investigation regarding India's failure to provide adequate intellectual property protection); Determinations Under Sections 304 and 305; Thailand Patent Protection, 57 Fed. Reg. 9762 (Mar. 20, 1992) (finding actionable acts, policies, and practices where Thailand failed to provide adequate and effective patent protection); Notice of Determinations and Request for Comments Concerning Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure To Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced With Forced Labor, 91 Fed. Reg. 34,272 (June 5, 2026) (determining that the failure of each of the 60 investigated economies to impose and effectively enforce a force labor import prohibition is unreasonable and burdens or restricts U.S. commerce).

whether action is appropriate, and if so, what action to take.[17] Prior to making such determinations, the Trade Representative must provide an opportunity for the presentation of views from interested persons, as well as for advice from appropriate advisory committees.[18]

Section 301(b) of the Trade Act directs that if the Trade Representative determines that an act, policy, or practice is unreasonable or discriminatory and burdens or restricts U.S. commerce and that action is appropriate:

> [T]he Trade Representative shall take all appropriate and feasible action authorized under [Section 301(c)], subject to the specific direction, if any, of the President regarding such action, and all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take under this subsection, to obtain the elimination of that act, policy, or practice.[19]

Actions authorized under Section 301(c) of the Trade Act include (i) suspending, withdrawing, or preventing the application of benefits of trade agreement concessions; (ii) imposing duties or import restrictions on the goods of the foreign country; (iii) imposing fees or restrictions on the services of the foreign country; (iv) entering into binding agreements that commit the foreign country to eliminate or phase out the offending conduct or to provide compensatory trade benefits; or (v) restricting or denying the issuance of service sector authorizations.[20] In addition to these specifically enumerated actions, the Trade Representative may take any actions that are "within the power of the President with respect to trade in goods or services, or with respect to any other area of pertinent relations with the foreign country."[21] Furthermore, in investigations involving affirmative actionability findings of export targeting, the statute requires the Trade Representative to take specific, alternate actions if he determines to take no action.[22]

C. Input from the Public

In accordance with Section 304 of the Trade Act, USTR provided interested persons with opportunities to present their views on the investigations through written public comment

[17] 19 U.S.C. § 2414(a)(1)(B).

[18] *Id.* § 2414(b).

[19] *Id.* § 2411(b)(2).

[20] *Id.* § 2411(c).

[21] *Id.* § 2411(b)(2).

[22] *See id.* § 2415(b) (requiring the Trade Representative to establish an advisory panel comprised of private-sector representatives charged with recommending administrative action and legislation to support the competitiveness of domestic industries adversely impacted by any such targeting).

processes. The public comment docket opened from March 17, 2026, to April 15, 2026, and USTR received 811 initial comments, in addition to 268 post-hearing rebuttal comments.[23]

USTR and the Section 301 Committee also held public hearings from May 5-8, 2026, in the main hearing room at the U.S. International Trade Commission (ITC). Witnesses with varied interests and perspectives—including representatives of foreign governments, U.S. businesses, and industry groups and associations—testified and responded to questions from the Section 301 Committee. Transcripts of the public hearings are available on USTR's website.[24]

The majority of public comments, including hearing testimony, generally welcomed the Trade Representative's decision to initiate investigations regarding structural excess capacity and production in certain economies and sectors. A large number of commenters and witnesses who testified discussed structural excess capacity and production in specific sectors as a result of acts, policies, and practices in the investigated economies, as well as the impact of those acts, policies, and practices on U.S. manufacturing and competitiveness. Commenters also discussed the resulting distortion of trade flows as a result of these acts, policies, and practices. Commenters generally did not dispute that structural excess capacity and production exist, although some asserted that aggregate economic outcomes were insufficient to establish the existence of actionable acts, policies, and practices under the statute. Other commenters disagreed that structural excess capacity and production exist in certain economies and in certain sectors. Certain investigated economies' authorities commented, including Indonesia, India, Vietnam, and Mexico, and provided testimony regarding the absence of structural excess capacity and production in their economies. There were several comments that questioned the use of certain indicia identified in the initiation notice and their relevance for identifying structural excess capacity and production. Several comments concerned the scope and propriety of any potential remedy under Section 301, such as tariffs. The *Federal Register* Notice published concurrently with this Report analyzes and responds to significant public comments, including those regarding the acts, policies, and practices of the investigated economies that may contribute to structural excess capacity and production; whether they are unreasonable or discriminatory; whether they burden or restrict U.S. commerce; and what actions, if any, should be taken to address them.

D. The Role of Section 301 in Addressing Structural Economic Distortions

In the Trade Act, Congress passed the longest and most complex piece of trade legislation written since 1934, reflecting the view that "[c]ontinued trade liberalization required a set of measures aimed at providing relief to industries that faced unfair competition from imports."[25] The Trade Act authorized the President to impose retaliatory measures to combat unfair trade

[23] *Request for Comments on the Section 301 Investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors*, USTR, https://comments.ustr.gov/s/docket?docketNumber=USTR-2026-0067.

[24] *Section 301 – Structural Excess Capacity and Production in Manufacturing Sectors*, USTR, https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-structural-excess-capacity-and-production-manufacturing-sectors.

[25] *See* U.S. INTERNATIONAL TRADE COMMISSION (ITC), THE ECONOMIC EFFECTS OF SIGNIFICANT U.S. IMPORT RESTRAINTS 75 (2009), https://www.usitc.gov/publications/332/pub4094.pdf (describing the historical context surrounding the Trade Act's expansion of trade remedies available to the President).

practices, while simultaneously liberalizing the conditions for receipt of import relief and adjustment assistance; mandating temporary corrective measures to address serious balance-of-payments deficits; and granting the President the authority to conclude trade agreements to combat non-tariff trade barriers.[26] More specifically, in the Trade Act, Congress empowered the President to retaliate against unfair foreign government practices that distort fair, market-based trade in Section 301, with a view to eliminating trade barriers to U.S. commerce in foreign markets.

Congress's stated objectives for the Trade Act were, *inter alia*, "to harmonize, reduce, and eliminate barriers to trade on a basis which assures substantially equivalent competitive opportunities for the commerce of the United States" and "to provide adequate procedures to safeguard American industry and labor against unfair or injurious import competition, and to assist industries, firm[s], workers, and communities to adjust to changes in international trade flows."[27] The legislation proceeded from the finding that barriers to "and other distortions of" international trade were "reducing the growth of foreign markets for the products of the United States" and "diminishing intended mutual benefits of reciprocal trade concessions."[28]

Congress accordingly framed the overall objective of an action under the Trade Act as "more open and equitable market access and the harmonization, reduction, or elimination of devices which distort trade or commerce."[29] The Senate Committee on Finance emphasized that the Section 301 authorities were meant to be enforced "vigorously to insure fair and equitable conditions for U.S. commerce" and to provide a way "to eliminate those barriers to, and other distortions of[,] trade."[30] The Committee described practices of concern to include "discriminatory rules of origin, government procurement, licensing systems, quotas, exchange controls, restrictive business practices, discriminatory bilateral agreements, variable levies, [and] border tax adjustment," among other measures.[31] Furthermore, the Committee repeatedly invoked market benchmarks—including by cataloging subsidies as implicit payments through loans at preferential rates, provision of goods and services "below market value," or government purchases "above market price."[32] Finally, both houses of Congress observed that "[s]ubsidies

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[26] *See generally* Trade Act of 1974, 88 Stat. 1978 (1975) (codified as amended at 19 U.S.C. ch. 12); *see also* ITC, THE ECONOMIC EFFECTS OF SIGNIFICANT U.S. IMPORT RESTRAINTS 73 (2009) (summarizing the authorities under the Trade Act), https://www.usitc.gov/publications/332/pub4094.pdf.

[27] 19 U.S.C. § 2102(2), (4).

[28] H.R. Rep. No. 93-1644, at 22 (1974) (Conf. Rep.); *see also* 19 U.S.C. § 2112(a) ("The Congress finds that barriers to (and other distortions of) international trade are reducing the growth of foreign markets for the products of United States agriculture, industry, mining, and commerce, diminishing the intended mutual benefits of reciprocal trade concessions . . . .").

[29] H.R. Rep. No. 93-1644, at 24 (1974) (Conf. Rep.); 19 U.S.C. § 2113.

[30] S. Rep. No. 93-1298, at 163–64 (1974).

[31] *See id.* at 164.

[32] *See id.*

may . . . distort trading patterns"—with congressional concern extending to subsidized foreign sales that displaced competitive U.S. products in third-country markets.[33]

Congress proceeded to modify the Section 301 statute in the Trade Agreements Act of 1979 and the Tariff and Trade Act of 1984 "to establish timetables for action; to set specific criteria for judgment; [and] to encourage the administration to initiate cases on its own."[34] However, some in Congress maintained that the statute was underutilized.[35] Furthermore, in the face of concerns about the impact of "concerted government policies to identify and promote particular industries for success in world markets," the Trade Subcommittee of the House Ways and Means Committee instructed the ITC to conduct a three-part study examining *Foreign Industrial Targeting and Its Effect on U.S. Industries* pursuant to section 332(b) of the Tariff Act of 1930.[36] The ITC's investigation documented a range of "industrial targeting" measures deployed by key U.S. trading partners to increase domestic manufacturing capacity and production in certain sectors beyond levels that could be achieved under normal market

[33] *Id.*; *see also* H.R. Rep. No. 93-1644, at 24 (1974) (Conf. Rep.) (noting that the legislation defined "distortion" of trade as "including any subsidy"). The Finance Committee likewise recognized that where "the supply and demand forces do not operate to produce prices . . . which can be relied upon for comparison purposes," market-economy benchmarks must be substituted. S. Rep. No. 93-1298, at 174 (1974).

[34] *See* I.M. DESTLER, AMERICAN TRADE POLITICS 124 (4th ed. 2005).

[35] *See* Judith Hippler Bello & Alan F. Holmer, *The Heart of the 1988 Trade Act: A Legislative History of the Amendments to Section 301*, 25 STANFORD JOURNAL OF INTERNATIONAL LAW 11 (1988) (quoting Senator George Mitchell's view that "[t]he history of section 301 is a history of administration after administration of both parties refusing to implement the law," and explaining that this view was shared by Clayton Yeutter who testified in his Senate confirmation hearing that the Section 301 remedy had "been underutilized even by industry itself in the formulation and submission of complaints").

[36] *See* Foreign Industrial Targeting and Its Effect on U.S. Industries, 48 Fed. Reg. 21,210–11 (May 11, 1983) (listing the following acts, policies, and practices as elements of foreign industrial targeting about which the House Ways and Means Trade Subcommittee was concerned: "(1) Government support shared by a group of companies; (2) Government-sponsored or government-conducted research and development projects to assist a select group of companies; (3) industry rationalization programs; (4) suspension of antitrust rules on industrial policy grounds; (5) manipulation of capital markets by government or government-backed entities to benefit certain sectors; (6) administrative guidance to divide markets or allocate products among competing domestic companies; (7) government control of technology transfer; (8) government restrictions on foreign investment in order to limit and control competition within certain sectors; (9) government procurement policies designed to assure demand for certain products; and (10) import protection policies"); *see also* 19 U.S.C. § 1332 (providing that the ITC shall conduct investigations in response to requests from the President, the House Committee on Ways and Means, and the Senate Finance Committees).

conditions.[37] The ITC's hearing on the topic also elicited testimony on potential reforms to the Section 301 statute to make it more effective in combating such practices.[38]

After three years of intensive debate and the introduction of hundreds of trade bills, in the Omnibus Trade and Competitiveness Act of 1988, Congress made robust changes to Section 301 to propel the Reagan Administration to take stronger enforcement action in response to unfair trade practices.[39] These changes reflected Congress' strong intent to widen the aperture for foreign acts, policies, and practices that harmed American economic interests, including industrial targeting, or "coordinated government actions that direct productive resources to give domestic producers in selected industries a competitive advantage" vis-à-vis U.S. producers and workers.[40]

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[37] ITC, FOREIGN INDUSTRIAL TARGETING AND ITS EFFECT ON U.S. INDUSTRIES, PHASE I: JAPAN (Oct. 1983) (surveying Japan's post-World War II industrial policy and concluding that the Japanese government had used a variety of tools to target particular industries for dominance to the detriment of U.S. commerce including "home-market protection, financial assistance, tax incentives, cooperative R&D programs, and antitrust exemptions"); ITC, FOREIGN INDUSTRIAL TARGETING AND ITS EFFECT ON U.S. INDUSTRIES, PHASE II: THE EUROPEAN COMMUNITY AND MEMBER STATES (Apr. 1984) (explaining how the European Community and its Member States at times had used a combination of state aid, subsidized loans, tax policy, research and development funds, and antitrust policy to support distressed firms in politically sensitive industries on market terms including aircraft and aerospace, apparel and textiles, automobiles and trucks, coal, computers, telecommunications, electrical equipment, machine tools, semiconductors, and steel mill products); ITC, FOREIGN INDUSTRIAL TARGETING AND ITS EFFECT ON U.S. INDUSTRIES, PHASE III: BRAZIL, CANADA, THE REPUBLIC OF KOREA, MEXICO AND TAIWAN (Jan. 1985) (exploring the evolution of Brazil, Canada, Korea, Mexico, and Taiwan's industrial planning policies as those governments replaced import substitution policies with export promotion policies to protect strategically significant domestic industries).

[38] ITC, FOREIGN INDUSTRIAL TARGETING AND ITS EFFECT ON U.S. INDUSTRIES, PHASE I: JAPAN (Oct. 1983), https://www.usitc.gov/publications/332/pub1437.pdf (discussing the unique role of Section 301 among other trade remedy statutes in combating industrial targeting, as well as proposed revisions to the Section 301 statute that would make it more effective in addressing injury to U.S. commerce resulting from such policies).

[39] *See* David E. Birenbaum, *The Omnibus Trade Act of 1988: Trade Law Dialectics*, 10 UNIVERSITY OF PENNSYLVANIA JOURNAL OF INTERNATIONAL BUSINESS LAW 653, 656 (1988) ("Indeed, it is no exaggeration to say that much of the impetus for the Omnibus Act arose out of Congress' belief that the Administration was ideologically insensitive to serious international trade problems of the 1980s . . . . Many of the provisions in the Act, therefore, are intended to push, prod, and propel the Administration into taking a more aggressive stance."); Mark R. Joelson, John C. Lindsey & Joe Griffin, *U.S. Omnibus Trade and Competitiveness Act of 1988*, 16 INTERNATIONAL BUSINESS LAWYER 408 (1988) (explaining that Congress mobilized to tighten Section 301 in 1988 following several high-profile cases of foreign trade barriers to U.S. exports including "those limiting participation by US firms in the design and construction of the Kansai Airport in Japan, those limiting imports of a number of US agricultural products in Japan, Korea, Taiwan and the European Community, and those limiting imports of US computers and telecommunications equipment and services in Japan, Brazil, and the European Community").

[40] ITC, FOREIGN INDUSTRIAL TARGETING AND ITS EFFECT ON U.S. INDUSTRIES, PHASE I: JAPAN 17 (Oct. 1983), https://www.usitc.gov/publications/332/pub1437.pdf; *see also* Omnibus Trade and Competitiveness Act of 1988, 102 Stat. 1107 (1988) (codified as amended in scattered sections of U.S.C.); H.R. Rep. No. 100-40, pt. 1, at 64–65 (1987) (clarifying that the inclusion of export targeting in Section 301 was not intended to prejudice relief under existing trade remedy laws, but rather to "provide a recourse for dealing with the *combination* of practices" that have significant adverse impacts on domestic industries and defining export targeting to consist typically of a combination of practices "such as, but not limited to, directing private capital as well as government financial resources to the particular industry on a preferential basis, establishing an industry cartel, providing preferential sourcing of government procurement, [and] closing or restricting the home market to foreign competition or investment in order to provide special protection during the establishment and development of the industry");

The 1988 Act made several amendments to Section 301 to clarify that a broad range of unfair or inequitable foreign policies and practices, not limited to violations of international rules, fell within the definition of "unreasonable" practices the administration was authorized to combat. More specifically, while the Tariff and Trade Act of 1984 defined "unreasonable practices" to include any "unfair and inequitable" measure, its illustrative list of unreasonable measures focused on market access opportunities and effective protection of intellectual property rights.[41] In contrast, the 1988 Act expanded the recognition that "unreasonable" measures include patterns of conduct that deny worker rights, government toleration of anticompetitive or restrictive business practices, and "any government plan or scheme consisting of a combination of coordinated actions . . . the effect of which is to assist the enterprise, industry or group, to become more competitive in the export of a class or kind of merchandise."[42] Furthermore, in the same Act, Congress instructed that "[t]he principal negotiating objective of the United States regarding current account surpluses is to develop rules to address large and persistent global current account imbalances of countries . . . by imposing greater responsibility on such countries to undertake policy changes aimed at restoring current account equilibrium."[43]

In sum, Congress designed Section 301 to target and address distortionary policies and practices that burden or restrict U.S. commerce, including government policies and practices that generate structural trade imbalances or otherwise undermine firms operating under market-oriented conditions. The law continues to serve as an important tool for combating opportunistic behavior by foreign trading partners that remains undisciplined by the global trading system and significantly undermines the value of the reciprocal market access opportunities the system was designed to provide.[44] The statute is particularly applicable to modern challenges, including

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Gregory T. Nojeim, *Foreign Industrial Targeting: Section 301 of the Trade Act of 1974 as a Remedy*, 25 VIRGINIA JOURNAL OF INTERNATIONAL LAW 483, 485–87 (1985) (discussing the ITC Phase I study and its articulation of the definition of industrial targeting).

[41] *See* Steven R. Phillips, *The New Section 301 of the Omnibus Trade and Competitiveness Act of 1988,* 22 VANDERBILT JOURNAL OF TRANSNATIONAL LAW 491, 504 (1989) (explaining the definition expanded in the 1984 Act).

[42] 19 U.S.C. § 2411(d)(3)(E); *see also* H.R. Rep. No. 100-40, pt. 1, at 64–65 (1987) (explaining that the export targeting provision "applies to situations where the foreign government has sought to develop a particular industry by creating a relatively risk free environment to provide a competitive advantage the industry would not otherwise have under normal market conditions"; underscoring that it was "not directed in any way against foreign industrial policies per se"; but emphasizing that it was designed to ensure that the law would "provide a recourse for dealing with the *combination* of practices" that might not otherwise be redressed through existing trade remedy laws)*;* Marjorie Minkler, *The Omnibus Trade Act of 1988, Section 301: A Permissible Enforcement Mechanism or a Violation of the United States' Obligations Under International Law?*, 11 JOURNAL OF LAW AND COMMERCE 283, 300–01 (1992) (describing the 1988 enumerations as specific descriptions of practices addressed under the statute's "unreasonable" standard).

[43] Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 1101(b)(5), 102 Stat. 1107, 1121 (codified at 19 U.S.C. § 2901(b)(5)).

[44] *See* Robert E. Hudec*, Thinking About the New Section 301: Beyond Good and Evil*, in AGGRESSIVE UNILATERALISM: AMERICA'S 301 TRADE POLICY AND THE WORLD TRADING SYSTEM 113, 116 (Jagdish Bhagwati & Hugh T. Patrick eds., 1990) (describing the role of U.S. trade restrictions in strengthening global trade

addressing foreign policies and practices that impair export opportunity, displace U.S. sales, and generate persistent imbalances stemming from foreign government policies and practices departing from market-oriented conditions. Leaders both within the United States and representing our most significant trade partners have increasingly recognized that such conditions are endemic to the contemporary international trading system.

E. International Recognition of the Problem Posed by Structural Excess Capacity and Production

There is increasing international recognition that structural excess capacity and production pose a fundamental challenge for the global economy and individual economies. Unfortunately, this is not a new issue, but is one that has been highlighted for years as a major problem for international trade and workers, with little prospect of collective resolution.

2016

In 2016, the G20 summit leaders—including President Barack Obama and Chinese Communist Party Chairman Xi Jinping—concluded discussions by issuing an unambiguous statement on the subject, explaining:

> We recognize that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand, have caused a negative impact on trade and workers. We recognize that excess capacity in steel and other industries is a global issue which requires collective responses. We also recognize that subsidies and other types of support from government or government-sponsored institutions can cause market distortions and contribute to global excess capacity and therefore require attention. We commit to enhance communication and cooperation, and take effective steps to address the challenges so as to enhance market function and encourage adjustment.[45]

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law); LAURA D'ANDREA TYSON, WHO'S BASHING WHOM? TRADE CONFLICT IN HIGH-TECHNOLOGY INDUSTRIES 258 (1992) ("[A]ggressive unilateralism is defensible as an interim response to foreign trading practices and structural barriers that harm American economic interests and that are not covered by binding multilateral regulations. The alternative is not a world of free trade; it is a world in which trade and structural barriers can inflict substantial damage on national economic interests, especially in imperfectly competitive technology-intensive industries. In such a world, the United States has three options: accept the damage, try to offset it by promotional or protectionist measures at home, or negotiate to remove its source. Aggressive unilateralism sensibly pursues the third option.").

[45] *See* Press Release, G20 Leaders' Communiqué: Hangzhou Summit ¶ 31 (Sept. 5, 2016), https://www.g20.utoronto.ca/2016/160905-communique.html.

This statement echoed one released several months earlier by the G20 Trade Ministers.[46] In the same ministerial meeting, G20 Trade Ministers committed to participate in an OECD Steel Committee meeting that led to the creation of the Global Forum on Steel Excess Capacity (GFSEC), a cooperative platform dedicated to addressing government support measures that had created obvious excess capacity and production in global steel production.[47]

2017

In 2017, G7 Leaders, including President Trump, again identified the problem of excess capacity and called for action:

> We push for the removal of all trade-distorting practices—including dumping, discriminatory non-tariff barriers, forced technology transfers, subsidies and other support by governments and related institutions that distort markets—so as to foster a truly level playing field. We commit to further strengthening our cooperation and to working with our partners in order to address global excess capacity in the steel, aluminum and other key industrial sectors and to avoid its emergence in other areas. In this sense, we view with concern market-distorting measures targeted at promoting key technologies.[48]

The G20 Leaders conveyed a similar message in Hamburg later that year, in a Leaders' Declaration, stating that:

> Recognising the sustained negative impacts on domestic production, trade and workers due to excess capacity in industrial sectors, we commit to further strengthening our cooperation to find collective solutions to tackle this global challenge. We urgently call for the removal of market-distorting subsidies and other types

[46] *See* Press Release, G20 Trade Ministers Meeting Statement ¶ 10 (July 9-10, 2016), https://g20.utoronto.ca/2016/160710-trade.pdf ("We recognize that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand, have caused a negative impact on trade and workers. We recognize that excess capacity in steel and other industries is a global issue which requires collective responses. We also recognize that subsidies and other types of support from governments or government-sponsored institutions can cause market distortions and contribute to global excess capacity and therefore require attention. We commit to enhance communication and cooperation, and take effective steps to address the challenges so as to enhance market function and encourage adjustment.").

[47] *Id.* ("The G20 steelmaking economies will participate in the global community's actions to address global excess capacity, including by participating in the OECD Steel Committee meeting scheduled for September 8-9, 2016 and discussing the feasibility of forming a Global Forum as a cooperative platform for dialogue and information sharing on global capacity developments and on policies and support measures taken by governments.").

[48] Press Release, G7 Taormina Leaders' Communiqué ¶ 20 (May 27, 2017), https://www.g7.utoronto.ca/summit/2017taormina/communique.html.

> of support by governments and related entities. Each of us commits to take the necessary actions to deliver the collective solutions that foster a truly level playing field.[49]

The same year, in 2017, the U.S., EU, and Japanese Trade Ministers issued a separate statement on the margins of the 11th Ministerial Conference of the World Trade Organization (WTO), expressing their shared view that "severe excess capacity in key sectors exacerbated by government-financed and supported capacity expansion, unfair competitive conditions caused by large market-distorting subsidies and state owned enterprises, forced technology transfer, and local content requirements and preferences are serious concerns for the proper functioning of international trade, the creation of innovative technologies and the sustainable growth of the global economy," as well as their shared commitment to cooperate to address severe excess capacity, which they reaffirmed repeatedly in various fora.[50]

2018

In 2018, the G7 Leaders called for new negotiations "to develop stronger international rules on market-distorting industrial subsidies and trade-distorting actions by state-owned enterprises" and "stressed the urgent need" to avoid excess capacity in steel, aluminum, and high technology sectors.[51] Similarly, in 2018, the G20 Leaders reaffirmed their shared commitment to combating excess capacity in the steel sector and called for "concrete policy solutions" to resolve the problem.[52] And in 2018, the Trade Ministers of the United States, EU, and Japan expressed their shared objective to address "non-market-oriented policies and practices of third

[49] European Commission Statement/17/1960, G20 Leaders' Declaration: Shaping and Interconnected World (July 7, 2017), https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_17_1960.

[50] Press Release, USTR, Joint Statement by the United States, European Union, and Japan at MC11 (Dec. 12, 2017), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/december/joint-statement-united-states; *see e.g.*, Press Release, USTR, Joint Statement of the Trilateral Meeting of the Trade Ministers of the United States, European Union, and Japan (May 23, 2019), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/may/joint-statement-trilateral-meeting (advancing discussions on the "shared objective to address non market-oriented policies and practices of third countries that lead to severe overcapacity, create unfair competitive conditions for their workers and businesses, hinder the development and use of innovative technologies, and undermine the proper functioning of international trade").

[51] Press Release, Government of Canada, The Charlevoix G7 Summit Communique ¶ 5 (June 9, 2018), https://www.international.gc.ca/world-monde/international_relations-relations_internationales/g7/documents/2018-06-09-summit-communique-sommet.aspx?lang=eng (additionally stating that "[w]e also call on all members of the Global Forum on Steel Excess Capacity to fully and promptly implement its recommendations" and "[w]e call on the International Working Group on Export Credits to develop a new set of guidelines for government-supported export credits, as soon as possible in 2019").

[52] Press Release, G20 2018 Buenos Aires Summit, G20 Leaders' Declaration: Building Consensus for Fair and Sustainable Development ¶ 28 (Dec. 1, 2018), https://www.g20.utoronto.ca/2018/2018-leaders-declaration.html ("Recalling our commitments from Hangzhou and Hamburg, we welcome the concrete policy solutions developed by the Global Forum on Steel Excess Capacity (GFSEC), facilitated by the OECD. We call on all members to implement the Berlin and Paris GFSEC Ministerial recommendations and commitments.").

countries that lead to severe overcapacity, [and] create unfair competitive conditions for their workers and businesses."[53]

2019

In 2019, the G20 Leaders noted that global current account imbalances remained "large and persistent," while noting the need for "carefully calibrated macroeconomic and structural policies tailored to country-specific circumstances" to address excessive imbalances.[54] They also encouraged their ministers to further the work of the GFSEC. Furthermore, in 2019, the U.S., EU, and Japanese Trade Ministers intensified their coordination to combat global imbalances by documenting distortive foreign government interventions during two trilateral meetings in Washington and Paris.[55]

2020

In 2020, while the G7 Leaders did not meet due to the COVID-19 pandemic, the G20 Leaders reiterated that "structural problems in some sectors, such as excess capacities, can cause a negative impact."[56]

2021

In 2021, the G7 Leaders continued to recognize the harmful effects of excess capacity on the global trading system, affirming their intention to work together to advance:

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[53] European Commission Statement/18/5915, Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan, and the European Union (Sept. 5, 2018), https://ec.europa.eu/commission/presscorner/api/files/document/print/en/statement_18_5915/STATEMENT_18_5915_EN.pdf (reiterating "their concern with and confirmed their shared objective to address non market-oriented policies and practices of third countries that lead to severe overcapacity, create unfair competitive conditions for their workers and businesses, hinder the development and use of innovative technologies, and undermine the proper functioning of international trade, including where existing rules are not effective."); Press Release, USTR, Joint Statement of the Trilateral Meeting of the Trade Ministers of the United States, European Union, and Japan (May 23, 2019), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/may/joint-statement-trilateral-meeting.

[54] Press Release, G20 2019 Japan, G20 Osaka Leaders' Declaration ¶ 6 (June 29, 2019), https://www.mofa.go.jp/policy/economy/g20_summit/osaka19/en/documents/final_g20_osaka_leaders_declaration.html.

[55] Press Release, USTR, Joint Statement of the Trilateral Meeting of the Trade Ministers of the European Union, Japan, and the United States (Jan. 9, 2019), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/january/joint-statement-trilateral-meeting; Press Release, USTR, Joint Statement of the Trilateral Meeting of the Trade Ministers of the United States, European Union, and Japan (May 23, 2019), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/may/joint-statement-trilateral-meeting.

[56] Press Release, G20 Saudi Arabia 2020 Riyadh Summit, Leaders' Declaration ¶ 12 (Nov. 21, 2020), https://www.g20.utoronto.ca/2020/2020-g20-leaders-declaration-1121.html.

> [M]odernisation of the global trade rulebook so that it both better reflects, with new rules, the transformations underway in the global economy . . . and strengthens rules to protect against unfair practices, such as forced technology transfer, intellectual property theft, lowering of labour and environmental standards to gain competitive advantage, market-distorting actions of state owned enterprises, and harmful industrial subsidies, including those that lead to excess capacity.[57]

Earlier that year, the G7 Trade Ministers, in their inaugural ministerial statement, provided additional detail on the issues motivating international concern:

> We recognise that concerns about market-distorting practices centre around their harmful impacts on citizens and businesses. These practices create unfair competitive conditions, hindering the development and use of innovative technologies and undermining the proper functioning of international trade. Of particular concern are harmful industrial subsidies, including those that lead to severe excess capacity, a lack of transparency regarding the state's role in the economy and the role of state enterprises in unfair subsidisation, and forced technology transfer.[58]

The same year, the United States intensified bilateral engagement with the EU on excess capacity and production by releasing a joint statement addressing global steel and aluminum excess capacity and "acknowledg[ing] the impact on their industries stemming from global excess capacity driven largely by third parties."[59] The joint statement also emphasized that the "distortions that result from this excess capacity pose a serious threat to the market-oriented EU and U.S. steel and aluminum industries." The United States released a similar joint statement with Japan expressing concerns with global excess capacity in the steel and aluminum sectors and committing to increase cooperation on trade remedies and customs matters to combat excess capacity more generally.[60]

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[57] Press Release, G7 Cornwall UK 2021, Carbis Bay G7 Summit Communiqué ¶ 30 (June 11, 2021), https://www.mofa.go.jp/files/100200009.pdf.

[58] Press Release, G7 Trade Ministers Communiqué ¶ 2 (May 28, 2021), https://www.gov.uk/government/news/g7-trade-ministers-communique.

[59] Press Release, European Commission, Directorate General for Trade and Economic Security, Joint European Union-United States Statement on Addressing Global Steel and Aluminum Excess Capacity (May 17, 2021), https://policy.trade.ec.europa.eu/news/joint-eu-us-statement-addressing-global-steel-and-aluminum-excess-capacity-2021-05-17_en.

[60] Press Release, U.S. Department of Commerce, U.S.-Japan Joint Statement (Feb. 7, 2022), https://www.commerce.gov/sites/default/files/2022-02/US-Japan-Joint-Statement.pdf (agreeing to address excess capacity as a general matter by expanding "U.S./Japan coordination involving both trade remedies and customs matters" and agreeing to "share public information and best practices, as appropriate, on topics including how detection of fraud/evasion and circumvention of duties is approached"; to "share import data with respect to steel

2022

In 2022, the G7 Leaders again emphasized the urgent need for action to combat excess capacity, committing:

> We will further step up our efforts working towards a level playing field through more effective use of existing tools, as well as developing stronger international rules and norms on non-market policies and practices, for example harmful industrial subsidies and trade-distorting actions by state-owned enterprises, notably those that lead to excess capacity.[61]

The G7 Trade Ministers similarly pledged to "sustain and further step our efforts working toward a level playing field through more effective use of existing tools, as well as developing appropriate new tools and stronger international rules and norms on nonmarket policies and practices," noting that "[o]ur shared concerns include unfair practices, such as all forms of forced technology transfer, intellectual property theft, lowering of labour and environmental standards to gain competitive advantage, market-distorting actions of state-owned enterprises, and harmful industrial subsidies, including those that lead to excess capacity."[62] Finally, in a Joint Statement on Addressing Global Steel and Aluminum Excess Capacity, the United States and the United Kingdom (UK) acknowledged their shared desire "to address non-market excess capacity so as to preserve their critical steel and aluminum industries" by increasing their cooperation on trade-remedy circumvention and establishing mechanisms to share information regarding import surges more quickly.[63]

2023

In 2023, G7 Leaders expressed "renewed concerns about comprehensive strategies to use a range of non-market policies and practices such as pervasive, opaque, and harmful industrial subsidies, market distortive practices of state owned enterprises, and all forms of forced technology transfers" to create dependencies and vulnerabilities in the global trading system.[64]

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and aluminum, including from third-country markets"; and to consult "regarding surges to ensure that each country is taking steps to address non-market excess capacity").

[61] Press Release, G7 Germany 2022, G7 Leaders' Communiqué (June 28, 2022), https://g7.utoronto.ca/summit/2022elmau/220628-communique.html.

[62] Press Release, G7 Germany 2022, G7 Trade Ministers' Statement (Sept. 15, 2022), https://g7g20-documents.org/database/document/2022-g7-germany-ministerial-meetings-trade-and-investment-ministers-ministers-language-g7-trade-ministers-statement

[63] Press Release, U.S. Department of Commerce, Steel and Aluminum U.S.-UK Joint Statement (Mar. 22, 2022), https://www.commerce.gov/sites/default/files/2022-03/UK232-Joint-Statement.pdf.

[64] Press Release, G7 2023 Hiroshima Summit, G7 Leaders' Statement on Economic Resilience and Economic Security (May 20, 2023), https://g7g20-documents.org/database/document/2023-g7-japan-leaders-leaders-language-g7-leaders-statement-on-economic-resilience-and-economic-security.

The same year, Chinese President Xi Jinping acknowledged the problem of "overcapacity in some industries" and its impact on China's economic recovery from the COVID-19 pandemic during China's December Central Economic Work Conference.[65] Furthermore, in 2023, the Trade Ministers of Australia, Canada, Japan, New Zealand, the UK, and the United States issued a *Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices*, which expressed "serious concern" that "industrial policies and practices that promote excess capacity" are "distorting trade, investment, and competition," to the detriment of citizens, workers, and businesses.[66]

2024

G7 Leaders in 2024 emphasized that they were "more committed than ever to work together to address harmful market distortions and global excess capacity in key sectors resulting from non-market policies and practices."[67] G7 Trade Ministers subsequently reiterated the Leaders' "commitments to address" market distortions and global non-market excess capacity.[68] The Trade Ministers emphasized that:

> We will continue to tackle non-market policies and practices, as well as harmful non-market excess capacity and other market distortions resulting from them. To that end, we remain committed to effectively using our trade tools, and, as appropriate, develop new tools, to identify, challenge, and counter these practices, and to promote stronger international rules and norms, together with partners.
> …
> We acknowledge that non-market policies and practices not only undermine the free and fair rules-based international economic order, but may also exacerbate strategic dependencies and

[65] Xinhua, *Xi Delivers Important Speech at Central Economic Work Conference*, STATE COUNCIL OF PEOPLE'S REPUBLIC OF CHINA (Dec. 14, 2023), https://english.www.gov.cn/news/202312/14/content_WS657aacdec6d0868f4e8e22a5.html (specifically pointing out that "some difficulties and challenges must be tackled to achieve further economic recovery," including "a lack of effective demand, overcapacity in some industries, weak social expectations and many hidden risks").

[66] Press Release, USTR, Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices ¶¶ 1–2 (June 9, 2023), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/june/joint-declaration-against-trade-related-economic-coercion-and-non-market-policies-and-practices ("Non-market policies and practices of concern include: industrial policies and practices that promote excess capacity; pervasive subsidization; discriminatory and anti-competitive activities of state owned or controlled enterprises; the arbitrary or unjustifiable application of regulations; forced technology transfer; state-sponsored theft of trade secrets; government interference with or direction of commercial decision-making; and insufficient regulatory and market transparency.").

[67] Press Release, G7 Italia 2024, Apulia G7 Leaders' Communiqué (June 14, 2024), https://g7.utoronto.ca/summit//2024apulia/240614-apulia-communique.html.

[68] Press Release, G7 Italia 2024, G7 Trade Ministerial Meeting – Ministerial Statement (July 17, 2024), https://www.esteri.it/en/sala_stampa/archivionotizie/comunicati/2024/07/riunione-dei-ministri-del-commercio-del-g7-reggio-calabria-e-villa-san-giovanni-16-17-luglio-2024-dichiarazione-dei-ministri/.

> vulnerabilities, and hinder emerging and developing countries' sustainable development. Therefore, we reiterate the importance of implementing the Leaders' commitment to address, via strengthened cooperation, harmful market distortions and non-market excess capacity in key sectors resulting from non-market policies and practices.[69]

Excess capacity and production have been long-standing agenda items at the WTO's Subsidies and Countervailing Measures (SCM) Committee Meeting. For example, in 2024, Australia "shared concerns about the rise of unfair competition and non-market trade practices" distorting trade and driving overcapacity in various sectors including critical minerals, solar cells, and batteries, thereby undermining the growth of such industries "in both developed and developing countries alike."[70]

2025

In 2025, during Canada's G7 presidency, the G7 Leaders Chair's Summary noted that "[l]eaders undertook to safeguard their economies from unfair non-market policies and practices that distort markets and drive overcapacity in ways that are harmful to workers and businesses."[71]

Furthermore, during an SCM Committee Meeting in 2025, the EU highlighted the "consequences of overcapacity for both developing and developed Members," and noted its concern with overcapacity that was "structural, persistent and sustained by state support, disconnected from market logic."[72] The EU also highlighted that overcapacity is rapidly becoming an issue in sectors such as steel, aluminum, solar and wind energy, heat pumps, and batteries.[73]

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[69] *Id.*

[70] Minutes, *Committee on Subsidies and Countervailing Measures – Minutes of the Regular Meeting Held on 29 October 2024*, WTO Doc. G/SCM/M/129 ¶ 211, https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=311714,311352&CurrentCatalogueIdIndex=1&FullTextHash=&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=True. Canada similarly raised concerns that "overcapacity could impact global supply, prices, and profitability." *Id.* ¶ 222. Chinese Taipei expressed concern that certain government actions "had caused distortive trade effects by flooding international markets with immense quantities of low-priced products, disrupting fair competition and exerting great downward pressure on relevant industries of other Members." *Id.* ¶ 241.

[71] Prime Minister of Canada, Chair's Summary (June 17, 2025), https://www.pm.gc.ca/en/news/statements/2025/06/17/g7-chairs-summary.

[72] Minutes, *Committee on Subsidies and Countervailing Measures – Minutes of the Regular Meeting Held on 28 October 2025*, WTO Doc. G/SCM/M/133 ¶¶ 215–16, https://docs.wto.org/dol2fe/Pages/SS/directdoc2.aspx?filename=q%3a%2fG%2fSCM%2fM133.pdf&Open=True.

[73] *Id.* Canada highlighted its concern with "significant overinvestment supported by trade-distortive measures, which generated structural overcapacity and distorted global trade as firms sought to export excess supply." *Id.* ¶ 223. Japan also noted that "overcapacity was a problem faced by all Members." *Id.* ¶ 227. Chinese Taipei

2026

Most recently, in 2026, the G7 Leaders—including President Trump—issued a statement reaffirming their "shared concerns regarding non-market policies and practices (NMPPs) and their adverse impacts, including persistent market distortions, global structural excess capacity and resulting imbalances, harmful spillovers in global, regional and domestic markets and growing economic dependencies."[74] G7 Trade Ministers issued a nearly identical statement.[75] Excess capacity and production and economic imbalances also have featured prominently in the G20 host year of the United States in 2026. In October 2026, 14 economies joined the United States in signing a Joint Ministerial Statement to establish dedicated sectoral platforms to address structural excess capacity and production in key sectors of concern, including autos and electric vehicles, batteries, chemicals, foundational semiconductors, and solar panels.[76]

Also in 2026, South Korea circulated a communication to all WTO members emphasizing the need and manner in which to target global excess capacity.[77] The UK, EU, and the United States responded to this communication, affirming Korea's consideration of the problem. The EU noted in its response that overcapacity "continues to distort global trade," by "undermin[ing] the industrial development of both developed and developing WTO Members" and attributed the issue to "[s]tate interventions that artificially sustain or expand production beyond market demand."[78]

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expressed concern "about investment and production driven by . . . government support measures – such as grants, state ownership, tax concessions and below-market financing – which had created global capacity far exceeding demand and flooded international markets[.]" *Id.* ¶ 240.

[74] Press Release, G7 France Évian 2026, Leaders' Statement For a More Balanced, Durable and Resilient Growth (June 17, 2026), https://www.consilium.europa.eu/media/jzkbmror/leaders-statement-for-a-more-balanced-durable-resilient-growth.pdf.

[75] *See* Press Release, G7 France, G7 Trade Ministers' Communique (May 7, 2026), https://www.elysee.fr/en/G7evian/2026/05/07/g7-trade-ministers-communique.

[76] *See* Press Release, USTR, Fourteen Economies Join the United States in Signing a Joint Ministerial Statement to Address Global Excess Capacity and Production in Key Manufacturing Sectors (Oct. 7, 2026), https://ustr.gov/about/policy-offices/press-office/press-releases/2026/october/fourteen-economies-join-united-states-signing-joint-ministerial-statement-address-global-excess; *see also* Press Release, USTR, Joint Ministerial Statement on Addressing Structural Excess Capacity and Production (Oct. 7, 2026), https://ustr.gov/sites/default/files/files/Press/Releases/2026/Joint%20Ministerial%20Statement%20Addressing%20Structural%20Excess%20Capacity%20and%20Production%20(10.2026).pdf (identifying key sectors of concern).

[77] WTO General Council, Preserving the Spirit of Open and Predictable Trade: Collective Restraint Against Actions Undermining Trade Liberalization, Communication From the Republic of Korea, WTO Doc. WT/GC/285 (May 1, 2026), https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/GC/285.pdf&Open=True.

[78] Press Release, Permanent Mission of the EU to the WTO, EU Statement at the General Council Meeting, 6-7 May 2026 (May 8, 2026), https://www.eeas.europa.eu/delegations/world-trade-organization-wto/eu-statement-general-council-meeting-6-7-may-2026_en?s=69; *see also* Press Release, UK, WTO General Council May 2026: UK Statement (May 13, 2026), https://www.gov.uk/government/news/wto-general-council-may-2026-uk-statement ("These problems, including those connected with subsidies and overcapacity, have been debated in many different

While trading partners may differ on the appropriate remedy, the major economies of the world agree that a significant problem exists. For the United States, which is harmed particularly by the global economic imbalances that the United States has tried to correct for nearly a decade, unfair acts, policies, and practices that contribute to persistent structural excess capacity and production demand careful attention, proper investigation, and appropriate corrective action. That is the purpose of this Report.

F. Analytical Approach

1. Defining Structural Excess Capacity and Production

In the context of the plurilateral and multilateral engagements described above, governments have acknowledged the phenomenon of industrial excess capacity and production, which they at times refer to as "overcapacity," without reaching consensus on the precise meaning of the terms. During this timeframe, economic analysts, commentators, and international institutions observing the same phenomenon have introduced several working definitions, which differ in emphasis, but uniformly focus on the role of sustained government intervention in encouraging firms to produce more over time notwithstanding normal market demand signals or profit motives.[79] A review of relevant economic literature illustrates the depth and breadth of thought that experts have devoted to the study of this phenomenon.

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parts of the WTO. . . . Yet all of our discussions, all of our conversations have not yielded any results. They have not resulted in any change. It has left Members with no other option but to act.").

[79] *See, e.g.,* CAMILLE BOULLENOIS, AGATHA KRATZ & DANIEL H. ROSEN, RHODIUM GROUP, OVERCAPACITY AT THE GATE 1 (Mar. 26, 2024), https://rhg.com/research/overcapacity-at-the-gate/ ("The simplest and most widely accepted definition of overcapacity is when factories' production capacity is under-utilized. While temporary overcapacity can be harmless and a normal part of market cycles, it becomes a problem when it is sustained through government intervention. Structural overcapacity happens when companies maintain or grow their unused capacity without worrying about making a profit (or a loss), often due to a lack of economic pressure to operate efficiently, like a hard budget constraint."); *see also* STEFAN MAYR ET AL., INDUSTRIAL OVERCAPACITIES, WITH A FOCUS ON CHINA 4 (2026), https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783610/EXPO_STU(2026)783610_EN.pdf ("Industrial overcapacity arises when, over an extended period of 5 to 7 years, productive capacity expands faster than economically viable demand in industrial sectors, generating sustained overproduction pressure, while market adjustment occurs primarily through inventory accumulation, price declines and trade spill-overs rather than output contraction and capacity exit, allowing capacity and production to persist under depressed prices and margins. The prolonged duration of such conditions increases the likelihood that they are sustained by policy-induced incentives and institutional arrangements that encourage capacity expansion while weakening mechanisms for capacity reduction and exit."); *see also* INTERNATIONAL MONETARY FUND (IMF), WORLD ECONOMIC OUTLOOK: SUBDUED DEMAND – SYMPTOMS AND REMEDIES 122 n.3 (Oct. 2016), https://www.imf.org/-/media/websites/imf/imported-flagship-issues/external/pubs/ft/weo/2016/02/pdf/_textpdf.pdf ("Industrial slack in light and heavy industries (including commodities)—generated either by weak demand or an excess of supply stemming from previous overinvestment—results in lower producer prices and, in the case of traded goods, lower export prices.").

2. Relevant Economic Discourse

Economists have researched the concept of excess capacity for nearly a century. Early research focused on what the discipline would later call capacity utilization—"the difference between the output that the productive agent in question is capable of producing and the output it is actually called on to produce"—*i.e.*, demand.[80] This traditional formulation described gaps between productive potential and actual output that arise as a normal feature of market economies, particularly during demand fluctuations.

Beginning in the late 1970s, economists like A. Michael Spence began to document how industries "will carry excess capacity to deter entry," because installed capacity is an irreversible commitment that makes the threat of expanded output credible.[81] Although subsequent research has demonstrated that spare capacity can be the normal result of routine optimizing behavior by firms in market economies,[82] Spence's findings identify a core element of excess capacity: it deters new entrants or investment in sectors in which it exists.

In the 1980s, as discourse related to unfair import competition (in particular from Europe and Japan) increased, James A. Brander and Barbara J. Spencer extended the analysis to government conduct, by demonstrating that export subsidies can shift profits toward the subsidizing country's firms in imperfectly competitive industries—and that in the resulting equilibrium many producing nations could subsidize at once, which would be suboptimal.[83]

In 2010, Bruce Blonigen and Wesley Wilson coined the term "structural excess capacity" to distinguish capacity attributable to government subsidization from the cyclical excess capacity

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[80] J.M. Cassels, *Excess Capacity and Monopolistic Competition*, 51 QUARTERLY JOURNAL OF ECONOMICS 426, 427, 430, 434–39 (1937) (examining several bases for defining the concept, including where prices "would tend to be established in the long run under assumed conditions of perfect competition" and noting earlier literature examining how excess capacity becomes a persistent feature of equilibrium where price competition fails to function).

[81] A. Michael Spence, *Entry, Capacity, Investment and Oligopolistic Pricing*, 8 BELL JOURNAL OF ECONOMICS 534, 534, 544 (1977) (noting that entry would not necessarily improve resource allocation because the very overinvestment in capital that deters entry may have resulted in production and distribution inefficiencies).

[82] *See, e.g.,* Avinash Dixit, *The Role of Investment in Entry-Deterrence*, 90 ECONOMIC JOURNAL 95, 95–96, 105–06 (1980) (modeling post-entry competition as a Nash equilibrium, Dixit showed that irrevocable investment shifts the incumbent's post-entry cost position, but that the incumbent generally uses the capacity it builds, concluding that deliberately idle capacity arises only under special assumptions); Catherine J. Morrison, *On the Economic Interpretation and Measurement of Optimal Capacity Utilization with Anticipatory Expectations*, 52 REVIEW OF ECONOMIC STUDIES 295, 295 (1985) (defining capacity output at the minimum of short-run average total cost and showing that, once adjustment costs and expectations are incorporated, movements in utilization "are not random but can be viewed as systematic results of a rational economic optimization process").

[83] James A. Brander & Barbara J. Spencer, *Export Subsidies and International Market Share Rivalry*, 18 JOURNAL OF INTERNATIONAL ECONOMICS 83, 83 (1985) (noting that export subsidies "change the initial conditions of the game that firms play," and "[i]nternational noncooperative equilibrium involves such subsidies by producing nations, even though they are jointly suboptimal").

that arises in the ordinary operation of markets.[84] Structural excess capacity, as they used the term, referred to the portion of capacity or production attributable to government subsidization rather than to the business cycle. That basic distinction, between excess capacity driven by government intervention and excess capacity arising from ordinary market forces, has remained central to analysis of the subject.[85]

This analytical distinction can be further illustrated in this way: cyclical excess capacity is a normal feature of market economies that self-corrects through investment, pricing, and exit decisions by firms responding to demand signals. Structural excess capacity, by contrast, persists because government policies and interventions insulate the affected sectors from the market forces that would otherwise trigger correction.

Since then, a substantial body of subsequent microeconomic research, often examining Chinese manufacturing, has documented how such overcapacity arises and why it persists. Economists have found that "selective industrial policy" is an "underlying cause of overcapacity in China" as it has expanded capacity beyond the levels that markets would support, leading to low capacity utilization rates.[86] Furthermore, additional research has documented how continued

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[84] Bruce A. Blonigen & Wesley W. Wilson, *Foreign Subsidization and Excess Capacity*, 80 JOURNAL OF INTERNATIONAL ECONOMICS 200, 201 (2010) (describing "the structural excess capacity effect" as arising when government subsidization of capacity costs "leads foreign firms to invest in more capacity than without subsidization," raising exports independent of the demand cycle).

[85] *See, e.g.*, ANTHONY DE CARVALHO, RODRIGO PAZOS & WILLEM THORBECKE, GFSEC: IMPACTS OF GLOBAL EXCESS CAPACITY ON THE HEALTH OF GFSEC STEEL INDUSTRIES 4–5 (Mar. 2024) (attributing "non-market excess capacity" to "market-distorting subsidies, other government interventions, and weak market-based conditions," and describing subsidized expansion followed by support that keeps "inefficient capacity in the marketplace that would otherwise shut down"); STEFAN MAYR ET AL., INDUSTRIAL OVERCAPACITIES, WITH A FOCUS ON CHINA 6–7 (2026), https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783610/EXPO_STU(2026)783610_EN.pdf (defining industrial overcapacities as persisting "beyond the duration of typical cyclical overcapacity phases" and "sustained by policy-induced incentives and institutional arrangements," in contrast to overcapacity that "can arise from market-driven investment cycles"); LENKA WILDNEROVA & MAIKA SAKAMOTO, GFSEC: GLOBAL EXCESS CAPACITY AND EMPLOYMENT IN STEEL AND DOWNSTREAM ACTIVITIES 4 (Mar. 5, 2025) (defining structural excess capacity, "in contrast with cyclical excess capacity," as capacity that "results from non-market policies and practices and does not adjust when facing adverse market demand"); Xiaoyong Dai & Zhiqi Zhao, *Can Exporting Resolve Overcapacity? Evidence from Chinese Steel Companies*, 102 ECONOMIC MODELLING art. 105578, at 2 (2021) (discussing "cyclical and structural excess capacity effects"); Pengfei Ge et al., *Selective Industrial Policy and Overcapacity: Evidence from a Quasi-Natural Experiment in China*, 48 ECONOMIC SYSTEMS art. 101191, at 5 (2024) (contrasting overcapacity "typical of a market-oriented economy," including that arising from "cyclical fluctuations in the macroeconomy," with overcapacity in China attributed to selective industrial policy); Hui Hu et al., *The Impact of Policy Intensity on Overcapacity in Low-Carbon Energy Industry: Evidence from Photovoltaic Firms*, 8 FRONTIERS IN ENERGY RESEARCH art. 577515 (2020) (distinguishing overcapacity arising from "the cyclical factors of economy" from that caused by "the improper intervention of local governments," and identifying "institutional overcapacity" as the predominant form in China).

[86] Pengfei Ge et al., *Selective Industrial Policy and Overcapacity: Evidence from a Quasi-Natural Experiment in China*, 48 ECONOMIC SYSTEMS art. 101191, at 1 (2024) (difference-in-differences estimates treating the 2009 Revitalization Plans of Ten Industries as a quasi-natural experiment, finding "a significant and persistently negative effect on the capacity utilization rate of the treated group" operating through increased subsidies, depressed

government or financial-sector support in certain Chinese sectors has prevented the exit of "zombie firms," which competition would otherwise drive from the market.[87] Similar analysis for the GFSEC attributes "non-market excess capacity" to weak market-based conditions, subsidies and other government interventions,[88] and has found that much of current excess capacity is "structural in nature."[89]

Long before the 2010s, economists used macroeconomic frameworks to examine how government policies and practices can create economy-wide distortions that change trade flows in a manner that impacts other economies. The 20th century economist Joan Robinson showed that a country can raise employment at home by improving its trade balance in ways that come at its trading partners' expense—a phenomenon she termed "beggar-my-neighbor" policy.[90] Robinson catalogued instruments through which such gains could be pursued—exchange rate depreciation, wage reductions, export subsidies, and import restriction.[91] These are some of the

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investment efficiency, and capital misallocation, and concluding that "a selective industrial policy that prevents the market elimination mechanism from functioning is an underlying cause of overcapacity in China"); Xiaoyong Dai & Zhiqi Zhao, *Can Exporting Resolve Overcapacity? Evidence from Chinese Steel Companies*, 102 ECONOMIC MODELLING art. 105578, at 1 (2021) (firms with more excess capacity self-select into exporting, and "exporting has no significant impact on a firm's [capacity utilization] ex-post").

[87] *See, e.g.*, Guangjun Shen & Binkai Chen, *Zombie Firms and Over-Capacity in Chinese Manufacturing*, 44 CHINA ECONOMIC REVIEW 327, 327–28 (2017) (firms sustained "with external support from governments or financial sector" pay fewer taxes, receive more subsidies, enjoy superior access to finance, and "cause and worsen over-capacity by crowding out healthy firms"); Qilin Mao & Jiayun Xu, *Zombie Firms, Misallocation and Manufacturing Capacity Utilization Rate: Evidence from China*, 32 ECONOMICS OF TRANSITION & INSTITUTIONAL CHANGE 641, 641–42 (2024) (utilization-suppressing effects propagate through supply chains); Ricardo J. Caballero, Takeo Hoshi & Anil K Kashyap, *Zombie Lending and Depressed Restructuring in Japan*, 98 AMERICAN ECONOMIC REVIEW 1943 (2008) (documenting that large Japanese banks used sham loan restructurings to keep credit flowing to otherwise insolvent "zombie" firms, and that the resulting congestion depressed job creation, investment, and productivity among the healthy firms competing against them). This research also documents costs to the intervening economy's own downstream industries. *See* Bruce A. Blonigen, *Industrial Policy and Downstream Export Performance*, 126 ECONOMIC JOURNAL 1635, 1635, 1657 (2016) (a one-standard-deviation increase in steel industrial-policy presence reduces downstream export competitiveness by 1.2% on average and 6% for steel-intensive sectors).

[88] ANTHONY DE CARVALHO, RODRIGO PAZOS & WILLEM THORBECKE, GFSEC: IMPACTS OF GLOBAL EXCESS CAPACITY ON THE HEALTH OF GFSEC STEEL INDUSTRIES 4–5 (Mar. 2024) (attributing "non-market excess capacity" to "market-distorting subsidies, other government interventions, and weak market-based conditions," and describing subsidized expansion followed by support that keeps "inefficient capacity in the marketplace that would otherwise shut down").

[89] LENKA WILDNEROVA & MAIKA SAKAMOTO, GFSEC: GLOBAL EXCESS CAPACITY AND EMPLOYMENT IN STEEL AND DOWNSTREAM ACTIVITIES 4 (Mar. 5, 2025) (noting that previous GFSEC analysis had found that "much of the current excess capacity is structural in nature, driven by market-distorting government interventions, and tends to be eventually exported when domestic demand conditions begin to weaken").

[90] Joan Robinson, *Beggar-My-Neighbour Remedies for Unemployment*, in ESSAYS IN THE THEORY OF EMPLOYMENT 156, 156 (2d ed. 1947).

[91] *Id.* at 156, 156–57, 169. The four expedients—exchange depreciation, wage cuts, export subsidies, and import restriction—are the "four suits in the pack," *id.* at 157, and all "are calculated to promote retaliation; indeed this is the very nature of the beggar-my-neighbour game," *id.* at 169. Robinson's seminal analysis passed into the discipline's reference literature and is well-known to economists. *See, e.g.*, Nülüfer Çağatay, *Beggar-Thy-*

same policies that more recent microeconomic research indicates contribute to excess capacity and production at the sectoral level.[92] Importantly, while wage and exchange-rate measures bear on capacity principally through the macroeconomic mechanisms, the microeconomic literature extensively addresses the impact of export-subsidy and import-protection policies at the firm and sectoral level.

Numerous modern macroeconomic studies examine current account imbalances and their relationship to distortions arising from government policy interventions.[93] Olivier Blanchard and Gian Maria Milesi-Ferretti have observed that "[i]n many cases, current account balances reflect underlying domestic distortions."[94] Some of these distortions may have the effect of shifting economic composition towards tradeable goods production at the expense of domestic consumption—reinforcing other government policies directly associated with structural excess capacity and production. Therefore, a persistent and large trade or current account surplus may result from government policies and burden other trading partners.[95]

Neighbour, in THE NEW PALGRAVE: A DICTIONARY OF ECONOMICS 217 (John Eatwell, Murray Milgate & Peter Newman eds., 1987) (quoting Robinson's later observation in her 1965 monograph, *The New Mercantilism,* that the postwar system did not "frame rules that would permit the right exceptions while ruling out the wrong ones").

[92] *See* Bruce A. Blonigen & Wesley W. Wilson, *Foreign Subsidization and Excess Capacity*, 80 JOURNAL OF INTERNATIONAL ECONOMICS 200, 200–01, 210 (2010) (modeling a firm that "supplies its own protected home market" while exporting surplus production, finding that government subsidization "leads foreign firms to invest in more capacity than without subsidization," and measuring subsidization from countervailing duty case records encompassing, among other programs, export subsidies); Bruce A. Blonigen, *Industrial Policy and Downstream Export Performance*, 126 ECONOMIC JOURNAL 1635, 1635–36, 1657 (2016) (analyzing sectoral industrial policy instruments in steel, including export subsidies, tariffs, and non-tariff barriers such as quantitative import restrictions, and finding export subsidies and government ownership the most harmful to downstream export competitiveness); *see also* James A. Brander & Barbara J. Spencer, *Export Subsidies and International Market Share Rivalry*, 18 JOURNAL OF INTERNATIONAL ECONOMICS 83, 83 (1985) (analyzing export subsidies as instruments by which governments expand national firms' output and world market share in imperfectly competitive industries). Policymakers also have discussed "non-market policies and practices" related to these concepts. *See, e.g.*, Press Release, USTR, Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices ¶¶ 1–2 (June 9, 2023), https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/june/joint-declaration-against-trade-related-economic-coercion-and-non-market-policies-and-practices.

[93] *See, e.g.*, IMF, UNDERSTANDING GLOBAL IMBALANCES (Apr. 2026), https://www.imf.org/en/publications/policy-papers/issues/2026/04/06/understanding-global-imbalances-575234 (framework distinguishing warranted balances from "excessive balances caused by policy distortions"); IMF, EXTERNAL SECTOR REPORT: GLOBAL IMBALANCES IN A SHIFTING WORLD (July 2025), https://www.imf.org/en/publications/esr/issues/2025/07/22/external-sector-report-2025 (annual assessments, produced since 2012, distinguishing current account "norms" from excess balances associated, at least in part, with policy distortions); *see also* Ben S. Bernanke, Member of Federal Reserve Board of Governors, The Global Saving Glut and the U.S. Current Account Deficit, Remarks at the Sandridge Lecture, Virginia Association of Economists (Mar. 10, 2005), https://www.federalreserve.gov/boarddocs/speeches/2005/200503102/ (attributing the widening U.S. deficit in part to a "global saving glut" arising abroad, including reserve-accumulation policies in emerging-market economies).

[94] Olivier Blanchard & Gian Maria Milesi-Ferretti, *(Why) Should Current Account Balances Be Reduced?*, 60 IMF ECONOMIC REVIEW 139, 140-42, 146 (2012) (observing that current account distortions can also arise from benign causes such as demographics and "intertemporal smoothing").

[95] *Id.* at 142 (contending that multilateral concern is warranted where spillover effects exist; otherwise "every country . . . has the right to be wrong, so long as it does not cause harm to others").

Although these strands of economic literature approach excess capacity from different analytical angles, they converge on a distinction that is central to this investigation: the difference between ordinary variations in capacity utilization that arise in the routine operation of market economies, and structural excess capacity that persists because government policies and interventions sustain production and capacity above the levels that market forces alone would support. This investigation is directed at the second category. The traditional questions of capacity utilization that occupied earlier generations of economists—how firms respond to demand fluctuations, how installed capacity relates to output over the business cycle—describe phenomena that are not, standing alone, the subject of this investigation. The subject of this investigation is the policy-driven divergence of capacity and production from market-determined levels.

3. Investigating Structural Excess Capacity and Production under Section 301

For the purposes of this investigation, USTR therefore considers structural excess capacity and production to be the following: capacity or production in an economy that is persistently in excess of the amount that would exist under market-oriented conditions, and is created, sustained, or contributed to by government policies or interventions.[96] Where this Report refers to "overcapacity" or "excess capacity," it incorporates by reference this definition of structural excess capacity and production.

4. The Effects of Structural Excess Capacity and Production

Structural excess capacity and production in foreign manufacturing sectors present a serious challenge to U.S. businesses, workers, and the overall economy.

Key trading partners have developed manufacturing capacity and engaged in production that was created, sustained, or contributed to by government policies and other interventions over many years. The resulting large and persistent excess capacity and production lead to overproduction and overconcentration of production; deters market-based investment, production, and capacity building; and undermines market-based exports. Distortions created by foreign government policies often generate large and/or persistent goods trade surpluses for their economies, and reduce manufacturing productivity, employment, and innovation in the United States.

In addition to negative impacts on manufacturing productivity, employment, innovation, and production in the United States, structural excess capacity and production may threaten economic security by discouraging domestic investments in strategic industries and creating

[96] Note that the presence, or lack thereof, of market-oriented conditions as it relates to the definition is distinct from a country's designation or status as a "market" or "non-market" economy. Governmental distortions within economies that generally (or in many cases) adhere to market mechanisms and disciplines may nonetheless affect capacity and production in a manner that diverges from what would exist under market-oriented conditions.

unsustainable dependence on foreign supply chains. As a result of structural excess capacity and production in certain economies, the distribution of production globally may become concentrated in a certain economy or set of economies to a greater extent than it would in an undistorted global market. This can create significant risks during emergencies, such as global pandemics or geopolitical events, which may be particularly acute when the concentrated goods are critical to the economy or concentrated in geopolitically distant trading partners.

According to a McKinsey Global Institute analysis, $140 billion of U.S. imports are critical, concentrated, and sourced from geopolitically distant trading partners—and $750 billion (*i.e.*, 25% of all manufactured goods imports) have at least two of those three dependencies.[97] McKinsey estimates that "manufacturing today's exposed imports in the United States, plus all their upstream components, could take about $2 trillion in capital expenditure," which is "more than half the value of current [U.S.] manufacturing physical capital stock."[98] This may understate the challenge. Indeed, the consultancy EY-Parthenon has calculated that replicating the infrastructure, research, software, manufacturing, and supply chains that are currently linked to China would require an additional $13.7 trillion in U.S. capital investment through 2050.[99] These estimates provide a sense of scale for the potential economic cost of addressing the economic security implications for the United States generated by acts, policies, and practices in certain economies and economic distortions in the global economy.

Structural excess capacity and production have effects that extend beyond direct trade flows to the broader global economy, displacing U.S. exports in third-country markets. To illustrate this point, as detailed in this Report on structural excess capacity and production generated in these investigations, if the EU, India, Singapore, and Malaysia succeeded in meeting their published targets for manufacturing as a share of Gross Domestic Product (GDP) this would result in those economies producing $1.38 trillion more in manufactured goods when compared to 2025 data, thereby vastly outstripping global demand.[100] This additional production would be equivalent to the goods trade surpluses that China and the EU collectively maintained in 2025.[101] Policies promoting such objectives can distort the distribution of production between countries, moving the world economy away from a market-oriented equilibrium outcome and towards an equilibrium that reflects a less efficient distribution of resources between and among

[97] REBECCA J. ANDERSON ET AL., RAMPING UP MANUFACTURING IN AMERICA? 10–11 (May 21, 2026), https://www.mckinsey.com/mgi/our-research/ramping-up-manufacturing-in-america.

[98] *Id.* at 34–35.

[99] MATS PERSSON, NICK PARTRIDGE & HIMANSHU VORA, MIND THE (SUPPLY) GAP: BALANCING COST AND RESILIENCE IN CROSS-BORDER VALUE CHAINS 4 (July 2026), https://www.ey.com/content/dam/ey-unified-site/ey-com/en-uk/newsroom/2026/07/ey-uk-mind-the-supply-gap-07-2026.pdf.

[100] The calculation was obtained by multiplying, for each of the four economies, the difference between the target manufacturing share and the 2025 manufacturing share of GDP by 2025 GDP, and then summing the results.

[101] China's goods trade surplus was $1.2 trillion in 2025 (Trade Data Monitor, China Customs). The EU's goods trade surplus was $161.6 billion in 2025 (Trade Data Monitor, EuroStat).

countries. If one country has structural excess capacity and production in a sector, for instance, other countries may fail to develop or maintain an industry in that sector.

The United States generally does not undertake many of the acts, policies, and practices identified in this Report, and its interventions do not create, sustain, or contribute to structural excess capacity and production (as is evident in the indicia reviewed in this Report). At the same time, the United States has the largest and most open consumer market in the world and is thus the destination for a disproportionally large share of the world's exports. This asymmetry means that when foreign structural surpluses accumulate in other countries or globally, the corresponding structural deficits are absorbed disproportionately by the United States as a natural and harmful result.

Furthermore, if a country is incentivizing production over consumption in a manner that is inconsistent with market-oriented conditions—as countries with structural excess capacity and production often do—its distortionary acts, policies, and practices tend to lower the purchasing power of its own citizens while resulting in a transfer of national resources and income to the production sector.[102] For example, policies such as financial repression or wage suppression redirect resources in ways that suppress the household sector while benefiting production. Households deprived of the economic benefits of production can purchase neither domestic production nor imports from other countries. Unable to sufficiently absorb the increase in domestic production, countries with structural excess capacity and production externalize the consequences by exporting to the world, potentially causing decreased investment or production and trade deficits in other countries. On the other hand, a world without structural excess capacity and production would, all else equal, be a world with a more balanced distribution of resources, a higher share of national income flowing to households, and limited imbalances that can harm the United States.

Structural excess capacity and production may manifest in different ways, as discussed above:

- ***First,*** there may be artificially enhanced capacity and production in the originating economy, leading domestic producers to export more and take more market share domestically than would occur under market-oriented conditions, as well as distorted prices, supply, sales, and future investments. This may create economic distortions in other economies and result in overconcentration of supply and production in an economy beyond market-oriented levels.

- ***Second,*** an economy may develop excess capacity and production that contributes to or sustains structural excess capacity and production originating in another

[102] Additionally, structural excess capacity and production could undermine the efficiency of the allocation of resources within countries, with harmful effects on its citizens. When prices do not properly reflect costs due to policies or government interventions that inhibit market signals, resources can be pulled towards sectors based on the effects of price distortions rather than market-driven forces. This can lead to inefficient allocation of resources that lower economy-wide productivity.

economy, through imported inputs, displaced consumption, or distorted investments from that other economy. In this scenario, a third-party economy is enabling, including through failure to act, excess capacity and production from the originating economy. The third-party economy also may increase its own structural excess capacity and production by using artificially low prices for imported inputs to lower its production costs and gain advantage in export markets. This adversely affects economies like the United States who absorb the excess production or face reduced export opportunities in the enabling economy's own market.

- ***Third,*** at the extreme, capacity and production may exceed global demand or projected future global demand. The steel industry presents a well-known case where a single country—China—produces more than 50% of the world's steel.[103] China has similarly become the dominant hub for electric vehicle production, accounting for nearly 75% of electric cars produced globally in 2025.[104]

This Report highlights examples of these manifestations of structural excess capacity and production across India.

5. Indicia of Excess Capacity and Production

This Report has been prepared in the context of USTR's investigations of the acts, policies, and practices of sixteen economies that exhibit structural excess capacity and production: Bangladesh, China, Cambodia, the EU, India, Indonesia, Japan, Korea, Malaysia, Mexico, Norway, Singapore, Switzerland, Taiwan, Thailand, and Vietnam. There is no single metric that determines the existence or extent of structural excess capacity and production in a sector or economy. However, there are economic data—termed "indicia" in this Report—that are consistent with the presence of structural excess capacity and production within an investigated economy.[105] These indicia provide insight into distortions that result from government acts, policies, and practices and manifest as outcomes or trends in (i) domestic economy-wide and sectoral data and (ii) international trade flows and composition.

In order to distinguish structural excess capacity and production from cyclical excess capacity that arises in the ordinary operation of markets, these investigations have examined data

[103] *Steel Production: China vs World*, CHINA DATA PORTAL (2026), https://chinadata.live/data/steel-production-china-vs-world/ (indicating that China produced 52% of global output in the steel sector in 2025).

[104] INTERNATIONAL ENERGY AGENCY, GLOBAL EV OUTLOOK 2026, Executive Summary (2026), https://www.iea.org/reports/global-ev-outlook-2026/executive-summary (noting also that "[i]ntense domestic competition in China is squeezing profit margins, pushing manufacturers to seek higher profits overseas" and that "Chinese electric car exports doubled to a record high of over 2.5 million in 2025, as production outstripped domestic demand").

[105] *See, e.g.*, STEFAN MAYR ET AL., INDUSTRIAL OVERCAPACITIES, WITH A FOCUS ON CHINA 6–7 (2026), https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783610/EXPO_STU(2026)783610_EN.pdf (evaluating a range of economic indicators to identify whether each "provides a strong, moderate or weak signal of overcapacity" in the Chinese economy).

over at least the last five years.[106] However, relevant time horizons for analysis may depend on economy-specific characteristics, production methods, sector-specific issues, and data availability. Accordingly, these investigations also consider evidence indicative of structural excess capacity and production over a shorter or longer time period, as appropriate.

Numerous acts, policies, and practices identified in these investigations contribute to structural excess capacity and production in certain economies. The country-specific analysis contained in this Report, therefore, focuses on a unique combination of economic indicia and government measures that capacity or production in India is "persistently in excess of the amount that would exist under market-oriented conditions."

Upon evaluating, in their totality, that there are indicia evidencing that structural excess capacity and production may exist in India—considering economy-wide, sectoral, or trade flow and composition indicia collectively—this Report proceeds to consider the acts, policies, and practices of India that may affect market-oriented conditions and create, sustain, or contribute to structural excess capacity and production.

a. Economy-Wide Indicia of Distortions

This investigation analyzed economy-wide aggregate indicia—manufacturing share of GDP, consumption share of GDP, and investment share of GDP—to provide insights into whether India's allocation of resources persistently departs from outcomes consistent with market-oriented conditions. These indicia, evaluated jointly and against relevant benchmarks (including U.S., OECD, and global averages), help identify where economy-wide distortions exist and structural excess capacity and production are occurring.[107]

For example, a manufacturing share of GDP well above the relevant benchmark, alongside a low household consumption share, or an elevated investment share, may indicate that resources are being allocated towards increasing productive capacity at the expense of domestic consumption. Such a configuration may result from underlying policy distortions, including financial-system arrangements that channel low-cost credit to favored producers rather than from market-driven intertemporal choices.[108]

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[106] *See id.* at 4 (supporting the notion of a minimum five-to-seven-year timeframe to measure industrial overcapacity in the context of China).

[107] The fact that an economy's average is higher or lower than the OECD or global average is not dispositive, given that the benchmarks may reflect a range of distortions relating to the acts, policies, and practices of other economies—including the economies under investigation by USTR. The relevance of any indicia to the presence of structural excess capacity and production within an investigated economy will be based on the totality of the circumstances in order to reflect appropriately how a variety of relevant acts, policies, and practices may manifest differently across economic data.

[108] *See* Olivier Blanchard & Gian Maria Milesi-Ferretti, *(Why) Should Current Account Balances Be Reduced?*, 60 IMF ECONOMIC REVIEW 139, 141–42 (2012) (distinguishing external imbalances that reflect underlying domestic distortions, such as weak social insurance elevating private saving and inefficient financial intermediation, from those reflecting market-consistent intertemporal choices); Zheng Song, Kjetil Storesletten & Fabrizio Zilibotti, *Growing Like China*, 101 AMERICAN ECONOMIC REVIEW 196 (2011) (modeling how asymmetric access to credit

i. Manufacturing Sector as a Share of GDP

The manufacturing share of GDP measures the total units engaged in the physical or chemical transformation of materials, substances, or components into new products as a share of an economy's GDP.[109] An outsized manufacturing share can indicate government policies that create internal imbalances, in relation to market-oriented conditions, caused by distortionary transfers of national resources to the productive sector. Additionally, an excessive manufacturing share that persists over time could be problematic if it is accompanied by wage growth persistently below labor productivity growth, insufficient demand in the domestic economy, or rapid development of production capacity across multiple manufacturing sectors at once rather than specialization.[110]

The United Nations Industrial Development Organization's (UNIDO) quarterly report on Manufacturing Production and Trade provides data that can be used to calculate an economy's manufacturing share of GDP.[111]

ii. Consumption as a Share of GDP

The share of household consumption in GDP generally measures the goods and services purchased by persons who are residents of a particular economy as a share of GDP. Weak domestic demand in an economy, of which consumption share of GDP is one component, may result from government policies directed towards suppressing the household share of national income so as to stimulate investment and production. Low consumption shares in comparison to a relevant benchmark could be indicative of policies that serve to depress demand and push firms to export their excess production, continuing a problematic cycle.[112]

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favoring state-owned firms generates the observed combination of manufacturing reallocation, sluggish wage growth, and a large external surplus).

[109] *See Gross Domestic Product*, U.S. BUREAU OF ECONOMIC ANALYSIS, https://www.bea.gov/resources/learning-center/what-to-know-gdp (last modified Apr. 9, 2026).

[110] *See, e.g.*, Michael Pettis, *Trade and the Manufacturing Share*, PHENOMENAL WORLD (June 28, 2024), https://www.phenomenalworld.org/analysis/trade-and-the-manufacturing-share/.

[111] *See* UNIDO, QUARTERLY REPORT, Q3 2025, MANUFACTURING PRODUCTION AND TRADE (2025), https://stat.unido.org/portal/storage/file/publications/qiip/World_Manufacturing_Production_2025_Q3.pdf.

[112] *See, e.g.*, MICHAEL PETTIS & ERICA HOGAN, TRADE INTERVENTION FOR FREER TRADE 6 (Oct. 3, 2024) ("Among non-commodity economies with large persistent surpluses, manufacturing typically represents a disproportionately large share of GDP, while consumption takes up a disproportionally small share of GDP. The opposite is true for advanced economies that run large, persistent deficits, with relatively high consumption and low manufacturing."); Longmei Zhang et al., *China's High Savings: Drivers, Prospects, and Policies* (IMF, Working Paper No. 18/277, 2018), https://www.imf.org/en/publications/wp/issues/2018/12/11/chinas-high-savings-drivers-prospects-and-policies-46437 (observing that high savings, stemming from insufficient social safety net and income inequality, finance elevated investment when held domestically and produce large external imbalances when they flow abroad).

Economies may suppress domestic household consumption through economic policies such as currency undervaluation, interest rate repression, and wage suppression.[113] The effect of such policies is to transfer income and resources from households to production. This can happen through some combination of lower wages, higher-priced imports, and reduced household access to financing due to policies that cause residents to bear greater credit risks or subsidize credit costs in production-oriented sectors.[114] Meanwhile, because domestic consumers are unable to purchase as much of the resulting domestic manufacturing production as they would otherwise, the economy may rely heavily on exports to trading partners such as the United States rather than on domestic consumption to bear these costs.[115]

iii. Investment as a Share of GDP

The investment share of GDP measures the total value of the gross fixed capital formation, otherwise known as the sum of gross private domestic fixed investment, change in private inventories, and the government gross investment, as a share of GDP.[116] Accordingly, the investment share of GDP provides information on both private and public investment in an economy. Persistently high investment shares in comparison to a relevant benchmark could be

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[113] *See, e.g.*, Joseph E. Stiglitz & Marilou Uy, *Financial Markets, Public Policy, and the East Asian Miracle*, 11 THE WORLD BANK RESEARCH OBSERVER 249–55 (1996) (describing policies, including financial repression and restraint, designed to transfer resources from households to corporations, and noting policies that tended to transfer income from households, which have a higher propensity to consume, to the corporate sector); Jahangir Aziz & Li Cui, *Explaining China's Low Consumption: The Neglected Role of Household Income* (IMF, Working Paper No. 07/181, 2007), https://www.imf.org/en/publications/wp/issues/2016/12/31/explaining-chinas-low-consumption-the-neglected-role-of-household-income-21026 (attributing declining consumption principally to a falling household share of national income across wages, investment income, and transfers); NICHOLAS R. LARDY, FINANCIAL REPRESSION IN CHINA (Sept. 2008) (estimating that the "implicit tax imposed on households" as a result of controlled interest rates in China was equivalent to 4.1% of GDP in the first quarter of 2008, and noting that "[c]orporates might be the major beneficiary of financial repression"); Il Houng Lee, Murtaza H. Syed & Liu Xueyan, *Is China Over-Investing and Does It Matter?* (IMF, Working Paper No. 12/277, 2012), https://www.imf.org/en/publications/wp/issues/2016/12/31/is-china-over-investing-and-does-it-matter-40121 (noting that "a falling consumption share raises questions about the very purpose of the current investment-led growth model" and finding that that the cost of high investment is "distributed to other sectors through a hidden transfer of resources, estimated at an average of 4 percent of GDP per year"); Xin Meng & Junsen Zhang, *The Two-Tier Labor Market in Urban China: Occupational Segregation and Wage Differentials Between Urban Residents and Rural Migrants in Shanghai*, 29 JOURNAL OF COMPARATIVE ECONOMICS 485 (2001) (finding significant differences in occupational attainment and wages between rural migrants and urban residents that cannot be explained by productivity-related differences between the two groups); Xin Meng, *Labor Market Outcomes and Reforms in China*, 26 JOURNAL OF ECONOMIC PERSPECTIVES 75 (2012) (concluding that inherited institutional impediments, including the hukou household registration system, continue to play an important role in the allocation of labor).

[114] *See* MICHAEL PETTIS & ERICA HOGAN, TRADE INTERVENTION FOR FREER TRADE 4 (Oct. 3, 2024) ("Such indirect transfers have the same effect as trade subsidies . . . . [They] involve a transfer of wealth from Chinese household consumers to manufacturers . . . . The costs are borne by households and not by other producers.").

[115] *See id.* at 2, 10–15.

[116] *See Gross Domestic Investment*, U.S. BUREAU OF ECONOMIC ANALYSIS, https://www.bea.gov/help/glossary/gross-domestic-investment ("The sum of gross private domestic fixed investment, the change in private inventories, and government gross investment") (last modified Apr. 13, 2018).

indicative of overinvestment by the government or by private firms benefiting from government policies, particularly in certain manufacturing sectors, thereby transferring resources to production. Rising rates of investment in economies where investment is already high, alongside the presence of a significant number of lossmaking and unprofitable firms (as discussed below) or other relevant indicia, may indicate the presence of market distortions and structural excess capacity and production.

b. Sector-Level Indicia of Distortions

This Report also analyzes sector-level indicia—labor share of manufacturing value added, industrial capacity utilization rates, and the presence of unprofitable or loss-making firms—to help identify where distortions at the sector level may exist and structural excess capacity and production in one or more sectors may be occurring.

Sectoral distortions, associated with structural excess capacity and production, are often the result of cumulative actions over time, and distortions in specific sectors can impact sectors not subject to formal government policy interventions due to the interconnected nature of manufacturing ecosystems. Therefore, distortions at the sectoral level may interact to influence economy-wide outcomes—just as economy-wide distortions may serve to amplify or sustain distortions within a set of sectors.

i. Labor Share of Manufacturing Value-Added

The labor share of manufacturing value-added can be obtained by dividing total compensation paid to workers in manufacturing by value-added for the manufacturing sector.[117] A lower labor share of manufacturing value-added relative to relevant benchmarks may indicate the presence of distortions that impede the ability of workers in that economy to effectively bargain for compensation that is commensurate with their contributions to economic production. This can be the result of government policies, including policies that restrict workers' ability to exercise internationally recognized labor rights, inadequate safety nets or other measures to limit individual worker bargaining power, or lax enforcement of labor protections, that operate to transfer value from labor to production at the sectoral or economy-wide level. The resulting artificial labor cost advantages accrue to domestic producers, enhancing their competitiveness domestically and in export markets at the direct expense of workers. Such artificially low labor costs may support enhanced capacity or increased production relative to what would be expected under market-oriented conditions.

[117] *See* Dorothee Schneider, *The Labor Share: A Review of Theory and Evidence*, HUMBOLDT-UNIVERSITÄT ZU BERLIN, GERMANY, SFB 649 Discussion Paper 2011-069, at 1, https://edoc.hu-berlin.de/server/api/core/bitstreams/7b5c5c26-cb6b-477d-9759-fb4bec9f08d4/content ("Empirically the labor share is usually defined as total labor compensation or labor costs over nominal GDP or nominal value added.").

ii. Industrial Capacity Utilization Rates

Broadly, capacity utilization rates measure the intensity with which a national economy, sector, or firm makes use of its resources.[118] The metric compares actual output to the maximum level of output that a plant can sustain with a realistic work schedule (including normal downtime), assuming that inputs sufficient to operate the capital are available.[119]

Throughout a typical business cycle, capacity utilization rates can fluctuate according to domestic or global demand, along with other market-based variables. While a number of market-based considerations can influence capacity decisions at the firm-level, utilization rates that are consistently below peer averages (or historical averages within an economy) may indicate that market mechanisms are not functioning appropriately. This may be the result of government policies and practices creating distortions associated with structural excess capacity and production.

iii. The presence of unprofitable or loss-making firms

Unprofitable or loss-making firms—also referred to as "zombie" firms in economic literature—are firms that manage to survive only as a result of significant government financial support or by taking on increasingly high levels of debt, and would not otherwise be economically viable under market-oriented conditions. The persistent presence or expansion of zombie firms in an economy sustains production and depresses prices at levels that market outcomes would not otherwise support.[120] Because zombie firms continue to produce output that competitive market discipline would have eliminated through firm exit, they contribute directly to the surplus production that must be absorbed by domestic or export markets. When the domestic economy cannot absorb this excess production, either because of the same policies that sustain the zombie firms or because of broader income-transfer dynamics, the surplus flows to export markets, including the United States, where it displaces competitive production. The persistent presence or expansion of zombie firms, alongside rising investment and production in the manufacturing sector of an economy, is therefore an indicator of policies that create, sustain, or contribute to structural excess capacity and production.[121]

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[118] *See* Lawrence J. Christiano, *A Survey of Measures of Capacity Utilization*, 28 IMF STAFF PAPERS 144 (1981), https://www.elibrary.imf.org/view/journals/024/1981/001/article-A005-en.xml?tab_body=fulltext.

[119] *See Industrial Production and Capacity Utilization—G.17*, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, https://www.federalreserve.gov/releases/g17/capnotes.htm (last updated Nov. 24, 2025).

[120] *See* Müge Adalet McGowan, Dan Andrews & Valentine Millet, *The Walking Dead? Zombie Firms and Productivity Performance in OECD Countries* (OECD Economics Department, Working Paper No. 1372, 2017), https://www.oecd.org/en/publications/the-walking-dead_180d80ad-en.html.

[121] *See, e.g.*, Guangjun Shen & Binkai Chen, *Zombie Firms and Over-Capacity in Chinese Manufacturing*, 44 CHINA ECONOMIC REVIEW 327 (2017) (finding that zombie firms—identified in part by subtracting government subsidies from book profit—cause and worsen over-capacity by crowding out healthy firms); Qilin Mao & Jiayun Xu, *Zombie Firms, Misallocation and Manufacturing Capacity Utilization Rate: Evidence from China*, 32

Zombie firms may exist in an economy because of structural weaknesses with insolvency regimes, but can also be legacies of economic crises, kept alive by government policies that seek to maintain full employment or production targets that the market would not otherwise support.[122] Such policies can include accommodative monetary policy, crisis-induced business support, and bank forbearance. Whatever the specific policy vehicle, the persistent effect is to prevent the market exit that would otherwise eliminate unprofitable production, sustaining production levels and export flows above what market discipline would produce, and reducing commercial opportunities for U.S. producers and exporters.

c. Trade Flow-Related Indicia of Distortions

Structural excess capacity and production, particularly in tradable goods, tend to be expressed ultimately in international trade flows. This is because, in many cases, production in excess of what would exist under market-oriented conditions is pushed onto global markets and absorbed through external demand, while imports are limited due to the saturation of home markets by domestic production. In such cases, structural excess capacity and production result in transactions recorded in the international accounts of both the originating economy and economies through which such transactions resulting from excess capacity and production pass.[123] In such cases, harm to other countries, like the United States, manifests through displaced manufacturing and employment. Therefore, this Report examines current account and trade balances, as appropriate, as well as the composition of associated trade and foreign investment.

i. Large and Persistent Current Account Surpluses and Goods Trade Surpluses

An economy's current account includes all international transactions other than those in the financial and capital accounts. Major components of the current account are transactions in goods and services, income, and current transfers. A number of major U.S. trading partners have large and persistent current account surpluses, often driven by large bilateral trade surpluses with the United States.

Large and persistent current account surpluses, which predominantly tend to reflect trade surpluses, may suggest that an economy has developed or sustained much larger tradeable

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ECONOMICS OF TRANSITION & INSTITUTIONAL CHANGE 641 (2024) (finding that zombie firms depress the capacity utilization of healthy firms both within industries and through supply-chain propagation).

[122] *See, e.g.*, Viral V. Acharya et al., *Zombie Credit and (Dis-)Inflation: Evidence from Europe* (Federal Reserve Bank of New York, Staff Report No. 955, 2020), https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr955.pdf.

[123] *See* LENKA WILDNEROVA & MAIKA SAKAMOTO, GFSEC: GLOBAL EXCESS CAPACITY AND EMPLOYMENT IN STEEL AND DOWNSTREAM ACTIVITIES 4, 6 (Mar. 5, 2025) (finding that structural excess capacity "tends to be eventually exported when domestic demand conditions begin to weaken" in source economies, and that even domestically consumed excess capacity confers advantages on downstream sectors competing internationally).

sectors—particularly in manufacturing—than it would develop or sustain under market-oriented conditions. The United States and the international community have recognized since the beginning of the international system that large and persistent external imbalances are a problem,[124] and U.S. policy makers for years have expressed concern over large and persistent external imbalances.[125] The international system was designed to discourage the persistence of large imbalances. When the International Monetary Fund (IMF) was established, for example, its purposes included "[t]o facilitate the . . . balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income" and "to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members."[126] The imbalances we see today reflect, in many cases, the cumulative effects of distortions resulting from unfair domestic government acts, policies, and practices.

Large and persistent current account surpluses may indicate the cumulative effects of distortions associated with excess capacity and production within an economy. These distortions can include policy-driven distortions that artificially advantage an economy's exports in international markets, such as export targeting or other forms of export support, including those that encourage or allow domestic exporters to propagate or amplify distortions originating in other economies, such as favorable tariff or investment treatment for imports or investments from non-market economies. This also can include trading partners engaging excessively in foreign exchange market interventions or other actions to artificially lower the value or suppress appreciation of their currencies. This distorts market-based competition, promotes domestic

[124] *See* Joseph E. Stiglitz & Bruce Greenwald, *Towards A New Global Reserve System*, 1 JOURNAL OF GLOBALIZATION AND DEVELOPMENT 1, 7 (2010) ("If surplus countries insist on maintaining their current account positions, a reduction in the deficit by one country must show up as an increase somewhere else. . . . The United States has become the deficit country of last resort. . . . The result is a chronically unstable global macroeconomic situation with a strong deflationary bias.").

[125] *See* U.S. TRADE REPRESENTATIVE, 2026 TRADE POLICY AGENDA AND 2025 ANNUAL REPORT OF THE PRESIDENT OF THE UNITED STATES ON THE TRADE AGREEMENTS PROGRAM 1 (Feb. 2026), https://ustr.gov/sites/default/files/files/Press/Releases/2026/2026%20Trade%20Policy%20Agenda%202025%20Annual%20Report.pdf (noting the United States' "leading role in constructing the postwar global economic order, beginning with the Bretton Woods system and the establishment of the General Agreement on Tariffs and Trade (GATT)" which was "designed to foster stability in exchange rates, reduce tariffs, and encourage economic integration" yielding "convergent economic behavior, expanded consumption abroad, and enhanced export opportunities for all," but noting that since 1971, when the United States recorded its first modern merchandise trade deficit, "a fundamental shift from historical patterns of surplus to persistent deficits in goods" emerged and "became a chronic feature of the U.S. economy, symptomatic not of temporary dislocations but of deeper structural distortions in global trade relationships").

[126] Articles of Agreement of the IMF art. I, Dec. 27, 1945, 60 Stat. 1401, 2 U.N.T.S. 39. Article I of the IMF Articles of Agreement states: "The purposes of the International Monetary Fund are," among other things, "[t]o facilitate the expansion and balanced growth of international trade," to "provid[e] [members] with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity," and "to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members." *Id.* Article I concludes by stating: "The Fund shall be guided in all its policies and decisions by the purposes set forth in this Article."

production and exports, and suppresses imports in ways that do not reflect the productivity of economies or competitiveness of traded goods.[127]

It is generally recognized that:

> [t]he problem created by . . . structural [trade] surpluses is that, summed over all, the global surplus (deficit) must be zero. Thus, chronic surpluses must be offset by chronic deficits. If surplus countries insist on maintaining their current account positions, a reduction in the deficit by one country must show up as an increase somewhere else.[128]

Economists have noted that "[i]t should go without saying that a large manufacturing surplus requires an offsetting deficit in manufactures elsewhere in the global economy."[129] The deficit countries face strong deindustrialization pressures.[130]

Large and persistent bilateral goods trade surpluses in certain sectors may also be indicative of distortions associated with structural excess capacity and production. The large and open economy of the United States serves as the global buyer of last resort, and economies with structural excess capacity and production in certain sectors target the U.S. market directly or

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[127] U.S. DEPARTMENT OF THE TREASURY, MACROECONOMIC AND FOREIGN EXCHANGE POLICIES OF MAJOR TRADING PARTNERS OF THE UNITED STATES (JUNE 2025), https://home.treasury.gov/system/files/136/June-2025-FX-Report.pdf; *see also* Michael Pettis, *Behind the Veil of Tariff Fixation*, FINANCE & DEVELOPMENT MAGAZINE 12 (Sept. 2025), https://www.imf.org/en/publications/fandd/issues/2025/09/point-of-view-behind-the-veil-of-tariff-fixation-michael-pettis ("[M]any of the most powerful trade interventions in today's world occur not as tariffs but as policy choices that don't appear to be related to trade at all. Fiscal decisions, regulatory structures, labor policies, and institutional norms can all affect how income is distributed, and how economies are balanced between consumption and production, with far-reaching implications for global trade.").

[128] Joseph E. Stiglitz & Bruce Greenwald, *Towards A New Global Reserve System*, 1 JOURNAL OF GLOBALIZATION AND DEVELOPMENT 1, 7 (2010); *see also* Martin Wolf, *The Dangerous Triumph of Neo-Mercantilism*, FINANCIAL TIMES (Jan. 19, 2026), https://www.ft.com/content/cd68b35f-f00d-4a7d-a9be-56c639dd6b91; (noting China's $1.2 trillion surplus and "serious macroeconomic and microeconomic difficulties" posed by status quo and recalling "something John Maynard Keynes wanted to achieve at Bretton Woods, namely, a way to combat huge structural trade surpluses. These, he believed, imposed ruinous constraints upon others. In the 1940s he could not persuade the US, then a huge surplus country."); Thomas Hale and Joe Leahy, *China's Trade Surplus Tops $1tn for First Time*, FINANCIAL TIMES (Dec. 7, 2025), https://www.ft.com/barrier/corporate/17b1fe89-6421-4cda-b1e2-df3e9f1e8265).

[129] Michael Weilandt, Volkmar Baur & Brad Setser, *China's Record Manufacturing Surplus*, COUNCIL ON FOREIGN RELATIONS (Mar. 10, 2024), https://www.cfr.org/articles/chinas-record-manufacturing-surplus.

[130] *See* Brad Setser, *Can China Continue to Export Its Way Out of its Property Slump?*, COUNCIL ON FOREIGN RELATIONS (Dec. 14, 2025), https://www.cfr.org/articles/can-china-continue-export-its-way-out-its-property-slump ("China's recent economy has been marked by both stunning export success and the absence of any real import growth. Import volumes are essentially unchanged from their 2018 levels. That means that China's export success requires other countries to shift out of their own export sectors—not shift into new export sectors. There are thus real concerns that a China that continues to rely on exports to make up for its lack of domestic momentum necessarily implies the deindustrialization of other economies.").

indirectly through third countries.[131] This leads to structural excess capacity and production being transmitted to the United States and displacing otherwise competitive industries, including in situations where a given economy might experience balanced trade across all goods sectors or have a trade deficit with the world.

ii. Exports of goods as a share of GDP

Economies where exports of goods constitute a high share of overall GDP relative to relevant benchmarks for a sustained period of time are likely to have distortions associated with structural excess capacity and production.[132] An economy depending heavily on goods exports for GDP growth, for a sustained period of time, is likely to have artificially-enhanced production and lower domestic consumption than would exist under market-oriented conditions.[133] A persistently high share of goods exports in relation to the size of the economy indicates a disproportionate reliance on consumption in foreign markets for income, and potentially implicates financial repression, currency undervaluation, wage suppression, or taxes on consumption.[134]

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[131] *See* Joshua Aizenman & Yothin Jinjarak, *The USA as the 'Demander of Last Resort' and the Implications for China's Current Account*, 14 PACIFIC ECONOMIC REVIEW 426 (2009) ("We identify an asymmetric effect of the USA as the 'demander of last resort': a 1% increase in the lagged US imports/GDP is associated with a 0.3% increase in current account surpluses of countries running surpluses, but results in insignificant changes in the current accounts of countries running deficits."); *see also* John Beirne, Nuobu Renzhi & Ulrich Volz, *Persistent Current Account Imbalances: Are They Good or Bad for Regional and Global Growth?*, 115 JOURNAL OF INTERNATIONAL MONEY AND FINANCE art. 102389, at 10 (2021) ("Historically, US consumers have acted as the 'buyer of last resort' for the global economy, propping up global demand.").

[132] *See, e.g., About the Data: Structure of Demand, Exports of Goods and Services (% of GDP) (NE.EXP.GNFS.ZS): Development Relevance*, WORLD BANK GROUP, https://wdi.worldbank.org/table/4.8 ("[T]his indicator is related to the expenditure approach used to calculate GDP, which focuses on the total amount of spending on final goods and services within an economy over a specific period. . . . [T]he expenditure approach looks at the demand side by summing all expenditures. This demand-side analysis provides insights into the spending behaviors of different sectors, including households, businesses, the government, and foreign entities. . . . This approach can thus be used to assess the effectiveness of fiscal and monetary policies."). Typically, the indicator of exports as a share of GDP looks at gross exports of goods and services. In this Report we rely solely on the gross export of goods, to be consistent with our analysis of goods trade surpluses and our examination of how goods exports relate to structural excess capacity and production in manufacturing sectors. *See* Appendix, Figure 4.

[133] *See* Logan Wright, *The Strategic Logic of China's Economic Data*, RHODIUM GROUP (Sept. 11, 2025), https://rhg.com/research/the-strategic-logic-of-chinas-economic-data/ (explaining how China's high level of exports are driven in part by "weak domestic demand," spurring excess production in China to be sold at low prices in foreign markets); *see also* Michael Pettis, *Behind the Veil of Tariff Fixation*, FINANCE & DEVELOPMENT MAGAZINE 12 (Sept. 2025), https://www.imf.org/en/publications/fandd/issues/2025/09/point-of-view-behind-the-veil-of-tariff-fixation-michael-pettis (discussing the positive impact on exports if consumption is taxed and production is subsidized).

[134] *See, e.g.,* Michael Pettis, *Behind the Veil of Tariff Fixation*, FINANCE & DEVELOPMENT MAGAZINE 12–13 (Sept. 2025), https://www.imf.org/en/publications/fandd/issues/2025/09/point-of-view-behind-the-veil-of-tariff-fixation-michael-pettis ("If consumption is taxed and production is subsidized, net exports are likely to rise. Conversely, if policies shift income from producers to consumers, net exports are likely to fall. . . . When a country intervenes in foreign exchange markets to keep its currency undervalued . . . [it] makes imports more expensive and exports cheaper, subsidizing production and taxing consumption. . . . Financial repression can have the same effect.").

iii. Import Levels and Composition from Non-Market Economies

As examined in detail in these Reports, structural excess capacity and production in non-market economies such as China is channeled into amplifying and maintaining large and persistent current account and trade surpluses. Figures 1 and 2 demonstrate the resulting global pattern of trade.

First, approximately 24% of China's goods trade surplus with the world in 2025 was transmitted directly to the United States through China's bilateral surplus with the United States.[135] Second, an additional 52% of China's global surplus flowed to the other economies subject to these investigations.[136] Together, these two channels account for 76% of China's global surplus.

Third, during 2025, all sixteen investigated economies except Singapore ran bilateral trade surpluses with the United States, and collectively these economies accounted for 106% of the total U.S. goods trade deficit.[137] That figure exceeds 100% because the United States runs a net trade surplus with the rest of the world, once these sixteen economies are excluded.

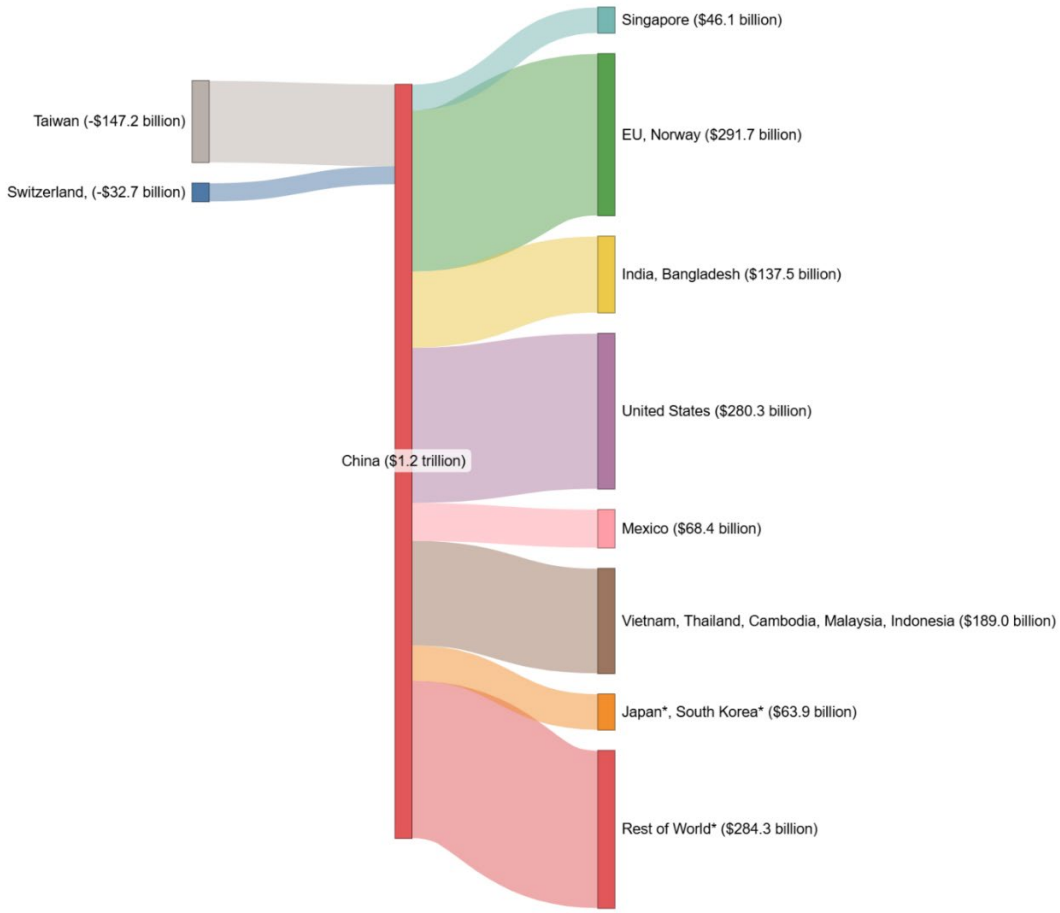
[135] Estimates for China's bilateral goods trade balances are derived from China Customs data and are expressed as a share of China's overall goods trade surplus with the world. Bilateral trade balances reported by countries typically do not mirror or reconcile with one another. Discrepancies arise from differences in data quality, classification systems, valuation methods (*e.g.*, Free on Board vs. Cost, Insurance, and Freight), treatment of re-exports and transit trade, timing of recording, and revisions practices across national statistical agencies. For 2025, China Customs reported a $280.3 billion goods surplus with the United States, while the U.S. Census Bureau reported a $202.7 billion goods deficit with China.

[136] In the construction of China's aggregate trade balance with the remaining fifteen investigated economies, the balances between China and Japan, and between China and South Korea, are drawn from Japan's and South Korea's reported statistics, respectively, rather than from China Customs. The substitution is necessitated by the fact that China reports trade deficits with both Japan and South Korea, while Japan and South Korea also report deficits with China, a mutually inconsistent outcome that arises from the measurement discrepancies noted above.

[137] Derived from U.S. Census Bureau statistics.

Figure 1: China Goods Trade Balances in 2025

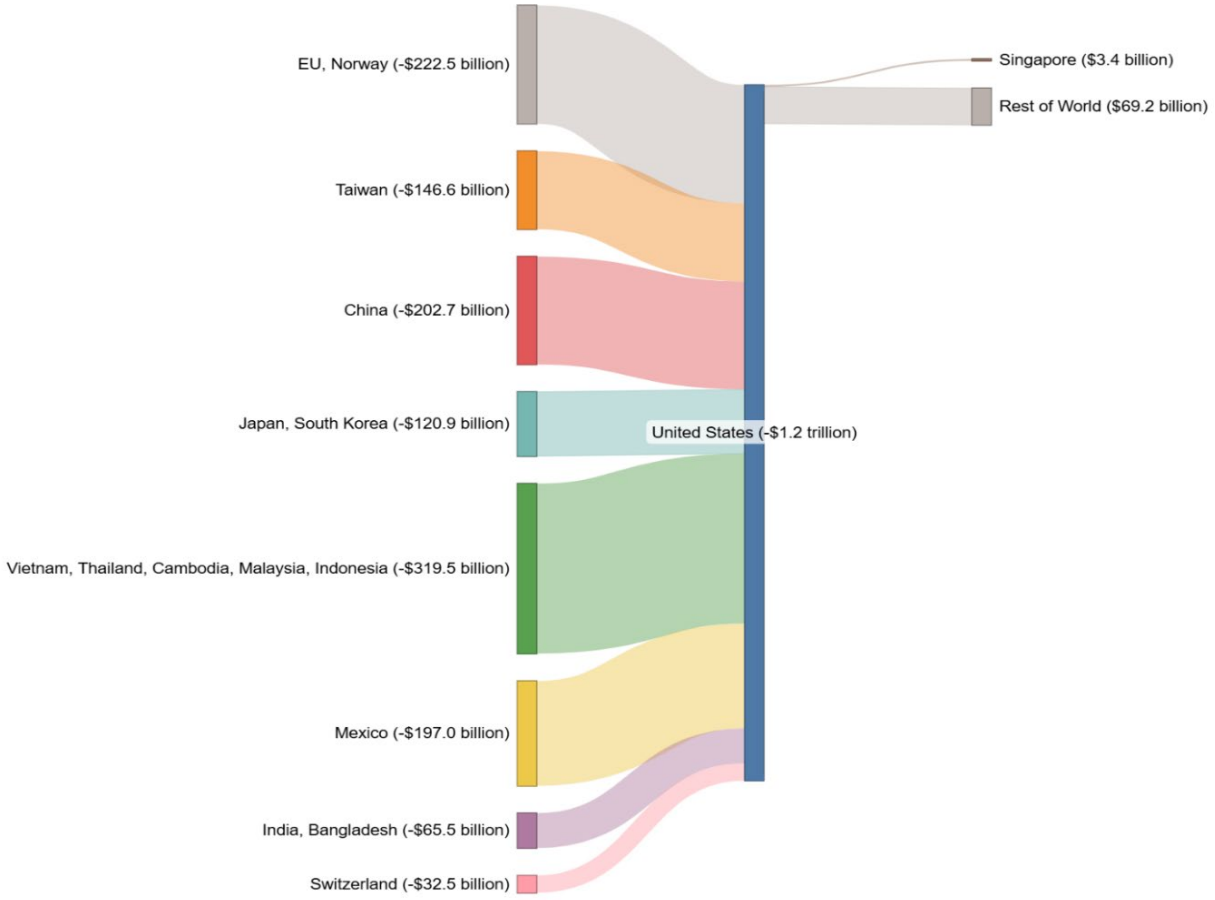
Reading the chart from left to right, the bars show flows of trade balances across economies



Note: Positioned at the center of the diagram above, China acts as the anchor for these trade flows. Goods trade deficits move from right to left (*e.g.*, China reports a goods trade deficit with Taiwan), whereas goods trade surpluses flow from left to right (*e.g.*, China reports a goods trade surplus with the United States). The width of bands corresponds to the size of the trade deficits or surpluses that China held with the other investigated economies in 2025, by value. Values for Japan's and South Korea's deficits with China are sourced from their respective reporting agencies (China reports a deficit with Japan and South Korea). All other values are sourced from China Customs. China's surplus with the rest of the world is calculated as China's goods surplus with the world minus the sum of all nodes on the chart. All values are in billions of U.S. dollars.

Sources: China Customs, Japan Ministry of Finance, Korea Trade Statistics Promotion Institute.

Figure 2: U.S. Goods Trade Balances in 2025
Reading the chart from left to right, the bars show flows of trade balances across economies



Note: Positioned at the center of the diagram above, the United States acts as the anchor for these trade flows. Goods trade deficits flow from right to left (*e.g.*, the United States reports a goods trade deficit with China), whereas goods trade surpluses flow from left to right (*e.g.*, the United States reports a goods trade surplus with Singapore). The width of bands corresponds to the size of trade deficits or surpluses that the United States held with the sixteen investigated economies in 2025, by value. In 2025, Norway reported a bilateral goods trade deficit with the United States. All values are in billions of U.S. dollars. Source: U.S. Census Bureau.

Economies that allow or encourage the importation of goods from China may benefit from distortions created by the Chinese government's non-market policies or interventions that artificially lower the input costs for their own export industries relative to other economies, such as the United States, that have taken action to regulate imports and neutralize China's market-distorting effects.[138] Relatedly, such permissive economies also may experience displacement

[138] *See* Caroline Freund et al., *Is US Trade Policy Reshaping Global Supply Chains?*, 152 JOURNAL OF INTERNATIONAL ECONOMICS 104011 (2024) (finding that countries displacing China in U.S. imports are increasingly integrated into China's supply chains and experience faster import growth from China, especially in

within their *own* markets, as imports originating in China capture domestic consumption and reduce the sales of domestic producers.[139] This dynamic also may reduce the export opportunities of market-oriented third economies in those open markets.[140] As a result, the export growth of those permissive economies is then drawn toward markets, such as the United States, where trade measures against Chinese products may have created openings.[141]

To identify the potential for this dynamic to occur, these Reports examine trends in direct trade in goods for fixed capital formation, intermediate consumption, and final consumption with China, Vietnam, and other non-market economies. Goods for fixed capital formation are assets used for a period exceeding one year to produce other goods; goods for intermediate consumption are goods used completely within one year to produce other goods; and goods for final consumption are those consumed by the end-user.[142] Additionally, the Reports examine the

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strategic industries); Gita Gopinath et al., *Changing Global Linkages: A New Cold War?*, 153 JOURNAL OF INTERNATIONAL ECONOMICS 104042 (2025) (documenting the growing role of connector economies intermediating trade and investment flows between geopolitical blocs); Pablo Fajgelbaum et al., *The US-China Trade War and Global Reallocations*, 6 AMERICAN ECONOMIC REVIEW: INSIGHTS 295 (2024); Jason Garred & Song Yuan, *Relocation from China (with Chinese Characteristics)*, 176 JOURNAL OF DEVELOPMENT ECONOMICS art. 103510 (2025).

[139] *See* LENKA WILDNEROVA & MAIKA SAKAMOTO, GFSEC: GLOBAL EXCESS CAPACITY AND EMPLOYMENT IN STEEL AND DOWNSTREAM ACTIVITIES (Mar. 5, 2025) (attributing plant closures among GFSEC steel firms to accumulated financial losses resulting from loss of market share in domestic and foreign markets); *see also* Leonardo Iacovone, Ferdinand Rauch & L. Alan Winters, *Trade as an Engine of Creative Destruction: Mexican Experience with Chinese Competition*, 89 JOURNAL OF INTERNATIONAL ECONOMICS 379, 379, 390 (2013) (finding that the 1994-2004 surge in Chinese exports led to plant exit, product exit, and sales contraction among Mexican manufacturers— with these effects observed "not only on the domestic market, but also on the export market").

[140] *See* Barry Eichengreen, Yeongseop Rhee & Hui Tong, *China and the Exports of Other Asian Countries*, 143 REVIEW OF WORLD ECONOMICS 201 (2007) (finding, in an instrumented gravity model, that China's crowding-out effect on other Asian countries' exports is felt mainly in markets for consumer goods and by less-developed exporters).

[141] *See* Pablo Fajgelbaum et al., *The US-China Trade War and Global Reallocations*, 6 AMERICAN ECONOMIC REVIEW: INSIGHTS 295 (2024) (finding that bystander countries on average increased exports to the United States in products subject to elevated U.S. tariffs on China); Caroline Freund et al., *Is US Trade Policy Reshaping Global Supply Chains?*, 152 JOURNAL OF INTERNATIONAL ECONOMICS art. 104011 (2024) (finding that China's share of U.S. imports fell as a result of U.S. tariffs, with replacement concentrated in large developing countries that are deeply integrated into China's supply chains and experiencing faster import growth from China).

[142] *See* UNITED NATIONS DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS, CLASSIFICATION BY BROAD ECONOMIC CATEGORIES 10 (Rev. 5, 2018), https://unstats.un.org/unsd/trade/classifications/SeriesM_53_Rev.5_17-01722-E-Classification-by-Broad-Economic-Categories_PRINT.pdf ("Intermediate consumption consists of goods and services used up in the course of production within the accounting period. Final consumption consists of goods and services used by individual households or the community to satisfy their individual or collective needs or wants. The activity of gross fixed capital formation, like intermediate consumption, is restricted to institutional units in their capacity as producers. Fixed assets are produced assets (such as machinery, equipment, buildings or other structures) that are used repeatedly or continuously in production over several accounting periods (more than one year). The distinction between intermediate consumption and gross capital formation depends on whether the goods and services involved are completely used up in the accounting period or not. If they are, the use of them is a current transaction recorded as intermediate consumption; if not, it is an accumulation transaction recorded in the capital account."). Where this Report or the Appendix presents trade data disaggregated by the United Nations' Broad Economic Categories, the disaggregation follows the United Nations' approach. *See Classifications on*

share of value-add (VA) from China in an economy's manufacturing exports to the United States, a cumulative measure of China's direct and indirect contribution embodied in a country's exports, including Chinese VA that may enter through third countries. These figures should be contextualized within the value of manufactured inputs in total manufactured output, which is about 30% in the United States.[143] The share of Chinese content in India's exports to the United States is presented alongside the levels of Chinese content in U.S. exports over the same time period, reflecting that the United States is the only major economy to have taken substantial steps to address Chinese distortions for a prolonged period of time through trade and other measures.

Where relevant, the import trends for investigated economies with all formally designated non-market economies also are considered for context. An economy's designation as a non-market economy in this Report reflects an existing, factor-based statutory determination that an economy "does not operate on market principles of cost or pricing structures."[144] Therefore, countries formally designated by the United States as non-market economies have distorted economic conditions relating to governmental policies or interventions. Several of these non-market economies also have experienced very rapid growth in capacity, production, and exports in recent years. An increase in direct imports from non-market economies, or in the share of their VA embodied in an economy's exports, collectively or individually, may be indicative of a given economy's contribution to distortions associated with excess capacity and production.

iv. Investment Levels and Growth from Non-Market Economies

The level and growth of inward foreign direct investment from non-market economies into tradeable goods sectors within a market may indicate an economy's contribution to distortions associated with structural excess capacity and production. Non-market economy investments to increase capacity and production in third countries may assist producers in the non-market economy in evading tariffs or other restrictions that would apply if goods were produced in and exported directly from the non-market economy. Additionally, producers and exporters from non-market economies may receive upfront or continued support from their own or the host country governments for such investments, particularly when they utilize inputs from their home market or other non-market economies in the foreign jurisdiction.

Empirical work increasingly corroborates that economies gaining export share as a result of restrictions imposed on Chinese and other non-market economy imports by the United States

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Economic Statistics, UNITED NATIONS DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS, https://unstats.un.org/unsd/classifications/econ. In certain cases, for analytical simplicity, the United Nations assigned a single category to goods that may fall within more than one category, depending on their use; for instance, although laptop computers could serve as either gross fixed capital formation goods or final consumption goods, the United Nations data use the former category.

[143] Calculation is based on the U.S. Bureau of Economic Analysis's 2024 input-output table (the use of commodities by industries table), the latest year available.

[144] 19 U.S.C. § 1677(18)(A) (defining a "nonmarket economy country" as "any foreign country that the administering authority determines does not operate on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise").

are those most deeply integrated into non-market supply chains, with trade and investment flows increasingly intermediated through such "connector" economies.[145] Changes in the level and origin of non-market economy foreign direct investment compared to a relevant benchmark may serve as an indicator that a host economy's expansion of capacity creates, sustains, or contributes to distortions associated with structural excess capacity and production.

Investment has become a principal channel through which non-market economies seek to export structural excess capacity and production for further processing in third countries. Such investments may be advantaged by support provided by a foreign entity's home jurisdiction, or to a parent entity in the home jurisdiction, and regulators across the world increasingly seek to counteract support conferred by one government on production located in another country.[146] Therefore, significant changes in the level and origin of foreign direct investment may serve as an indicator that a host economy's productive expansion is creating, sustaining, or contributing to capacity or production catalyzed by another government's interventions.

6. Acts, Policies, and Practices That Create, Sustain, or Contribute to Structural Excess Capacity and Production

As discussed earlier, structural excess capacity and production for the purposes of this investigation are defined as: capacity or production in an economy that is *persistently in excess* of the amount that would exist under *market-oriented conditions*, and is *created, sustained, or contributed to* by government policies or interventions.

Therefore, this Report analyzes acts, policies, and practices within India that may create, sustain, or contribute to distortions associated with "capacity or production persistently in excess of the amount that would exist under market-oriented conditions." Such analysis is inherently economy-specific, and is tailored to the particular political and economic situations presented within the Indian market.

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[145] *See* Caroline Freund et al., *Is US Trade Policy Reshaping Global Supply Chains?*, 152 JOURNAL OF INTERNATIONAL ECONOMICS art. 104011 (2024) (finding that countries displacing China in U.S. imports are deeply integrated into China's supply chains and experiencing faster import growth from China, especially in strategic industries); Gita Gopinath et al., *Changing Global Linkages: A New Cold War?*, 153 JOURNAL OF INTERNATIONAL ECONOMICS art. 104042 (2025) (examining recent trends in trade and investment flows and documenting their reallocation through connector economies amid geopolitical fragmentation).

[146] *See* Regulations Improving and Strengthening the Enforcement of Trade Remedies Through the Administration of the Antidumping and Countervailing Duty Laws, 89 Fed. Reg. 20,766 (Mar. 25, 2024) (final rule eliminating 19 C.F.R. § 351.527, the regulation "prohibiting the countervailing of certain transnational subsidies," in "awareness of changes in the world economy"); *see also* Commission Implementing Regulation (EU) 2020/870, 2020 O.J. (L 201) 10 (imposing definitive countervailing duties on continuous filament glass fibre products from Egypt produced in the China–Egypt Suez Economic and Trade Cooperation Zone); Case T-480/20, *Hengshi Egypt Fiberglass Fabrics SAE and Jushi Egypt for Fiberglass Industry SAE v. European Commission*, ECLI:EU:T:2023:90 (Mar. 1, 2023) (sustaining attribution of Chinese financial contributions to the country of production); Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on Foreign Subsidies Distorting the Internal Market, 2022 O.J. (L 330) 1 (establishing notification-based review of concentrations involving foreign financial contributions).

However, just as there are common indicia of excess capacity and production across economies, so too are there common measures deployed to sustain these conditions. Acts, policies, and practices may operate at the economy-wide level, or at a sectoral level; they may distort producer or exporter behavior, or impact a range of economic actors (including households, producers, investors, and purchasers); and they may exert influence on several of these axes at once to create, sustain, or contribute to distortions associated with structural excess capacity and production.

Importantly, while some of the measures described below can be challenged under U.S. trade remedy laws and existing WTO subsidies disciplines, Section 301 uniquely empowers USTR to seek to eliminate a combination of coordinated government measures that have the effect of conferring a distortive advantage on specific industries to the burden or detriment of U.S. commerce.[147]

a. Capacity, Production, and Export Promotion

Economies that create, sustain, or contribute to distortions associated with structural excess capacity and production often engage in government-supported industrial planning to build up their production capacity and increase production and exports. An economy with control over economic actors and factors of production, such as a non-market economy, has the ability to set prescriptive plans that all economic actors must then pursue. In economies that are less state-directed, industrial plans can also distort market-based decisions by incentivizing actions by entities including government banks, investment funds, regulators, and others influenced by or with links to the government. The resulting provision of economic, institutional, and social resources can spur investment, production, and exports above levels that would be determined in a market-oriented economy.

Economies that engage in government-supported industrial planning may adopt a number of different interventions in pursuit of their capacity, production, or export goals. For example, they may engage in "infant-industry" trade protection, offer production or export support, or provide low-priced inputs.[148] Economies may engage in export promotion by prioritizing export-oriented manufacturing sectors in their industrial strategies and by providing very high levels of or below-market export credits.

[147] *See* H.R. Rep. No. 100-40, pt. 1, at 64–65 (1987) (clarifying that the inclusion of export targeting in Section 301 was not intended to prejudice relief under existing trade remedy laws, but rather to "provide a recourse for dealing with the *combination* of practices" that have significant adverse impacts on domestic industries, and defining export targeting to consist typically of a combination of practices "such as, but not limited to, directing private capital as well as government financial resources to the particular industry on a preferential basis, establishing an industry cartel, providing preferential sourcing of government procurement, [and] closing or restricting the home market to foreign competition or investment in order to provide special protection during the establishment and development of the industry").

[148] *See* Pierre-Olivier Gourinchas et al., *Global Imbalances, Industrial Policy and Tariffs,* (IMF, Working Paper No. WP/26/67, 2026).

b. Labor Conditions, Depressed Wages, and Social Safety Nets

A variety of labor issues may contribute to distortions associated with structural excess capacity and production in an economy's manufacturing sectors. The International Labour Organization (ILO) recognizes that freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, effective abolition of child labor, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment are all fundamental principles and rights at work.[149] Economies that create, sustain, or contribute to distortions associated with structural excess capacity and production often fail to ensure workers' freedom of association and the right to collective bargaining, fail to eliminate forced labor, and fail to adequately regulate workplace safety. Further, they may restrict the mobility of workers, fail to ensure fair wages, and provide limited social safety nets.

Such conditions artificially lower labor costs and promote the manufacturing sector by transferring value from workers to producers. The resulting artificially low labor costs distort production and investment decisions in favor of expanded capacity and production above the levels that market-oriented conditions would sustain. Because the transfer reduces the share of national income flowing to households, domestic consumption of both domestically produced and imported goods is correspondingly reduced, forcing the surplus production onto export markets.

c. Financial Repression or Currency Practices

Economies may employ a number of macroeconomic policy tools to channel private savings and reduce government borrowing costs. Financial repression refers to non-market government policies or practices that have the effect of suppressing market interest rates or directing the allocation of capital, thereby allowing the government or selected borrowers to obtain financing on terms more favorable than would prevail under market conditions. Examples of financial repression policies include capped deposit rates, restricted household investment options, and capital controls. Governments can use these tools to generate excess savings and increase financial resources available to the manufacturing sector.

Economies also may actively manage their exchange rate regimes, engage in foreign exchange intervention, sterilize capital inflows, and engage in other policies that prevent exchange rate realignment and result in an undervalued exchange rate on a real effective basis. An undervalued currency artificially promotes exports and raises the price of imports, creating a widening goods trade surplus and having the effect of creating, sustaining, or contributing to distortions associated with excess capacity and production. The result is a transfer of income from households (who now face higher import prices) to exporters (who are now more globally competitive).

[149] International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted June 18, 1998 (amended June 11, 2022).

d. Preferential Capital

Economies that create, sustain, or contribute to distortions associated with structural excess capacity and production may provide state-directed or below-market credit targeted towards manufacturing sectors to encourage production and export. Such preferential credit is distinct from the preferential credit that may be available to all sectors of the economy and focuses on firms or sectors with high levels of production capacity and export. This capital can be provided through a variety of means, such as policy banks, state-owned commercial banks, directed private entities, or implicit guarantees. Preferential credit artificially lowers the cost of capital for targeted manufacturing sectors, encouraging overbuilding of capacity beyond what commercial underwriting would support. These institutions also may provide other types of financial instruments, such as equity, or otherwise assist domestic firms in raising private capital to enhance production and export. Governments often own or control such institutions, allowing them to shape lending to support particular manufacturing sectors and complement their industrial policy.

e. Sustained Market Access Barriers

A government may implement acts, policies, or practices—including non-market policies and practices—that suppress imports in favor of domestic producers. These include measures that protect domestic goods and services from foreign competition, artificially stimulate exports of particular domestic goods and services, or fail to provide adequate and effective protection of intellectual property rights. Tariffs, non-tariff measures, regulatory barriers, discriminatory product standards, and procurement preferences shield domestic producers in such economies from import competition, allowing higher domestic volumes of production and profitability, and the development of surplus production to be exported.

f. Non-Commercial Activities of State-Owned or -Controlled Enterprises

Economies that create, sustain, or contribute to distortions associated with structural excess capacity and production may utilize state-owned or -controlled enterprises (state enterprises) to pursue their goals. Economies with state enterprises, particularly non-market economies such as China, use their influence and control to ensure that enterprises in these economies dominate manufacturing sectors and key export sectors by providing such enterprises with access to capital and other inputs on non-commercial terms. For instance, China has strengthened the role of state enterprises through consolidation efforts to create large enterprises that dominate manufacturing, in sectors as varied as steel, rare earths, ships, aluminum, rail, and others. State enterprises are typically not subject to market-oriented competition law and are not subject to market disciplines. Government oversight and management of these enterprise can make them a powerful component of an economy's industrial strategy.

g. Policies Promoting Imports from Non-Market Economies

Economies that allow or encourage trade in goods from economies associated with structural excess capacity and production may artificially lower their input costs in a manner that

itself creates, sustains, or contributes to distortions associated with downstream excess capacity and production. Allowing or encouraging trade in goods affected by structural excess capacity and production also may displace domestic producers in an economy's domestic market, driving exports of those goods to other (less-distorted) markets, and reducing export opportunities in the economy's domestic market for other economies such as the United States.

In both scenarios, the policy decision not to effectively address increased non-market economy imports permits economies that are a source of distortions associated with structural excess capacity and production to export the resulting surplus of products to the rest of the world. Economies also may promote below market price imports from non-market economies by entering into preferential trade agreements (such as free trade agreements or trade facilitation agreements) or applying low tariff rates on products originating in non-market economies.

h. Policies Promoting Investment from Non-Market Economies

Economies also may fail to control for or may promote investment from non-market economies in a manner that creates, sustains, or contributes to distortions associated with structural excess capacity and production. Foreign direct investment from non-market economies may serve as a means to further embed structural excess capacity and production in third countries and to evade trade restrictions that apply to exports from the non-market economy. Economies may be failing to address increased investment from non-market economies by encouraging or permitting inbound foreign investment from non-market economies.

G. Conclusion

Economists have addressed concepts that are relevant to—but distinct from—structural excess capacity and production (as defined in this Report) for many decades. Furthermore, U.S. policymakers have for decades focused on the adverse impact of foreign government industrial policies on U.S. competitiveness in the global market. In recent years, world leaders have consistently acknowledged the need to combat the market-distorting impacts of harmful government policies on the global economy, including policies that lead to structural excess capacity and production. In the absence of meaningful coordinated measures to address the problem, the United States has been acting to protect its market against these distortions.

In this Report, USTR identifies indicia of structural excess capacity and production in India's market and analyzes the governmental acts, policies, or practices that create, sustain, or contribute to structural excess capacity and production. The Report then evaluates whether, in their totality, these acts, policies, and practices are unreasonable or discriminatory and whether they burden or restrict U.S. commerce.

II. India's Acts, Policies, and Practices that Create, Sustain, or Contribute to Structural Excess Capacity and Production

- India engages in acts, policies, and practices that relate to structural excess capacity and production by maintaining a disproportionate manufacturing sector relative to GDP, increasing production in key export-oriented manufacturing sectors, and failing to effectively address global structural excess capacity and production.
- India exhibits economy-wide and sectoral indicia of structural excess capacity and production, including in the steel, solar, health, and ICT sectors. Relevant indicia include an above-average share of India's manufacturing sector to its GDP; below-average share of consumption in GDP; large and persistent trade surpluses with the United States; the presence of "zombie," or persistently unprofitable, firms; and unchecked inputs and investment in key export sectors from NMEs. Furthermore, India exhibits a number of excess capacity and production indicia in the key manufacturing/export sectors of steel, solar, health, and ICT.
- India's acts, policies, and practices include national industrial plans, inadequate labor protections that constrain wage formation and cost structures, financial repression, market access barriers, and the encouragement of or failure to monitor and address imports and investment in key export sectors from NMEs. Many of these acts, policies, and practices are maintained both on an economy-wide basis and for key Indian manufacturing sectors, such as the steel, solar, health, and ICT sectors.
- Following on decades of industrial plans, in recent years, India has engaged in more targeted, aggressive acts, policies, and practices in key export-oriented sectors, which enables, encourages, or facilitates structural excess capacity and production in economies like China as well as in Indian downstream industries.

India may not have achieved the degree of manufacturing and export success that it has targeted, despite considerable economic endowments such as a large, young, and growing workforce, a large internal market, and significant technological and educational advances. Nonetheless, India engages in acts, policies, and practices that promote structural excess capacity and production, including:

(1) implementing industrial plans to maintain and expand Indian manufacturing, and setting overall targets for manufacturing and exports, such as *Make in India*, PLI, *Atmanirbhar Bharat* (*Self-Reliant India*), and the IBEF, including by offering financial incentives to eligible companies based on their incremental sales;

(2) tolerating inadequate labor protections that impose constraints on wage formation and cost structure.

(3) imposing financial repression policies that have the effect of suppressing interest rates or of directing the allocation of equity and debt in a manner that results in outcomes different than those that would reflect market-oriented conditions;

(4) maintaining sustained market access barriers that encourage capacity and production; and

(5) encouraging or failing to effectively monitor and address imports and investment from NMEs to speed production and lower costs in key manufacturing/export sectors.

The Report analyzes sector-specific acts, policies, and practices in the steel, solar, health, and ICT sectors.

As noted, for the purposes of this investigation, USTR considers structural excess capacity and production to be capacity or production in an economy that is persistently in excess of the amount that would exist under market-oriented conditions, and that is created, sustained, or contributed to by governmental policies or interventions. Accordingly, this Section of the Report on India's acts, policies, and practices that relate to structural excess capacity and production is organized as follows.

In Section II.A, the Report first discusses the economy-wide and sector-specific characteristics of structural excess capacity and production. These include, among others: (1) above-average share of the Indian manufacturing sector to its GDP as compared to the U.S. or OECD averages; (2) above-average investment as a share of GDP; (3) low labor share of manufacturing; (4) the presence of "zombie," or persistently unprofitable, firms; (5) large and persistent trade surpluses with the United States; (6) unchecked import levels in key export sectors from NMEs; and (7) increasing investment in key export sectors from NMEs. India also possesses a number of these structural excess capacity metrics in key Indian manufacturing/export sectors; the Report presents case studies in steel, solar, health, and ICT.

In Section II.B, the Report explains that these economy-wide and sectoral indicia of structural excess capacity and production reflect the operation of a range of acts, policies, and practices of India. India has pursued a growth strategy, including through the development and implementation of industrial plans, such as *Make in India* and *Self-Reliant India*, together with other policies, that have led to non-market-driven capacity growth, production, and exports in key Indian manufacturing sectors, such as steel, solar, health, and ICT. That extent of capacity and production would not have developed under market-oriented conditions, and India continues to engage in numerous acts, policies, and practices aimed at creating and sustaining structural excess capacity and production. Following on decades of industrial plans, in recent years India has engaged in more aggressive industrial policy to increase the size of its manufacturing sector and boost key sectors while being slow to monitor and address foreign direct investment and increasing NME imports, particularly from China. These acts, policies, and practices also contribute to structural excess capacity in economies like China as well as in India's downstream industries. Accordingly, this Report finds that India engages in acts, policies, and practices that relate to structural excess capacity and production.

A. Structural Excess Capacity and Production in India's Manufacturing Sectors

As noted, USTR considers structural excess capacity and production to be capacity or production in excess of what would result under market-oriented conditions, and that instead is

created, sustained, or contributed to by governmental policies or interventions. There is no single metric that determines the existence or extent of structural excess capacity and production in a sector or economy. However, there are economic data—termed "indicia" in this Report—that are consistent with the presence of structural excess capacity and production within an investigated economy.[150] These indicia provide insight into distortions that result from government acts, policies, and practices and manifest as outcomes or trends in (i) domestic economy-wide and sectoral data and (ii) international trade flows. Distortions in economy-wide, sectoral, and international trade data may overlap and interact and should be examined collectively.

Indicia examining economy-wide aggregates and sectoral trends provide insights into whether an economy's allocation of resources—both overall and within particular sectors—persistently departs from outcomes consistent with market-oriented conditions. These indicia, evaluated jointly and against relevant benchmarks where appropriate (including U.S., OECD, and global averages), help identify where distortions exist and structural excess capacity and production are occurring.

Structural excess capacity and production tend to ultimately be expressed in international trade flows. This is because, in many cases, production in excess of what would exist under market-oriented conditions is pushed onto global markets and absorbed through external demand. Structural excess capacity and production tends to result in transactions recorded in the international accounts of both the originating economy and economies through which such transactions resulting from excess capacity and production pass.[151]

India has numerous economy-wide and sectoral indicia of structural excess capacity and production,[152] including:

(1) above-average share of the Indian manufacturing sector to its GDP as compared to the U.S. or OECD average;
(2) above-average investment as a share of GDP;
(3) low labor share of manufacturing;
(4) presence of "zombie," or persistently unprofitable, firms;
(5) large and persistent trade surpluses with the United States;
(6) unchecked import levels from NMEs in key export sectors; and

[150] *See, e.g.,* STEFAN MAYR ET AL., INDUSTRIAL OVERCAPACITIES, WITH A FOCUS ON CHINA 6–7 (2026), https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783610/EXPO_STU(2026)783610_EN.pdf (evaluating a range of economic indicators to identify whether each "provides a strong, moderate or weak signal of overcapacity" in the Chinese economy).

[151] *See* LENKA WILDNEROVA & MAIKA SAKAMOTO, GFSEC: GLOBAL EXCESS CAPACITY AND EMPLOYMENT IN STEEL AND DOWNSTREAM ACTIVITIES 4, 6 (Mar. 5, 2025) (finding that structural excess capacity "tends to be eventually exported when domestic demand conditions begin to weaken" in source economies, and that even domestically consumed excess capacity confers advantages on downstream sectors competing internationally).

[152] This Report's assessment that India exhibits indicia of structural excess capacity and production is based on the totality of the circumstances. For completeness, the Appendix contains certain data that are not discussed in the body of this Report but that were considered in evaluating the circumstances of capacity and production in India.

(7) increasing investment from NMEs in key export sectors.

India also possesses a number of these structural excess capacity and production metrics in key manufacturing/export sectors; the Report presents case studies in steel, solar, health, and ICT.

1. Manufacturing as a Share of GDP

India's manufacturing sector as a share of GDP has, over the past five years, hovered between 13.1% and 14.4%, recording an average of 13.5% during this time.[153] The manufacturing sector is of significant importance to India, accounting for 12.0% of employment in 2024.[154] The relative size of India's manufacturing sector to its GDP is larger than that of the United States, which was between 9% and 10% from 2020–2025,[155] while the size of India's manufacturing sector is higher than the OECD average, which was 13% in 2021, as shown in the table below.[156]

Share of Manufacturing in GDP (%)[157]

Economy	2021	2022	2023	2024	2025	Avg
India	14.4	13.3	13.3	13.1	13.5	13.5
United States	10.2	10.2	10.1	9.8	9.4	9.9
Global Average	16.4	15.7	15.2	14.9	14.9	15.4
OECD Average	13.2	12.9	12.8	12.4	N/A	12.8

[153] Appendix, Figure 1. Note, the Report contains data used in these tables in the Appendix. Certain key data has been duplicated in the body of the Report for ease of reference.

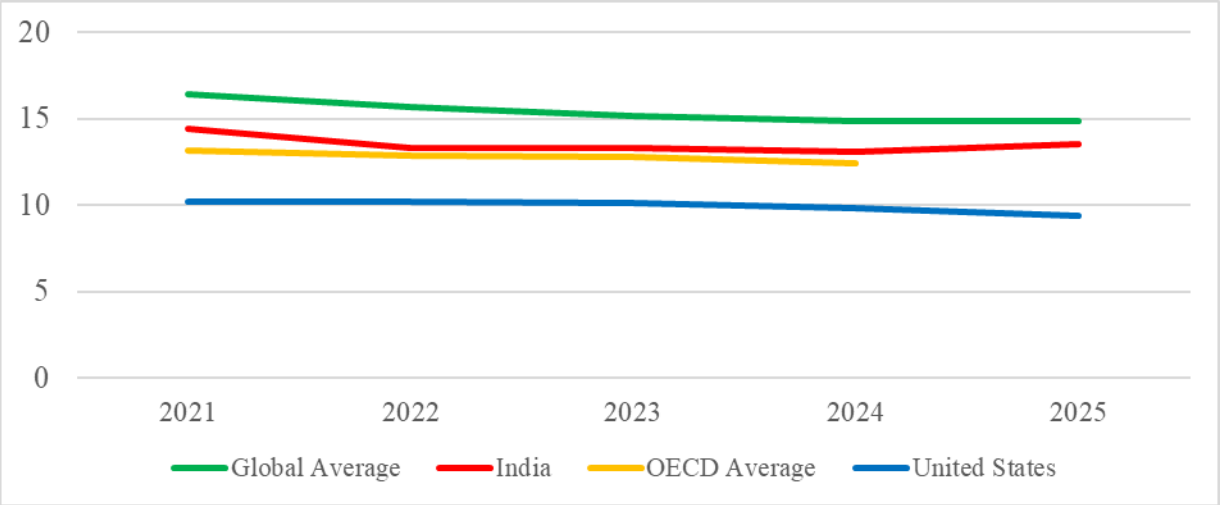
[154] International Labour Organization (ILO) ILOSTAT Explorer (https://rshiny.ilo.org/dataexplorer81/?lang=en&segment=indicator&id=EMP_TEMP_SEX_AGE_ECO_NB_A&channel=ilostat, last accessed September 15, 2026).

[155] Appendix, Figure 1.

[156] Appendix, Figure 1.

[157] Appendix, Figure 1.

Manufacturing Share of GDP (%)



2. Investment as a Share of GDP

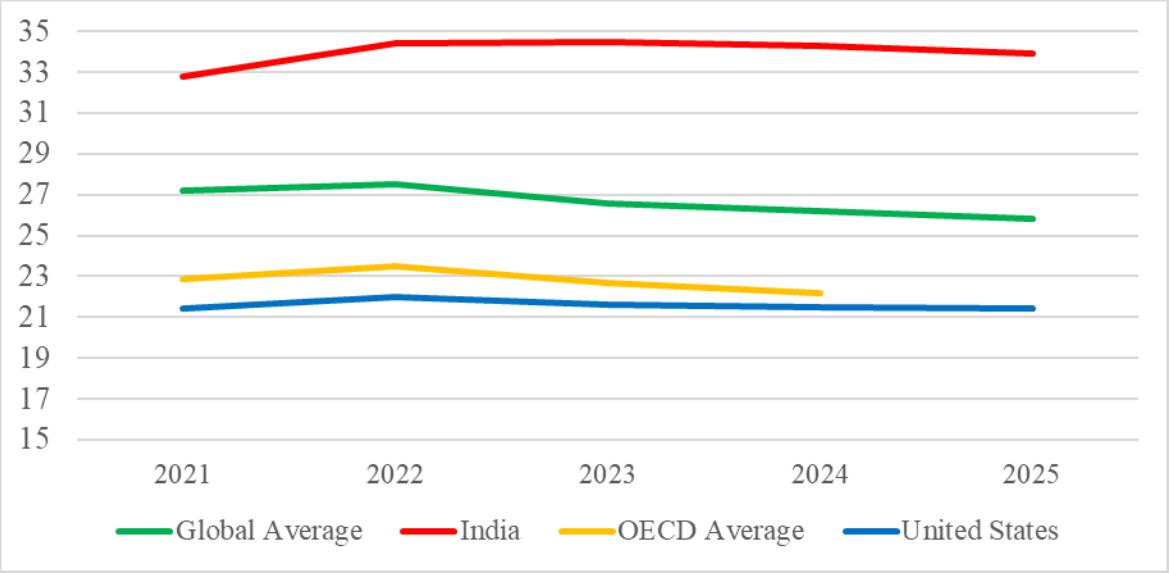
As discussed in the following section, India's structural excess capacity and production in key sectors are enabled in part by extensive government-encouraged investment, which equates to nearly one-third of the value of India's GDP. This is significantly higher than the investment share of GDP in the United States or OECD or global averages. As explained in the Report, there is investment related to key manufacturing sectors that affect structural excess capacity and production.

Share of Investment in GDP (%)[158]

Economy	2021	2022	2023	2024	2025	Avg
India	32.8	34.4	34.5	34.3	33.9	34.0
United States	21.4	22.0	21.6	21.5	21.4	21.6
Global Average	27.2	27.5	26.6	26.2	25.8	26.6
OECD Average	22.9	23.5	22.7	22.2	N/A	22.8

[158] Appendix, Figure 3.

Investment Share of GDP (%)



3. Labor Share of Manufacturing

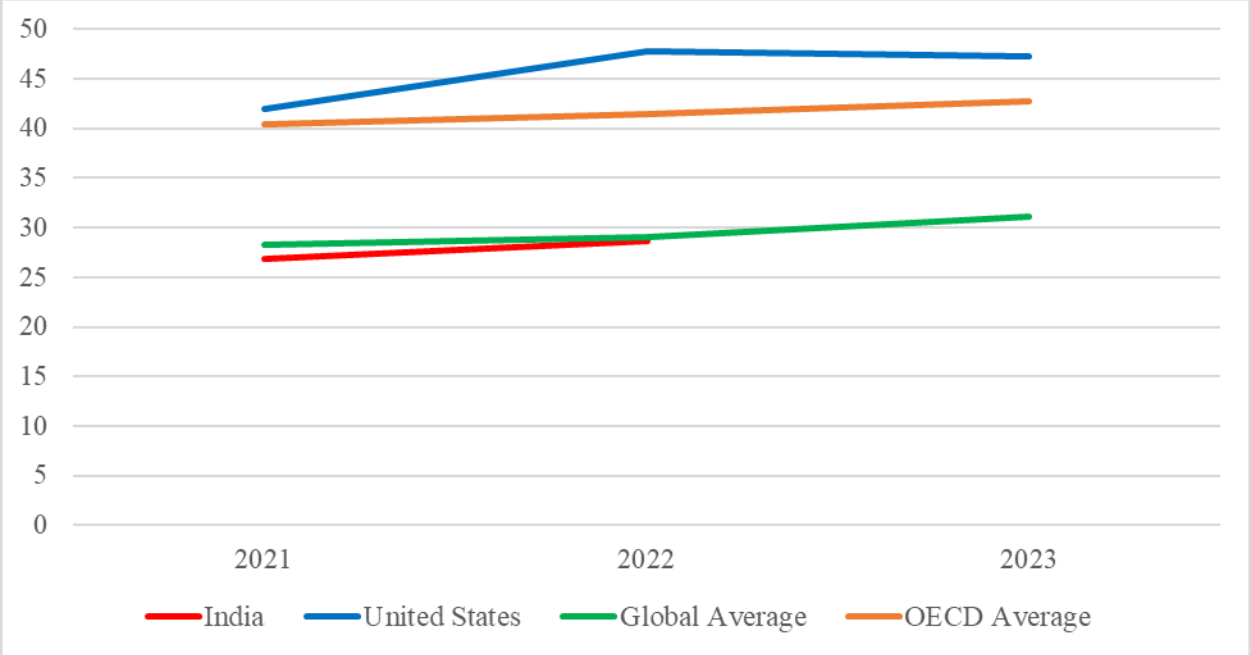
The labor share of manufacturing represents the wages paid to workers engaged in manufacturing as compared to the value of manufacturing. All things being equal, an economy with significant manufacturing success and effective enforcement of labor rights should expect to see a higher labor share of manufacturing.

In India, the labor share of manufacturing was just 28.6% in 2022 (latest data available). This contrasts with an average labor share of 45.7% for the United States across 2021-2023. Across 2021–2023, the OECD average was 41.5%, and the global average was 29.4%. That is, the labor share of manufacturing in India was significantly lower than in the United States (-39% on average) or the OECD, and persistently below the global average, reflecting inadequate compensation for Indian workers in India's successful manufacturing sectors.

"Labor Share" (Compensation) of the Manufacturing Sector[159]
(Percentage of Total Value Addition)

Economy	2021	2022	2023	Avg
India	26.8	28.6	N/A	27.7
United States	42.0	47.8	47.2	45.7
Global Average	28.2	29.0	31.1	29.4
OECD Average	40.4	41.4	42.7	41.5

"Labor Share" (Compensation) of Manufacturing Sector (%)



4. Presence of unprofitable or loss-making firms

A recent IMF report concluded that insolvent or "zombie" firms also are a problem in India. Entry and exit rates for such firms are less than 1%, far below the 8% to 13% rates seen in other relevant economies.[160] According to the report, "[a]mong continuously operating firms, a significant share (15%) qualifies as zombie firms, which do not generate enough earnings to cover their interest expenses but continue to operate, mostly with very low levels of

[159] Appendix, Figure 5.

[160] INTERNATIONAL MONETARY FUND (IMF), STAFF REPORT FOR ARTICLE IV CONSULTATION FOR INDIA 73 (Nov. 26, 2025), https://www.imf.org/-/media/files/publications/cr/2025/english/1indea2025003-source-pdf.pdf.

productivity."[161] Causes include "structural rigidities in India's business environment, including weak insolvency resolution and limited access to exit mechanisms."[162] The IMF concludes with respect to India's zombie firms:

> The persistence of zombie firms may reflect issues with forbearance lending, inefficient insolvency resolution, and exit mechanisms. While the Insolvency and Bankruptcy Code (IBC) has been a significant step forward, significantly strengthening its implementation, including operationalization of the personal insolvency regime and reducing delays in resolution processes, is essential. Complementary reforms to improve credit allocation in the financial sector would help reallocate resources to more productive firms.[163]

These zombie firms are further evidence of enhanced capacity and production caused by governmental acts, policies, or practices.

5. Global and Bilateral Trade

India's current account balances have fluctuated over the past five years. However, India's bilateral goods trade surplus with the United States has expanded almost continuously over the same period. In 2025, India had an overall global trade *deficit* of approximately $309 billion, growing from $241 billion in 2023 and $266 billion in 2022. However, India has had a persistent-and growing-trade *surplus* with the United States: $42.5 billion in 2023, $45.2 billion in 2024, and $57.3 billion in 2025.[164]

India's Large Global Goods Deficit but Bilateral Goods Trade Surplus with the United States, 2021–2025 (US$ Billions)[165]

	2021	2022	2023	2024	2025
Global	-176	-266	-241	-274	-309
United States	33.2	38.5	42.5	45.2	57.3

[161] *Id*. at 73.

[162] *Id*. at 73 (internal citation omitted).

[163] *Id*. at 87.

[164] *Trade in Goods with India*, U.S. Census Bureau, https://www.census.gov/foreign-trade/balance/c5330.html (last visited Nov. 17, 2026).

[165] Appendix, Figures 10 and 12.

Current Account Balance (US$ Billions)[166]

Economy	2021	2022	2023	2024	2025*
India	-38.7	-67.0	-26.0	-22.9	-36.2
United States	-858.63	-993.13	-928.003	-1,185.30	-1,116.01

Overall, India's current account balance is characterized by severely imbalanced trade with China, very large exports of manufacturing to the United States, and large imports of energy products and other inputs. The United States was far and away the largest export market for Indian manufacturers, with exports exceeding those to India's next four largest export markets (including China) combined.

6. Import Levels and Composition of Imports from NMEs

a. Increasing Imports of Inputs for Manufacturing from NMEs

India's imports reflect a growing reliance on inputs for tradeable goods, including gross fixed capital formation goods (capital goods) and intermediate consumption inputs from China. As noted above, goods for fixed capital formation are assets used for a period exceeding one year to produce other goods, and goods for intermediate consumption are goods used completely within one year to produce other goods.[167] According to the Indian government, India and China are each other's fourth-largest export destinations, with bilateral trade in FY 2026 at $96.46 billion.[168] In particular, in 2025, India's top imports from China of gross fixed capital formation goods include automatic data processing machines, electronic power equipment and parts, and weaving machines.[169] India's top imports from China of intermediate consumption goods include electric accumulators, electrical apparatus, semiconductors, and photovoltaic cells.[170] Indeed, India increased its annual-average imports of solar cells and modules from China from $530 million per year from 2011 to 2014 to $2.3 billion per year from 2015 to 2020

[166] Appendix, Figure 9. [IMF, World Economic Outlook (WEO), https://data.imf.org/en/Data-Explorer?datasetUrn=IMF.RES:WEO(9.0.0)&INDICATOR=NGDP_R].

[167] *See* Section I.F.5.

[168] INDIA BRAND EQUITY FOUNDATION (IBEF), INDIA CHINA TRADE (last updated Nov. 2026), https://www.ibef.org/indian-exports/india-china-trade [hereinafter IBEF INDIA CHINA TRADE].

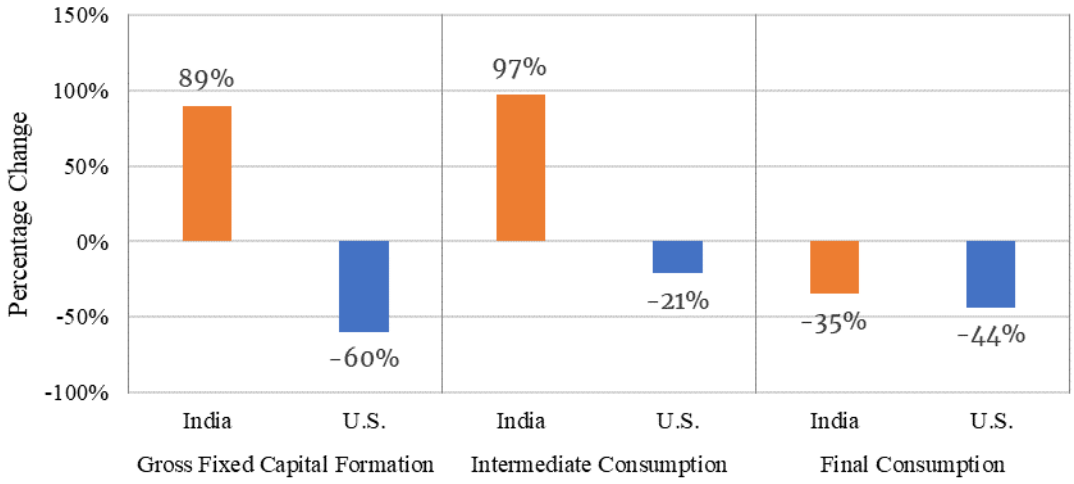
[169] Trade Data Monitor, Ministry of Commerce and Industry of India. Goods are classified by mapping imports of 6-digit HS codes to UN Broad Economic Category (BEC) based on main end-use: Consumption, Intermediate, Capital, and Other. *BEC CODE AND DESCRIPTION*, United Nations Statistics Division, https://unstats.un.org/unsd/classifications/Econ/Download/In Text/BECCodeandDescription.xlsx (last visited Nov. 22, 2026). Main end use is defined in the System of National Accounts (SNA). *The System of National Accounts (SNA)*, United Nations Statistics Division, https://unstats.un.org/unsd/econstats/national-accounts/sna (last visited Nov. 22, 2026). We excluded non-matching "other" import data from this analysis.

[170] Appendix, Figure 20.

and $3.5 billion from 2021to 2024.[171] U.S. production data demonstrate that the United States also produces these types of gross fixed capital formation goods and intermediate consumption goods.[172] These products feed into the key export-oriented industries discussed.

India has become increasingly reliant on China for its imports of intermediate consumption goods. India's value of intermediate consumption imports from China is up $44 billion, or 97%, between 2017 and 2025; by comparison, the value of intermediate consumption imports into the United States from China is down $30 billion, or -21%, over the same period.

Change in Value of India and U.S Imports from China Between 2017 and 2025, by BEC End-Use Category



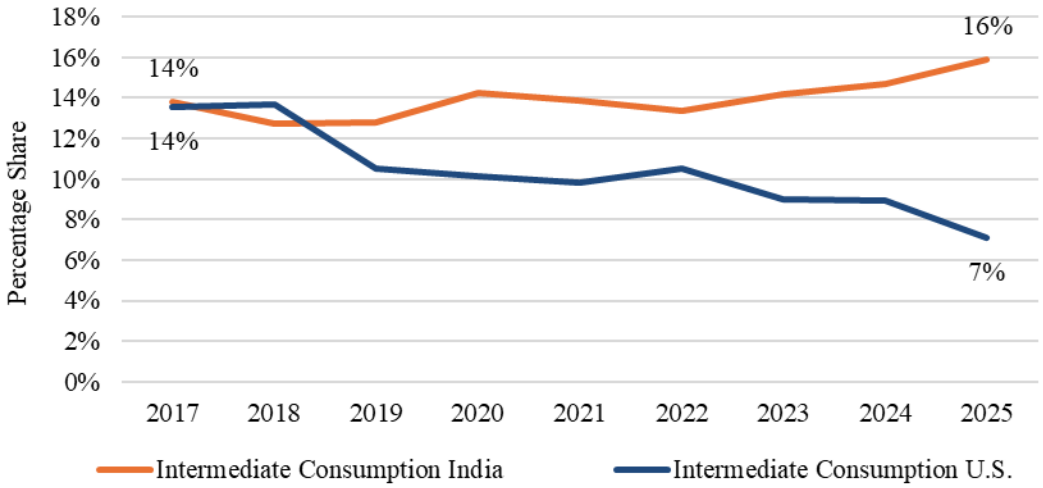
Source: Ministry of Commerce & Industry of India, U.S. Census

India and the United States both had a 14% share of intermediate consumption imports from China in 2017. However, for India, the share of imports from China increased to 16% in 2025, while for the United States, this share dropped to 7%.

[171] These figures reflect imports of HS Codes 854140 (photosensitive semiconductor devices/cells and light-emitting diodes), 854142 (cells), and 854143 (modules/panels). Ministry of Commerce & Industry of India and U.S. Census Bureau via Trade Data Monitor.

[172] Appendix, Figures 16 and 17.

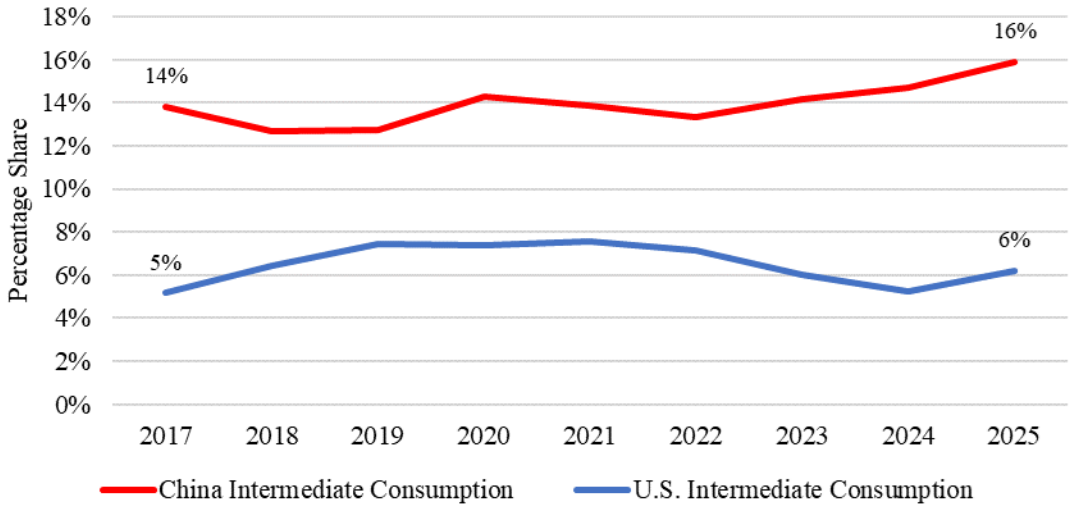
India and U.S. Import Share from China for Intermediate Consumption (%)



Source: Ministry of Commerce & Industry of India, U.S. Census

India has consistently imported a higher share of intermediate consumption imports from China than from the United States, and the gap is beginning to widen, as the U.S. share increased from 5% in 2017 to 6% in 2025, while China's share increased from 14% to 16%, over the same time period.

India and U.S. Import Share from China for Intermediate Consumption



Source: Ministry of Commerce & Industry of India, U.S. Census

Russia is another source for India's NME imports of inputs for manufacturing. As discussed above, India is a significant importer of crude oil from Russia. While India is actively reducing its purchases of Russian oil in response to U.S. government pressure, access to this input has increased the competitiveness of India's exports in recent years. India has been able to purchase Russian energy products at a lower price after the outbreak of the Ukraine conflict in

2022 and resulting global sanctions on Russian energy products, which has led to drops in the prices of those imported energy products.[173] According to the *Indian Brand Equity Foundation* (IBEF), in June 2025, India became the largest recipient of Russia's seaborne Urals crude oil, "accounting for 80% of total shipments, primarily driven by aggressive purchases from Reliance Industries and Nayara Energy at discounted prices."[174] These energy products not only lower Indian production costs, but also reduce materials costs such as plastics that use petroleum inputs. Crude oil constitutes approximately 80% of India's total imports from Russia, underscoring the strategic importance of this commodity in bilateral relations.[175]

India also continues to deepen its bilateral trade relationship with Vietnam. In FY 2026, bilateral trade between India and Vietnam reached $11.7 billion. Indian exports to Vietnam amounted to $4.11 billion, while Indian imports from Vietnam amounted to $7.59 billion.[176] According to the Indian government, the key Vietnamese goods exports to India are mobile phones and components, computers, other electronic products and components, chemicals, plastics, rubber, coffee, pepper, and cashews. The main Indian goods exports to Vietnam are iron and steel products, textile materials, fishery, corn, pharmaceuticals, pharmaceutical raw materials, and auto spare parts.[177] During the visit of the General Secretary and State President of Vietnam to India in May 2026, both countries agreed to explore ways to grow trade to $25 billion by 2030.[178] Other announced agreements included "new initiatives in critical minerals, rare earths, and energy cooperation," which Prime Minister Narendra Modi told reporters was

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[173] U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION, 2025 REPORT TO CONGRESS, at 167-68 (Nov. 2025), https://www.uscc.gov/sites/default/files/2025-11/2025_Annual_Report_to_Congress.pdf (detailing increased India and China consumption of cheap Russian energy products, including crude oil) [hereinafter 2025 USCC REPORT TO CONGRESS].

[174] IBEF INDIA CHINA TRADE.

[175] Dr. Amaan Anjum, *India-Russia Trade and Economic Partnership: A Comprehensive Analysis*, 7 INTERNATIONAL JOURNAL FOR MULTIDISCIPLINARY RESEARCH 2 (Jan.-Feb. 2025), https://www.ijfmr.com/papers/2025/1/35952.pdf [hereinafter Anjum, *India-Russia Trade and Economic Partnership*].

[176] INDIA BRAND EQUITY FOUNDATION, INDIA VIETNAM TRADE (last updated Nov. 2026), https://www.ibef.org/indian-exports/india-vietnam-trade [hereinafter IBEF INDIA VIETNAM TRADE].

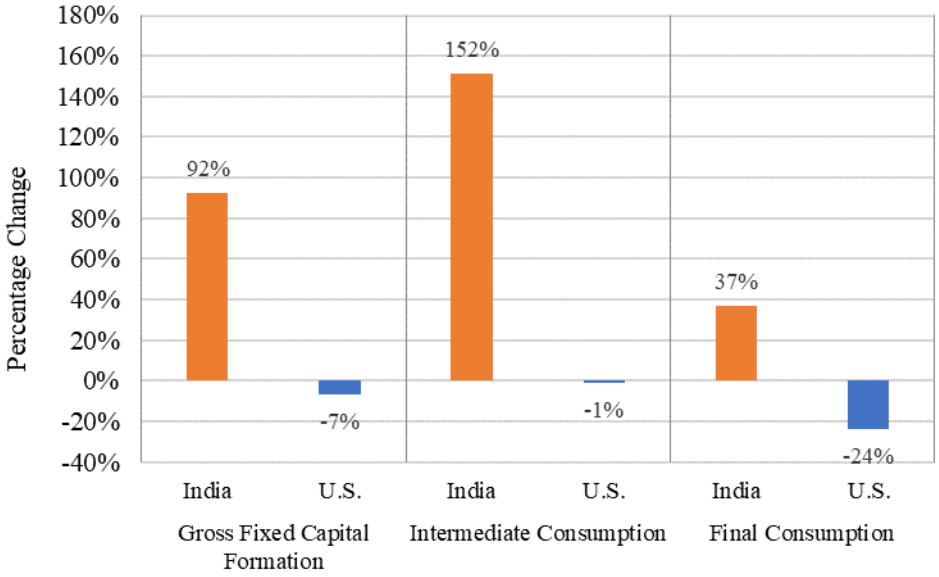
[177] *Id*.

[178] EMBASSY OF INDIA, HANOI, VIETNAM TRADE & ECONOMIC RELATIONS https://www.indembassyhanoi.gov.in/page/trade-and-economic-relations/ (last updated July 7, 2026); *India, Vietnam target $25 bn in bilateral trade by 2030: Modi*, THE ELECTRONIC TIMES (May 6, 2026), https://cfo.economictimes.indiatimes.com/news/policy/india-vietnam-target-25-bn-in-bilateral-trade-by-2030-modi/130852853; *Vietnam-India Trade Deal 2026: 13 Pacts Signed with a $25 Billion Bilateral Trade Goal by 2030,* TRADEIMEX (May 13, 2026) https://www.vietnamexportdata.com/blogs/vietnam-india-trade-deal-2026-13-pacts-25-billion-bilateral-trade-goal-2030 (citing MINISTRY OF EXTERNAL AFFAIRS, GOVERNMENT OF INDIA, JOINT STATEMENT ON ENHANCED COMPREHENSIVE STRATEGIC PARTNERSHIP BETWEEN THE REPUBLIC OF INDIA AND THE SOCIALIST REPUBLIC OF VIETNAM) (May 6, 2026), https://www.mea.gov.in/bilateral-documents?dtl/41108/Joint+Statement+on+Enhanced+Comprehensive+Strategic+Partnership+between+the+Republic+of+India+and+the+Socialist+Republic+of+Vietnam+May+06+2026). The 13 areas include critical minerals and rare earth cooperation, digital payments connectivity, pharmaceutical cooperation, agricultural market access, tourism, technology, and digital transformation. *Id*.

necessary to "ensure the economic security and supply chain resilience of both countries."[179] The Prime Minister and General Secretary made these announcements while upgrading their relationship to an "enhanced comprehensive strategic partnership."[180]

India's imports of intermediate consumption goods from NMEs[181] increased by $91 billion, or 152%, between 2017 and 2025, while the United States decreased its imports of the same products by $2 billion, or -1%, over the same period. This difference holds for both gross fixed capital formation goods and final consumption goods.

Change in Value of India and U.S. Imports from NMEs, including China, Between 2017 and 2025, by BEC End-Use Category



Source: Ministry of Commerce & Industry of India, U.S. Census

Intermediate consumption imports from NMEs, when normalized to the economy, have taken divergent paths for India and the United States. India's NME imports of intermediate consumption goods, as a share of India's GDP, increased by 1.6% between 2017 and 2025, while decreasing 0.3% for the United States over the same time period.

[179] *India targeting $25 billion trade with Vietnam by 2030 PM Modi says*, REUTERS (May 6, 2026) https://www.reuters.com/world/asia-pacific/india-targeting-25-billion-trade-with-vietnam-by-2030-pm-modi-says-2026-05-06.

[180] *Id*.

[181] The U.S. Department of Commerce designates 14 countries as NMEs: Angola, Armenia, Azerbaijan, Belarus, China, Georgia, Kyrgyzstan, Laos, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Vietnam. *Countries Currently Designated by Commerce as Non-Market Economy Countries*, U.S. DEPARTMENT OF COMMERCE, https://www.trade.gov/nme-countries-list-and-surrogate-country-list-memos (last visited Nov. 17, 2026).

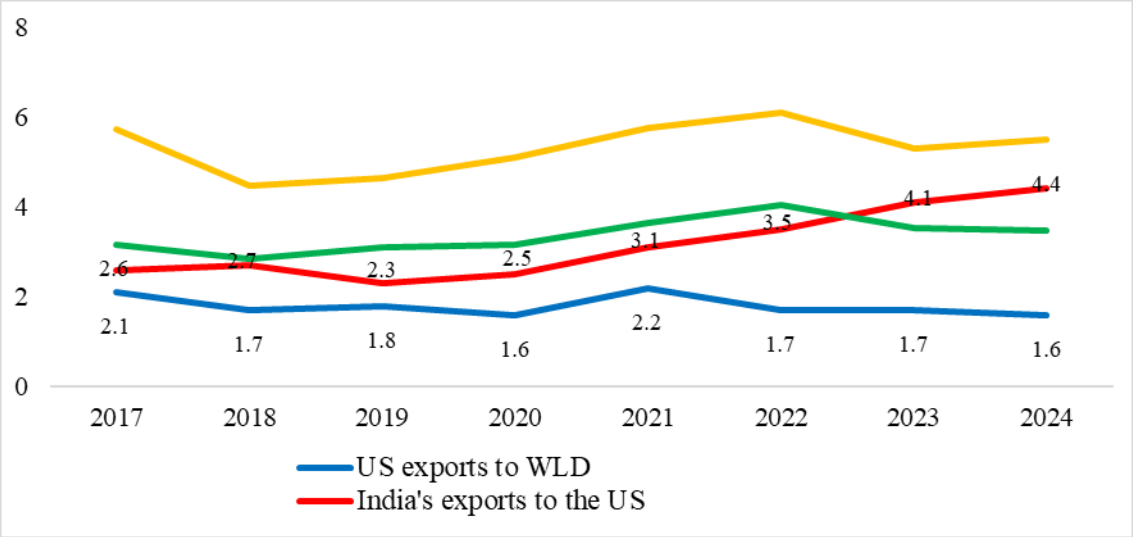
b. NME Value-Add in Exports from India

According to an analysis using OECD data, China's share of manufacturing value-add (VA)[182] in India's exports was 3.8%.[183] This share was considerably higher than China's share of manufacturing VA in U.S. exports (1.6%).[184] Calculations based on Asian Development Bank (ADB) input-output tables show that the VA of Chinese inputs into India's manufacturing exports to the United States was 2.3% in 2017, increasing to 4.4% in 2024.[185]

This Chinese value in Indian manufacturing exports is particularly evident in certain sectors, as discussed below.

In *total manufacturing*, China's VA share in India's exports to the United States consistently surpassed China's VA share in U.S. exports throughout the period of 2017-2024. Specifically, the share of China's VA in U.S. manufacturing exports declined from 2.1% in 2017 to 1.6% in 2024, while China's VA share in India's exports to the United States increased from 2.6% to 4.4%. In 2017, China's VA share in India's manufacturing exports was 24% higher than China's VA share in U.S. manufacturing exports. By 2024, that gap had expanded to 175%.

China's Value-added Share in the U.S. and India's Exports, Total Manufacturing, %[186]



[182] Value-add (VA) from China in an economy's manufacturing exports to the United States is a cumulative measure of China's direct and indirect contribution embodied in a country's exports, including Chinese VA that may enter through third countries. The calculation is based on BEA's 2024 input-output table (the use of commodities by industries table) for the latest year available, as referenced in Section I.F. These data are used in the figures in this section of this Report.

[183] Appendix, Figure 7.

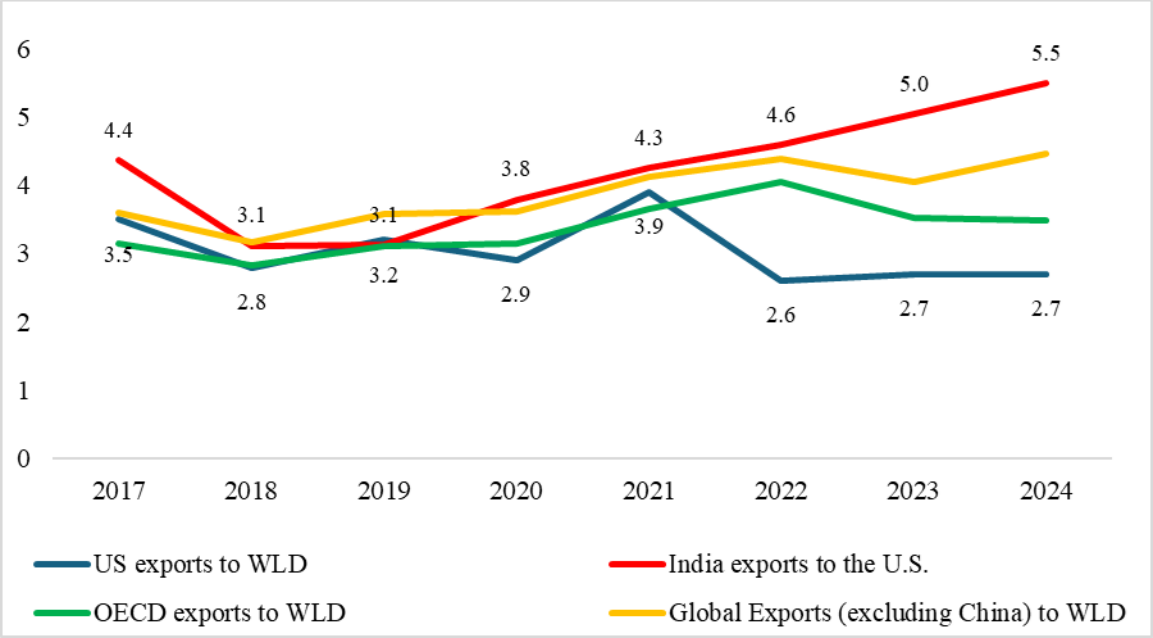
[184] Appendix, Figure 7.

[185] Asian Development Bank, Multiregional Input-Output Tables at current prices (July 15, 2025).

[186] Asian Development Bank, Multiregional Input-Output Tables at current prices (July 15, 2025).

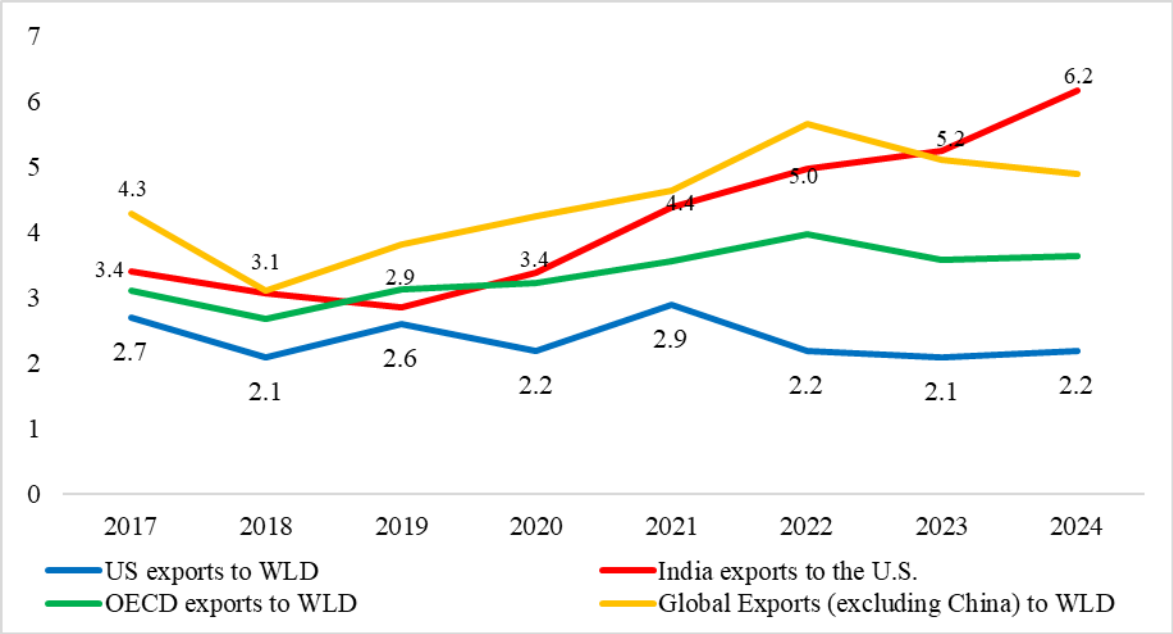
In the *transport equipment sector*, China's VA share in India's exports to the United States tracked relatively closely to both its global and U.S. exports before 2021. In recent years, however, China's VA share in India's exports to the United States surpassed both benchmarks. Specifically, China's VA share in U.S. exports decreased slightly from 3.5% in 2017 to 2.7% in 2024. Meanwhile, China's VA share in India's exports to the United States stood at 4.4% in 2017, about 25% higher than its share in U.S. exports and 21% higher than its share in global exports. By 2024, however, that figure climbed to 5.5%, more than two times China's VA share in U.S. exports and 23% higher than its global VA share.

China's VA Share in the U.S. and India's Exports, Transport Equipment %[187]



In the *machinery equipment sector*, China's VA share in India's exports to the United States was consistently above China's VA share in U.S. exports throughout the whole period, but was below its VA share in global exports except for 2024. Specifically, China's VA share in U.S. exports was 2.7% in 2017 and declined to 2.2% in 2024. Meanwhile, China's VA share in India's exports to the United States in the machinery sector was 3.4% in 2017, 27% higher than its share in the United States and 20% lower than its share in global exports. By 2024, China's VA share in India's exports increased to 6.2%, making it 181% higher than its share in U.S. machinery equipment exports and 26% higher than its share in global machinery equipment exports.

China's VA Share in the U.S. and India's Exports, Machinery %[188]

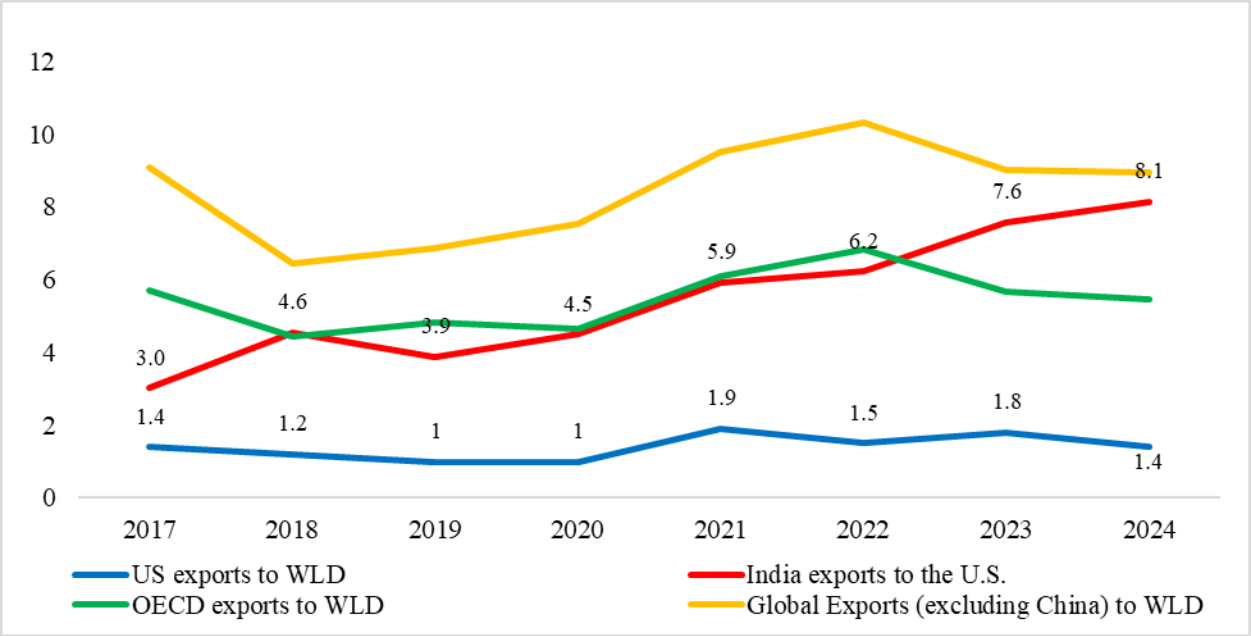


In the *computer, electronics, and optical equipment sectors*, China's VA share in India's exports to the United States consistently surpassed its VA share in U.S. exports, but trailed its VA share in global exports throughout the whole period. Specifically, China's VA share in U.S. exports was 1.4% in 2017 and remained relatively stable through 2024. Meanwhile, China's VA share in India's computer, electronics, and optical equipment exports to the United States stood at 3.0% in 2017, more than double its share in U.S. exports. Since then, China's VA share in India's exports has continued to rise, reaching 8.1% by 2024, which was more than 5.5 times its share in U.S. computer, electronics, and optical equipment exports.

[187] Asian Development Bank, Multiregional Input-Output Tables at current prices (July 15, 2025).

[188] Asian Development Bank, Multiregional Input-Output Tables at current prices (July 15, 2025).

China's VA share in the U.S. and India's Exports, Computer, Electronics & Optical Equipment, %[189]



c. *Trends in Indian Exports and NME Imports*

Increasing imports from NMEs, including China, may displace domestic production and drive domestic producers to export their products to less-distorted markets. Displacement by NME exports can result in significant increases in other countries' exports in those same sectors. Data on Indian imports of motor vehicle parts[190] and exports of the same products to the United States demonstrate increased exports to the U.S. market.

Trade data show a correlation between India's imports of vehicle parts from China and U.S. imports of the same product from India.

- India's imports of vehicle parts from China increased sharply from $320 million in 2017 to $741 million in 2025, a 132% increase.

- U.S. imports of vehicle parts from India increased from $238 million in 2017 to $568 million in 2024 before declining slightly to $515 million in 2025.[191]

[189] Asian Development Bank, Multiregional Input-Output Tables at current prices (July 15, 2025).

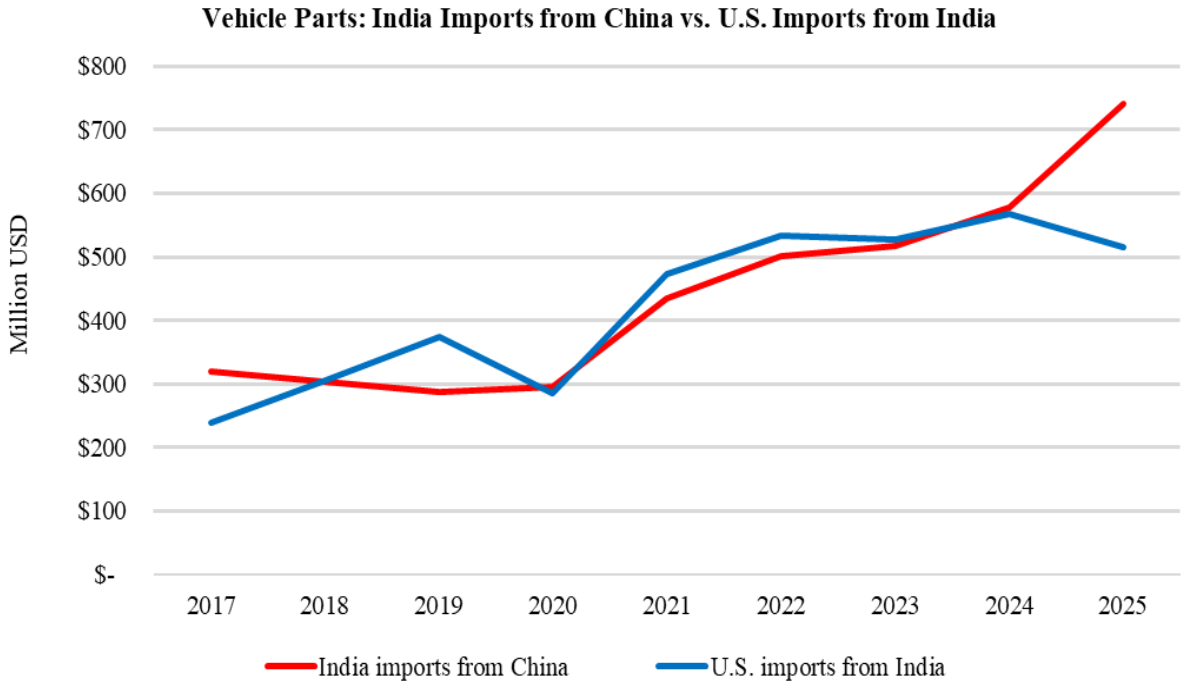
[190] Specifically, vehicle parts contained in HS 8708.99. Ministry of Commerce & Industry of India and U.S. Census Bureau via Trade Data Monitor.

[191] Ministry of Commerce & Industry of India and U.S. Census Bureau via Trade Data Monitor. HS Code: 8708.99.

Other Vehicle Parts: India Imports from China vs. U.S. Imports from India, (Millions$)

	2017	2018	2019	2020	2021	2022	2023	2024	2025
India Imports from China	320	303	288	296	434	500	518	578	741
U.S. Imports from India	238	306	374	286	473	533	528	568	515

Source: Ministry of Commerce & Industry of India and U.S. Census Bureau via Trade Data Monitor. HS Code: 8708.99.



7. Increased investment from NMEs

Data show that investment, particularly FDI from China into India, has increased markedly over the past few years, including in sectors with global excess capacity and production, as discussed below. Importantly, India has long-standing trade, investment, and defense ties with Russia that have remained even through recent geopolitical issues and global sanctions. While India has recently significantly reduced its Russian oil purchases, these below-market energy inputs have given Indian producers in certain sectors a cost advantage vis-à-vis producers in other markets. As discussed below, there is significant investment in certain key sectors exhibiting overcapacity.

a. China

While trade volumes have fluctuated, China and India are working to normalize their bilateral relations after periods of tension, with economic engagement seen as a stabilizing

factor.[192] In 2026, India changed the FDI rules to open up new opportunities for investment from China.[193] China has invested approximately $3.3 billion in FDI in India in key sectors; this investment is consistent with other structural excess capacity and production Reports, and is concentrated in the ICT, automotive, services, energy, and materials sectors.[194] For example, according to the Rhodium Group, Chinese companies reportedly invested over $400 million in India's renewable energy equipment industry from 2017 to 2023. For example, Hareon Solar Technology invested to supply the solar panels for a 172 megawatt (MW) solar power plant in India, commissioned in 2017.[195]

On a sectoral basis, Chinese investors have supported India's ICT sector expansion in products in which Chinese firms have already developed overcapacity. By fostering such investment, India has contributed to further excess capacity and production. Chinese investors have reportedly invested up to $2.9 billion in the Indian ICT sector between 2011 and 2023, according to Rhodium Group data.[196] One investor is Xiaomi Inc., a smartphone and electronics device manufacturer that is reportedly partnering with U.S.-based wireless technology company Qualcomm in Xiaomi's smartphone manufacturing process in India.[197]

Other noteworthy investments by Chinese technology companies include:

[192] IBEF, INDIA CHINA TRADE; *see also* Clara Fong, *The China-India Relationship: Between Cooperation and Competition*, COUNCIL ON FOREIGN RELATIONS (Sept. 10, 2025), https://www.cfr.org/backgrounders/china-india-relationship-between-cooperation-and-competition (outlining foreign relations since border clashes in 2020); 2025 USCC ANNUAL REPORT TO CONGRESS, at 107-108.

[193] On March 10, 2026, India's cabinet approved changes to FDI rules that had restricted investments from China and other bordering countries since the 2020 India-China border clashes. "Press Note 2, 2026," amends the previous rules ("Press Note 3, 2020") and allows non-controlling stakes of up to 10% in Indian firms without prior government approval. *See Subject of FDI Policy on Investments from Countries Sharing Land Border with India*, MINISTRY OF COMMERCE AND INDUSTRY, DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNATIONAL TRADE, (Mar. 10, 2026), https://www.dpiit.gov.in/static/uploads/2026/03/b9da5830b052c2f2d788593e97d07c63.pdf. Additionally, the government will provide a 60-day expedited approval process for investments in priority manufacturing sectors such as electronics, capital goods, and solar cells, including those from Chinese companies. *Id.*

[194] *China Cross-Border Monitor: India*, RHODIUM GROUP, https://cbm.rhg.com/data/asia/india (last accessed Nov. 19, 2026) (describing FDI across a number of sectors).

[195] *Id.*; Sraisth, *Hareon Solar and Renew Power commissions 172 MW solar park in Telangana*, PV MAG. (Oct. 2, 2017), https://www.pv-magazine-india.com/2017/10/02/hareon-solar-and-renew-power-commissions-172-mw-solar-park-in-telangana/.

[196] *China Cross-Border Monitor: India*, RHODIUM GROUP, https://cbm.rhg.com/data/asia/india (last accessed Nov. 19, 2026) https://cbm.rhg.com/data/asia/india (describing FDI across a number of sectors).

[197] *Mobile powerhouse: How Xiaomi and Qualcomm Technologies teamed up to offer superior connectivity*, QUALCOMM (Feb. 17, 2025), https://www.qualcomm.com/news/onq/2025/02/mobile-powerhouse-how-xiaomi-and-qualcomm-teamed-up-to-offer-superior-connectivity.

- Alibaba Group reportedly completed an additional investment in data centers, logistics, and information technology (IT) equipment, according to Rhodium Group. Alibaba's affiliate Ant Group invested in Zamato, an agriculture and food company.[198]

- Tencent Holdings Limited, a multimedia conglomerate whose holdings include WeChat, a Chinese version of WhatsApp, PayPal, and Meta combined into one, according to Rhodium Group. This includes its 2021 investment in ShareChat, an Indian social media start-up.[199]

- India recently approved a joint venture between Dixon Technologies (India) Ltd., a contract manufacturer of electronics, and China's HKC Corp. to manufacture display modules in India.[200]

Notably, Chinese investors are seeking to invest in sectors in which China has demonstrable structural excess capacity and production.[201] Thus, by investing in India, Chinese companies are expanding excess capacity and production and platforms from which to export products that are not subject and less exposed to China-focused trade remedy actions.

b. Russia

Russia has invested approximately $1.32 billion in FDI in India over the past 25 years, according to the Indian government. The bilateral trade between India and Russia amounted to $43.81 billion in FY 2026. Indian exports to Russia amounted to $3 billion while imports from Russia amounted to $40.81 billion in FY 2026.[202] According to IBEF:

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[198] *China Cross-Border Monitor: India*, RHODIUM GROUP, https://cbm.rhg.com/data/asia/india (last accessed Nov. 19, 2026); *Ant Group nets 4X return on investment in Zomato after latest part stake sale*, THE ECONOMIC TIMES https://economictimes.indiatimes.com/tech/technology/ant-group-nets-4x-return-on-investment-in-zomato-after-latest-part-stake-sale/articleshow/112661054.cms?from=mdr (last updated Aug. 20, 2024).

[199] *China Cross-Border Monitor: India*, RHODIUM GROUP, https://cbm.rhg.com/data/asia/india (last accessed Nov. 19, 2026); Madhumita Murgia & Benjamin Parkin, *Tencent quietly backed Indian platform ShareChat despite restrictions*, FINANCIAL TIMES (last updated Apr. 23, 2021), https://www.nishithdesai.com/Content/document/pdf/Quotes/Tencent_quietly_backed_Indian_platform_ShareChat.pdf.

[200] Shruti Srivastava & Rajesh Roy, *India's Cabinet Said to Ease Rules That Curbed Chinese Investment*, BLOOMBERG (Mar, 10, 2026), https://www.bloomberg.com/news/articles/2026-03-10/india-cabinet-said-to-ease-rules-that-curbed-chinese-investment?utm_source=website&utm_medium=share&utm_campaign=copy; Press Release, Government of India Press Information Bureau, Cabinet approves changes in guidelines on investments from countries sharing land border with India (Mar. 10, 2026), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2237806&reg=3&lang=2 [hereinafter PIB].

[201] *See* Lauren Piper, *Can India Finally Realize Its Manufacturing Ambitions?,* RHODIUM GROUP (July 30, 2026), https://rhg.com/research/can-india-finally-realize-its-manufacturing-ambitions/ (describing industry feedback on PLI programs prioritizing/facilitating investment in key sectors).

[202] INDIA BRAND EQUITY FOUNDATION, INDIA RUSSIA TRADE. (last updated Nov. 2026), https://www.ibef.org/indian-exports/india-russia-trade [hereinafter IBEF INDIA RUSSIA TRADE]; *Backgrounder: From Strategic Partnership to Special and Privileged Bond: India-Russia Relations at a Glance*, PIB (Dec. 4, 2025), https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/dec/doc2025124717201.pdf.

> *India and Russia are confidently advancing toward a US$ 100 billion bilateral trade target by 2030*, with strong progress in expanding sectors such as fertilisers, agriculture and engineering, and active engagement following high-level visits. Trade reached record levels in 2024-25, and both countries are enhancing cooperation across defence, energy and economic agendas.
>
> Russia and India have been longstanding and time-tested partners. The growing India-Russia relations have effects on India's foreign policy. Since the signing of the "Declaration on the India-Russia Strategic Partnership" in October 2000, the ties have gained a qualitatively new character with enhanced levels of cooperation in almost all areas of the bilateral relationship. The two countries have maintained cooperation in areas like politics, security, defence, trade and economy, science & technology, culture, and people-to-people ties.[203]

IBEF lists several recent bilateral investment developments, including:

- In December 2025, the Russia-India Business Forum 2025:[204]
    - "agreed on a five-year plan and six new strategic projects to boost bilateral investment cooperation, aimed at strengthening capital flows and expanding partnerships across key economic sectors …"
    - "concluded with 'significant agreements' in media, industry, technology, and pharmaceuticals, reflecting 'both sides' intentions to expand bilateral trade and investment in future growth sectors'; …"
    - "reiterated ambitions to cross $100 billion by 2030 through diversified trade and deeper industrial cooperation;"
- In November 2025, India and Russia held "maritime consultations and advanced sectoral cooperation discussions," including energy dialogues at India Energy Week;[205] and
- "In August 2025, India and Russia 'explored collaboration in critical minerals and industrial infrastructure, aiming to boost economic cooperation and support broader strategic objectives in emerging sectors.'"[206]

[203] IBEF INDIA RUSSIA TRADE.

[204] IBEF INDIA RUSSIA TRADE.

[205] IBEF INDIA RUSSIA TRADE.

[206] IBEF INDIA RUSSIA TRADE.

The energy sector is the primary area of bilateral investment projects, which include Russian investment in the Kudankulam Nuclear Power Plant; Indian participation in Russian oil fields including Sakhalin and Vankorneft; and the acquisition of Essar Oil (now Nayara Energy) by a Rosneft-led consortium.[207] Russia has also invested heavily in India's railway sector, including high-speed train technology, modernization projects, and joint production of rolling stock under *Make in India*.[208] According to the Indian government, India received major bilateral investments from Russia in sectors like petrochemicals, oil and gas, banking, railways, and steel.[209]

8. Case Studies in Indian Structural Excess Capacity and Production

a. Steel

Excess capacity and production threaten the global steel industry. As the OECD has noted:

> Excess capacity has weighed heavily on steel markets in recent years, resulting in capacity utilisation rates typically well below the benchmark for a healthy capacity utilisation rate of 80%. Substantial increases in capacity are planned worldwide in the next several years despite only modest global steel demand growth. Asian economies are projected to account for 60% of the new capacity, led by substantial increases in the People's Republic of China ("China"), India and the Association of Southeast Asian Nations.[210]

As the OECD notes, the divergence between capacity, supply, and demand growth has led to significant market imbalances, which are putting downward pressure on steel prices and the industry's profitability.

India's steel industry is balancing rapid capacity expansion with growing global overcapacity and domestic utilization pressures. India's steelmaking capacity has grown 26.2% over the period of 2019–2024;[211] while much of the Indian growth during that period was driven by domestic demand, future capacity growth is projected beyond domestic demand.[212]

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[207] Anjum, *India-Russia Trade and Economic Partnership* at 4.

[208] *Id.*

[209] *Id*.

[210] ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD), OECD STEEL OUTLOOK 2025, at 24 (May 2025), https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/oecd-steel-outlook-2025_bf2b6109/28b61a5e-en.pdf [hereinafter OECD STEEL OUTLOOK 2025].

[211] *Apparent Consumption of Finished Steel Products* (2018-2021), NIPPON STEEL, https://www.nipponsteel.com/en/factbook/13-03.html (last visited Nov. 13, 2026).

[212] OECD STEEL OUTLOOK 2025 at 28.

Moreover, together, "China and India are projected to account for 80.4% of Asia's steelmaking capacity additions."[213] The OECD report further notes that:

> Substantial increases in steelmaking capacity of up to 6.7% (165 million metric tonnes [mmt]) are planned worldwide from 2025 to 2027, which, if realised, will exacerbate global excess capacity. Asian economies are expected to account for 58% of the new capacity, led by substantial increases in the People's Republic of China (hereafter "China") and India. Cross-border investment is involved in about 16% of the total tonnage to be added from 2025 onward, with China playing a leading role in such investment.[214]

The OECD estimates that steel excess capacity is projected to rise to 721 mmt by 2027, *exceeding by around 290 mmt the combined steel production of OECD countries in 2024*.[215] According to the OECD report, high levels of subsidies and other policy distortions in several non-OECD economies are key drivers of this imbalance, posing risks to market stability, employment, and supply chains.[216]

Indian steel capacity is estimated to grow over the next five to ten years, exceeding demand. Chinese investment in Indian steelmaking is contributing to the capacity growth as explained below. The Global Forum on Steel Excess Capacity (GFSEC) provides additional information on global steel excess capacity. GFSEC noted on pages 2, 3, and 6 of its October 2025 Monitoring Bulletin:

- "Compared to late 2023, steelmaking capacity has increased at a rapid pace in India (+11.4%, 18.3 mmt) . . . ."

- "Steelmaking capacity is expected to increase from 2025 to 2027 by 47.3 mmt in China, 30.4 mmt in India, 21.7 mmt in Middle East countries, and 14.8 mmt in Southeast Asian countries."

- "The trade surpluses of non-GFSEC countries have increased in recent months, along with rising excess capacity. In the second quarter of 2025, total exports exceeded total imports, particularly in China (32.6 mmt), Chinese Taipei (0.26 mmt), Iran (0.12 mmt), and Kazakhstan (0.11 mmt). On the other hand, India, Indonesia, and Malaysia had trade deficits in steel in Q2 2025 (0.13 mmt, 0.32 mmt, and 0.2 mmt, respectively), showing how global excess capacity is affecting all countries, even those with significant growth in capacity. These developments follow a notable rise between Q1 and Q2 2025 in export shares (exports relative to total production) in China (from 15.1% to 17.4%), Pakistan (from 2.4% to 6.7%), and Chinese Taipei (from 62.3% to 66.1%)."

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[213] *Id*. at 26.

[214] *Id*. at 10.

[215] *Id*. at 16.

[216] *Id*. at 10.

- "China is poised to expand capacities in foreign steel markets. Since 2010, Chinese FDI has added 103 mmt of steelmaking capacity abroad, including India."[217]

b. Solar

India also has an ongoing and persistent overcapacity issue in its solar sector.[218] A Rhodium Group study indicates "India has seen a massive build-out of its solar industry in recent years, with annual investment rising from $84 million in 2018 to $10 billion in 2025. This has put the country in third [place], behind China and the [United States], in current and planned solar cell and module capacity globally."[219]

India's solar module capacity is nearly triple the domestic demand, with a capacity of 154 GW against domestic demand of 53 GW.[220] Other reports indicate that India's solar overcapacity has been fueled by reliance on cheap Chinese inputs, such as polysilicon, ingots, and wafers, and rapid investment in module assembly.[221] According to an analyst, "The glut may worsen as cell manufacturing capacity is projected to quadruple to 100 GW in the next two years, creating another wave of oversupply that could crash prices further."[222]

c. Health

Despite growth in its domestic pharmaceutical production capacity, India remains heavily dependent on China for many APIs and bulk drug ingredients. According to some estimates, around 87% of India's imported antibiotic ingredients by value come from China.[223] The United

[217] GFSEC, GFSEC STEEL EXCESS CAPACITY MONITORING BULLETIN (Oct. 2025), https://www.steelforum.org/content/dam/steel-forum/en/publications/20251002%20-%20GFSEC%20Steel%20Excess%20Capacity%20Monitoring%20Bulletin.pdf.

[218] Sethuraman N R, *India's solar module sector faces shake-up as overcapacity looms, ICRA analysts say*, REUTERS (Nov. 20, 2025), https://www.reuters.com/sustainability/climate-energy/indias-solar-module-sector-faces-shake-up-overcapacity-looms-icra-analysts-say-2025-11-20/.

[219] Hannah Pitt, Shweta Movalia, & Khushi Jain, *Solar Manufacturing in Asia at a Crossroads*, RHODIUM GROUP 8 (June 25, 2026), https://rhg.com/research/solar-manufacturing-in-asia-at-a-crossroads/.

[220] Kinsey Grant Baker, *NEWS: India's Solar Manufacturing Excesses Turn a Boom Into a Glut*, ENERGY CENTRAL (Feb. 17, 2026), https://www.energycentral.com/renewables/post/news-india-s-solar-manufacturing-excesses-turn-a-boom-into-a-glut-Osd8uzaSUYnTdJI.

[221] Hannah Pitt, Shweta Movalia, & Khushi Jain, *Solar Manufacturing in Asia at a Crossroads*, RHODIUM GROUP 8 (June 25, 2026), https://rhg.com/research/solar-manufacturing-in-asia-at-a-crossroads/.

[222] Kinsey Grant Baker, *NEWS: India's Solar Manufacturing Excesses Turn a Boom Into a Glut*, ENERGY CENTRAL (Feb. 17, 2026), https://www.energycentral.com/renewables/post/news-india-s-solar-manufacturing-excesses-turn-a-boom-into-a-glut-Osd8uzaSUYnTdJI.

[223] K.S. Uplabdh Gopal, *China's Shadow over India's Medical Supply Chains*, OBSERVER RESEARCH FOUNDATION (Nov. 19, 2025), https://www.orfonline.org/expert-speak/china-s-shadow-over-india-s-medical-supply-chains..

States is now the destination for roughly one-third of India's pharmaceutical exports,[224] accounting for around 47% of all generic prescriptions dispensed in the United States in a recent study.[225]

For example, about 61% of all generic solid oral drug doses sold in the United States are produced in India.[226] According to IBEF, "in FY25, nearly 35% of India's pharmaceutical exports were destined for the United States, with industry estimates indicating that over 95% of these shipments comprised generic drugs, while the remainder were branded or patented products."[227] The presence of Indian generics has steadily increased in the U.S. market.[228] Further information on the acts, policies, and practices that relate to the structural excess capacity and production in this sector are discussed in Section B.

d. ICT

Some estimates indicated that India's ICT sector, valued at $402 billion, contributed about 18% to India's GDP in FY 2022–23, with the digital economy projected to reach $1 trillion by 2030.[229]

It is not clear that Indian policy can generate enough domestic demand to absorb the production that is ramping up, which leads to leveraging exports. Even with high internet penetration (*i.e.*, approximately 1.03 billion users by late 2025), many Indians remain offline or lack digital literacy, which limits demand for ICT products.[230] Additionally, rising cyber threats and complex regulatory environments (*e.g.*, data localization) add operational costs and compliance burdens, further depressing domestic demand.[231] Further information on the acts,

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[224] *Datanomics: India doubles its share in prescription drugs to the United States (US)*, INDIAN BRAND EQUITY FOUNDATION (Sept. 30, 2025), https://www.ibef.org/news/datanomics-india-doubles-its-share-in-prescription-drugs-to-the-united-states-us.

[225] *U.S.-India Medicine Partnership: India's Contribution to the U.S. Healthcare System*, IQVIA, (Apr. 30, 2024), https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/us-india-medicine-partnership

[226] Marta Wosinska, *Will pharmaceutical tariffs achieve their goals?*, BROOKINGS INSTITUTION (Mar. 27, 2025),https://www.brookings.edu/articles/pharmaceutical-tariffs-how-they-play-out/ (analyzing 2024 data). *See also Indian drugmakers can retain dominance even with tariffs, says industry body*, REUTERS (Feb. 31, 2025), https://www.reuters.com/business/healthcare-pharmaceuticals/indian-drugmakers-can-retain-us-dominance-even-with-tariffs-says-industry-body-2025-02-21/.

[227] *Datanomics: India doubles its share in prescription drugs to the United States (US),* INDIA BRAND EQUITY FOUNDATION (Sept. 30, 20255), https://www.ibef.org/news/datanomics-india-doubles-its-share-in-prescription-drugs-to-the-united-states-us.

[228] *Id*.

[229] U.S. DEPARTMENT OF COMMERCE, INDIA COUNTRY COMMERCIAL GUIDE, https://www.trade.gov/country-commercial-guides/india-information-and-communication-technology (last updated Apr. 17, 2026).

[230] Puneet Kumar Shrivastav & Ishwar Chandra Awasthi, *Digital India: Bridging ICT skills divide biggest challenge*, POLICY CIRCLE (Oct. 17, 2023), https://www.policycircle.org/opinion/ict-skills-gap-digital-india/.

[231] Pratik Bansal, *India's Digital Transformation: Opportunities and Challenges in the Digital Economy*, 4 INTERNATIONAL JOURNAL OF ECONOMIC POLICY 53-57 (2024), https://pdfs.semanticscholar.org/87c8/b12d63831e7f1d551eef0d66579d68aa781e.pdf.

policies, and practices that relate to the structural excess capacity and production in this sector are discussed in Section B.

B. India's Acts, Policies, and Practices that Create, Sustain, or Contribute to Structural Excess Capacity and Production

India engages in a range of acts, policies, and practices that create, maintain, or contribute to the structural excess capacity and production evident in the indicia described above. Key among these are the umbrella efforts of *Make in India*, PLI, *Atmanirbhar Bharat (Self-Reliant India)*, and IBEF, with a particular emphasis on efforts related to or under these efforts in the steel, solar, health, and ICT sectors. This section covers:

(1) national industrial plans and policies;

(2) inadequate labor laws and enforcement and poor labor conditions, which constrain wage formation and cost structures;

(3) financial repression;

(4) market access barriers;

(5) encouraging or failing to monitor and address imports from NMEs;

(6) encouraging or failing to monitor and address FDI from NMEs in key sectors; and

(7) sector-specific acts, policies, and practices in the steel, solar, health, and ICT sectors.

1. National Industrial Plans and Policies

For years, India has developed, issued, and implemented industrial policy plans and initiatives to maintain and expand Indian manufacturing. These plans have set a target in the manufacturing sector to 25% of GDP, which implies approximately doubling India's current manufacturing capacity and production.

Make in India is an initiative by the Government of India to create and encourage companies to develop, manufacture, and assemble products in India and to incentivize dedicated investments into manufacturing.[232] *Make in India* has set a goal to achieve a manufacturing share of GDP to 25%, more than double India's current share of GDP (discussed in Section A.1. above).[233] A 25% share of GDP implies an increase of between 11%-12% of GDP, or $500

[232] *About Us,* MAKE IN INDIA, https://www.makeinindia.com/about (last visited Nov. 13, 2026) (providing information about the overall program and a number of initiatives).

[233] The Report notes that India itself reported a figure of 17% at the time of the announcement, which differs from other reported data. Press Release, PIB, India is keen to increase share of manufacturing in GDP from 17% to 25%: Union Minister Hardeep S Puri (Sept. 29, 2023), https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1962137&reg=3&lang=2:

billion, based on 2025 data (that is, not accounting for continued growth in India's economy).[234] Launched in 2014, this program aims to turn India into a global manufacturing hub through sector-specific targets, regulatory streamlining, and investment promotion. The program spans 14 sectors from pharmaceuticals to solar modules and medical devices, and India estimates it has provided 1.91 trillion rupees ($21 billion) in support for the first five years of the program.[235]

The PLI scheme is a government initiative launched in 2020 with the primary aim of strengthening India's manufacturing capabilities by offering financial incentives to eligible companies based on their incremental sales. It aligns with national goals like *Atmanirbhar Bharat* (*Self-Reliant India*),[236] which was also launched in 2020, and includes a PLI scheme to provide financial incentives mainly to the electronics and IT hardware, pharmaceuticals, and automotive sectors.[237] According to the Government of India, "[PLI] fuels the *Make in India* movement by reviving domestic manufacturing at scale."[238] Other reports indicate PLI powers *Digital India*[239] by driving local production of mobile phones, and electronics, making technology more profitable.

> "Speaking about India's manufacturing aspirations, Shri Hardeep Singh Puri said that the manufacturing sector currently comprises 17% of the nation's GDP and over 27.3 million workers. He said that the Prime Minister's clarion call for 'Make in India, Make for the World' at the World Economic Forum this year was a signal that India is ready and keen to increase the share of manufacturing to 25% by 2025."

See also Shruti Srivastava, *US, China Challenge Modi's 'Make in India' Factory Incentives*, BLOOMBERG (Feb. 25, 2026), https://www.bloomberg.com/news/articles/2026-02-26/us-china-challenge-modi-s-make-in-india-factory-incentives?utm_source=website&utm_medium=share&utm_campaign=copy.

[234] *See* Section II.A.1 of this Report.

[235] Press Release, PIB, India is keen to increase share of manufacturing in GDP from 17% to 25%: Union Minister Hardeep S Puri(Sept. 29, 2023), https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1962137&reg=3&lang=2.

[236] *Atmanirbhar Bharat*, GOVERNMENT OF INDIA MINISTRY OF CULTURE, https://amritkaal.culture.gov.in/aatmanirbhar-bharat (last updated July 28, 2023), stating that:

> "Atmanirbhar Bharat Abhiyaan or self-reliant India campaign is the vision of new India envisaged by the Honble Prime Minister Shri Narendra Modi. On 12th May 2020, the PM raised a clarion call to the nation giving a kick start to the Atmanirbhar Bharat Abhiyaan (self-reliant India campaign) and announced the special economic and comprehensive package of INR 20 lakh crores – equivalent to 10% of India's GDP – to fight COVID-19 pandemic in India.
>
> The aim is to make the country and its citizens independent and self-reliant in all senses. He further outlined five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand."

[237] Vaibhav Yaduvanshi, *Manufacturing renaissance through PLI Schemes*, INVEST INDIA (Sept. 30, 2024), https://www.investindia.gov.in/blogs/manufacturing-renaissance-through-pli-schemes.

[238] *PLI Scheme: Powering India's Industrial Renaissance; A Transformational Push for Manufacturing, Employment, and Global Competitiveness*, PIB (Aug. 24, 2025), https://www.pib.gov.in/PressNoteDetails.aspx?id=155082&NoteId=155082&ModuleId=3&reg=48&lang=2.

[239] *Digital India*, GOVERNMENT OF INDIA MINISTRY OF ELECTRONICS & INFORMATION TECHNOLOGY https://www.digitalindia.gov.in/ (last updated Nov. 16, 2026) (providing overall program information across a wide range of projects and products).

While the PLI scheme initially targeted three sectors, it has expanded to include 14 sectors ranging from electronics and textiles to automobiles and food processing. Other government reports set out manufacturing, export, and import-substitution objectives for the PLI scheme:

> - **Large-scale manufacturing capacities**
> The grant of incentives is directly linked to production capacity/ incremental turnover, compelling investors to create large scale manufacturing facilities. …
>
> - **Import substitution and increase in exports**
> Currently, there is heavy reliance on imports for raw material and finished goods. PLI Schemes intend to plug this gap by enabling domestic manufacture of goods. This would trigger a two-fold impact—an immediate reduction in reliance on imports and in the long term, a higher quantum of exports from India.[240]

According to *Invest India*:[241] "Several sectors have emerged as shining examples of how the PLI Schemes have revolutionized Indian manufacturing:

1. Largescale electronics manufacturing (LSEM) has witnessed stellar growth. India has transitioned from being an importer of mobile phones to a net exporter. *In 2014-15, 5.8 crore units were produced in the country, while 21 crore units were imported. In 2023-24, 33 crore units were produced in India and only 0.3 crore units were imported and close to five crore units were exported.* Foreign Direct Investment has increased by ~254% since the inception of the PLI scheme for LSEM.

2. Pharmaceuticals, medical devices and bulk drugs have also reaped immense benefits. *India is the now third largest player in drugs and pharmaceuticals by volume with exports accounting for 50% of the production* [i.e., 50% of finished generic dosage forms manufactured in India are exported]. Due to the PLI Scheme, there has been a significant reduction in imports of raw materials in the pharma sector. Unique intermediate materials and *bulk drugs* are now being manufactured in India, including Penicillin G. Notably, *global medical device companies have transferred critical technology for sophisticated products, such as CT scanners and MRI machines to India* allowing the nation to locally manufacture 39 types of medical devices.

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[240] *Production Linked Incentive Schemes in India*, RSM (Feb. 12, 2025), https://www.rsm.global/india/insights/tax-insights/pli-scheme-in-india.

[241] *See About Us*, INVEST INDIA, https://www.investindia.gov.in/about (last updated Oct. 22, 2026) ("Invest India is the National Investment Promotion and Facilitation Agency of the Government of India, set up in 2009 as a not-for-profit company under the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry.").

3. Telecom and networking products have seen *substantial growth in self-reliance, with a 60% import substitution.* Global technology giants have now set up manufacturing units in India, turning the country into an exporter of 4G and 5G telecom equipment.

4. Drones and drone components have emerged as a huge success, experiencing a seven-fold increase in turnover. This sector, predominantly powered by MSMEs and start-ups, has seen exponential growth in investment and job creation."[242]

India is looking to capture up to 30%–35% of global mobile phone production over the next five years (from about 15% as of April 2026), driven by the PLI incentives.[243] In fact, India is modeling its PLI schemes to drive export growth similar to the industrial policies of China, Japan, and South Korea.[244]

The PLI sectors have some challenges to additional growth, which include low value add in India, particularly in electronics sectors, such as telecom products, where large quantities of critical components such as semiconductor chips and subassemblies are still imported.[245] In many sectors, local demand is insufficient to absorb production, and export-oriented growth is necessary to drive economies of scale. Additionally, low levels of domestic research and development (R&D) investment in semiconductors, specialty steel, and advanced chemical cells hurts domestic demand.[246] For these reasons, India is now trying to use PLI to attract foreign investment.[247]

IBEF is the major implementing vehicle for investment and export promotion of the Government of India.[248] IBEF targets $2 trillion of exports by 2030, with half coming from merchandise exports.[249] The strategy involves government policy initiatives, infrastructure

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[242] Vaibhav Yaduvanshi, *Manufacturing renaissance through PLI Schemes*, INVEST INDIA (Sep. 30, 2024), https://www.investindia.gov.in/blogs/manufacturing-renaissance-through-pli-schemes (providing a list of sectors, projects, and products covered) (emphases added).

[243] *PLI 2.0 calls ring louder: India eyes 35% global mobile output, $130 billion production,* ET TELECOM.COM (Apr. 13, 2026), https://telecom.economictimes.indiatimes.com/news/devices/india-aims-for-35-of-global-mobile-production-with-pli-20/130222901

[244] *India's Production-Linked Incentive (PLI) Scheme: Evaluating Progress and Future Prospects*, VAJIRAM & RAVI INSTITUTE FOR IAS EXAMINATION (Mar. 3, 2025) https://vajiramandravi.com/current-affairs/pli/.

[245] *Id*.

[246] *Id*.

[247] *Id*.

[248] *About Us*, INDIA BRAND EQUITY FOUNDATION, https://www.ibef.org/about-us (last visited Nov. 13, 2026) (providing information about the foundation and initiatives across the economy).

[249] *Piyush Goyal Chairs Meet with Export Bodies Post India-NZ FTA, Pushes for $2 Trillion Exports by 2030*, DEVDISCOURSE (Apr. 28, 2026), https://www.devdiscourse.com/article/business/3889114-piyush-goyal-chairs-meet-with-export-bodies-post-india-nz-fta-pushes-for-2-trillion-exports-by-2030; *Union Minister of Commerce and Industry Mr. Piyush Goyal Chairs Review Meeting on Plan of Action for Achieving US$2 Trillion Export Target by 2030-31*, INDIA BRAND EQUITY FOUNDATION (Apr. 30, 2026), https://www.ibef.org/news/union-minister-of-commerce-and-industry-mr-piyush-goyal-chairs-review-meeting-on-plan-of-action-for-achieving-us-2-trillion-export-target-by-2030-31.

development, and sectoral strategies across a number of economic sectors.[250] The plans are established at the national level and are often targeted at specific sectors.

A major source of credit for export promotion is the Export-Import Bank of India (EXIM Bank India), which approved 375.10 billion Indian rupee (INR) (approximately $3.8 billion) through supplier's credit, buyer's credit, and non-funded support for project exports during FY 2025-26.[251] EXIM Bank India made disbursements amounting to 543 billion INR ($5.6 billion) and issued guarantees aggregating 59 billion INR ($622 million) during the same period.[252]

Indian entities have provided approximately $6 billion in medium and long-term export credits for the period 2020 to 2025, which was approximately 0.2% of the value of exports over the same period.[253]

A few additional examples are provided here:

- *Support for micro-, small-, and medium-sized enterprises (MSMEs)*: EXIM Bank and other financial institutions provide lines of credit to small and medium-sized exporters.[254] For example, the Indian Directorate General of Foreign Trade's $2.8 billion Export Promotion Mission for the period of FY 2025-2026 to FY 2030-2031 will provide trade finance and other export support to small- and medium- sized exporters "impacted by recent global tariff escalations."[255]

- *National Infrastructure Pipeline*: Projected investment of $1.4 billion in export-enhancing infrastructure development, including ports, logistics, and special economic zones, between 2020 and 2025.[256]

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[250] INDIA BRAND EQUITY FOUNDATION INDIA'S EXPORT AMBITIONS: TRADE STRATEGY TO ACHIEVE US$ 2 TRILLION BY 2030, at 6 (Aug. 2024), https://www.ibef.org/download/1723547507_indias_export_ambitions.pdf.

[251] EXIM BANK INDIA, ANNUAL REPORT 2025-26, at 32 (May 8, 2026), https://www.eximbankindia.in/sites/default/files/2026-07/Annual%20Report%202025-26.pdf.

[252] EXIM BANK INDIA, ANNUAL REPORT 2025-26, at 32 (May 8, 2026), https://www.eximbankindia.in/sites/default/files/2026-07/Annual%20Report%202025-26.pdf.

[253] U.S. EXPORT-IMPORT BANK, GLOBAL CREDIT REPORT COMPETITIVENESS REPORTS FOR 2024, at 11-15, 45 (June 2025), https://img.exim.gov/s3fs-public/documents/EXIM_2024_Competitiveness_Report_508C.pdf?VersionId=VSB7vMk3aoP6LwDYirdKH54iyvR.zWAh. Data are for official new medium and long-term export credits in billions of U.S. dollars, as obtained by the U.S. EXIM from the official export credit agencies.

[254] INDIA BRAND EQUITY FOUNDATION, INDIA'S EXPORT AMBITIONS: TRADE STRATEGY TO ACHIEVE US$ 2 TRILLION BY 2030, at 4 (Aug. 2024), https://www.ibef.org/download/1723547507_indias_export_ambitions.pdf.

[255] *Cabinet Approves Export Promotion Mission to Strengthen India's Export Ecosystem with an Outlay of Rs.25,060 Crore*, PMINDIA (Nov. 12, 2025), https://www.pmindia.gov.in/en/news_updates/cabinet-approves-export-promotion-mission-to-strengthen-indias-export-ecosystem-with-an-outlay-of-rs-25060-crore/.

[256] INDIA BRAND EQUITY FOUNDATION, INDIA'S EXPORT AMBITIONS: TRADE STRATEGY TO ACHIEVE US$ 2 TRILLION BY 2030, at 5 (Aug. 2024), https://www.ibef.org/download/1723547507_indias_export_ambitions.pdf.

- *Other export-oriented programs*: Special Economic Zones and a duty-free import for exporters program.[257]

Other program elements tied to specific sectors will be explained in more detail in the key sector discussion below.

India has sought to grow its manufacturing capacity, production, and exports through extensive industrial plans and implementing schemes. In a number of sectors, it has been successful in creating manufacturing capacity and production beyond market-oriented levels, and its plans set out the objective to more than double the size of its manufacturing sector going forward.

2. Inadequate Labor Laws and Enforcement and Poor Labor Conditions, which Constrain Wage Formation and Cost Structures

Labor conditions in India lead to lower wages and artificially low costs that can deprive Indian workers of income, suppress consumption, and contribute to structural excess capacity and production. Wage suppression can occur through lack of access to freedom of association and collective bargaining rights, poor enforcement of wage and hour laws, and forced labor practices. Lower non-wage labor costs occur through poor occupational, safety, and health (OSH) laws and enforcement, labor informality, forced labor practices, and lack of access to freedom of association and collective bargaining rights that reduces workers' ability to bargain on non-wage benefits. These factors limit the extent to which market forces contribute to the negotiation for wages, worker benefits, and conditions of work in India. India's labor conditions artificially lower costs and support the expansion of manufacturing investment and production.

India's inadequate labor laws regarding the protection of internationally recognized labor rights, in particular freedom of association and the effective recognition of the right to collective bargaining, limit the extent to which wage rates are determined by genuine bargaining between labor and management.

There also are concerns with respect to India's labor law enforcement. High levels of informality across labor sectors, the regular use of brokers and subcontracting in some sectors, and low levels of enforcement contribute to widespread underenforcement of labor laws.[258] Even where legislative frameworks are in place, India's practical application of its labor laws is inadequate, which results in a labor market that is not tethered to market conditions. India's distorted labor conditions contribute to the formation and maintenance of structural excess capacity and production. Accordingly, India's failure to ensure adequate labor conditions facilitates the maintenance of labor-intensive export-oriented manufacturing.

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[257] *Customs Import Export Procedures,* INDIAN DEPARTMENT OF COMMERCE, DIRECTORATE GENERAL OF FOREIGN TRADE, https://www.dgft.gov.in/CP/?opt=export-import-guide (last updated Aug. 20, 2026).

[258] U.S. DEPARTMENT OF STATE, COUNTRY REPORTS ON HUMAN RIGHTS PRACTICES: INDIA (2024), https://www.state.gov/reports/2024-country-reports-on-human-rights-practices/india/ (including freedom of association, work conditions (wage and hour laws), occupational health and safety, and enforcement) [hereinafter 2024 COUNTRY REPORT ON HUMAN RIGHTS PRACTICES: INDIA].

a. Overview

India's labor market is characterized by lax protection for freedom of association and collective bargaining rights and issues of forced labor, child labor, and OSH conditions, problems that are exacerbated by deficient labor law enforcement. Poor labor law enforcement is particularly common in the export sector. Further, across India, high levels of labor informality (approximately 90%) may also lower costs of firms since informal entities do not have to pay non-wage labor costs (such as contributions to social safety net programs), are less likely to be covered by relevant labor laws, and are more likely to evade enforcement and inspection efforts.

Labor rights in India are governed by both national and state laws. Labor law reforms from 2019 and 2020 attempted to consolidate India's 29 separate labor codes into four: the Code on Wages from 2019; the Industrial Relations Code; the Occupational Safety, Health and Working Conditions Code; and the Code on Social Security from 2020. The four codes entered into force on November 21, 2025; and the central government issued accompanying rules on May 8, 2026. However, the laws must also be implemented by each state in order to take effect. Implementation at the state level has been uneven, with less than a quarter of states having issued rules implementing all four labor codes by the end of November 2026.

Additional legislation covering child labor and forced labor—the Child and Adolescent Labor (Prohibition and Regulation) Act[259] and the Bonded Labour System (Abolition) Act[260]—remain current law and are discussed in the relevant sections below. There are concerns about adequate resourcing of labor law enforcement entities and the implementation of plans to expand social protections and benefits to informal workers.

b. Constraints on Freedom of Association and the Effective Recognition of the Right to Collective Bargaining in India

The ILO recognizes freedom of association and the effective recognition of collective bargaining as a fundamental principle and right at work. In the labor context, freedom of association is the right of workers and employers to organize to defend their interests, including for the purpose of negotiating salaries, benefits, and other conditions of work.[261] The ability of workers to collectively bargain is an essential element of freedom of association, as it helps to ensure that workers and employers have a voice in negotiations and provides workers the opportunity to seek to improve their living and working conditions.[262]

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[259] *The Child and Adolescent Labour (Prohibition and Regulation) Act*, INDIA CODE (1986), https://www.indiacode.nic.in/handle/123456789/1848?view_type=browse.

[260] *The Bonded Labour System (Abolition) Act*, INDIA CODE (1976), https://www.indiacode.nic.in/handle/123456789/1491?view_type=search&col=123456789/1362.

[261] ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, as amended in 2022, https://www.ilo.org/sites/default/files/2024-04/ILO_1998_Declaration_EN.pdf [hereinafter ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up].

[262] *Id*.; *see Fundamental Principles and Rights at Work are Essential to Codes of Conduct,* U.S. DEPARTMENT OF LABOR, https://www.dol.gov/agencies/ilab/sourcingstrong/steps-to-a-social-compliance-system/step-3-develop-a-

India has taken actions to limit the ability of Indian workers to exercise these rights in ways that relate to structural excess capacity and production. For example, India imposes burdensome legal requirements for union registration and recognition, including excessively high minimum membership numbers; severely restricts the ability to strike, including through potential criminal penalties for workers participating in strikes deemed to be illegal; and permits the central government to exempt any activities and classes of establishments from the law governing industrial relations.[263]

The 2020 Industrial Relations Code (IR Code) gives the "appropriate" government—which could be the national or state government, depending on the sector or establishment—broad authority to exempt specific establishments or classes of industrial establishments from any or all provisions of the IR Code. Such exclusionary powers could lead to the suspension of laws governing industrial relations for whole sectors of the economy.[264] The IR Code establishes imprisonment for a worker who "commences, continues, or otherwise acts in furtherance" of a strike deemed illegal under the Code.[265] Companies in export-oriented areas often employ workers on temporary contracts, which tends to lead to lower wages.[266] Notably, a new 2025 labor law does not include limits on the number of times an employer can renew a worker's contract, meaning a worker who is otherwise effectively a full-time employee of a company could be kept on temporary contracts indefinitely, unfairly lowering firm costs and contributing to wage suppression.

Laws prohibiting retaliation against workers for exercising their associational rights are also not effectively enforced. Unionized workers have faced retaliation, including transfers, terminations, and harassment, for seeking to organize and for raising complaints about workplace issues, such as low wages, health and safety hazards, and sexual harassment.[267]

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code-of-conduct/key-topic-freedom-of-association-and-collective-bargaining-rights-are-essential-to-codes-of-conduct.

[263] 2024 COUNTRY REPORT ON HUMAN RIGHTS PRACTICES: INDIA; THE INDUSTRIAL RELATIONS CODE 2020, Art. 6(2), Art. 62(1), Art. 53(6), Art. 62(d)-(e), Art. 86(13), Art. 86(15), Art. 86(16), Art. 96, https://www.labour.gov.in/static/uploads/2025/06/6ff01e55e0436173baa05bd2f36155fd.pdf.

[264] The CFA and the ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) have noted that, even where a state alleges the existence of an emergency, the Conventions "do not contain any provision permitting derogation from the obligations arising under the Convention, or any suspension of their application."

[265] THE INDUSTRIAL RELATIONS CODE 2020, Art. 86(13), https://www.labour.gov.in/static/uploads/2025/06/6ff01e55e0436173baa05bd2f36155fd.pdf.

[266] 2024 COUNTRY REPORT ON HUMAN RIGHTS PRACTICES: INDIA.

[267] *See, e.g.*, *India's mining unions fight for women and precarious workers,* INDUSTRIALL (June 15, 2022), https://www.industriall-union.org/indias-mining-unions-fight-for-women-and-precarious-workers; *Shahi Exports Unit 20*, WORKER RIGHTS CONSORTIUM, https://www.workersrights.org/factory-investigation/shahi-exports-unit-20/ (last updated 2022); *Shahi Exports Unit 8*, WORKER RIGHTS CONSORTIUM, https://www.workersrights.org/factory-investigation/shahi-exports-pvt-ltd/ (last updated 2021).

c. Forced Labor

India is a member of the ILO, which recognizes the elimination of all forms of forced or compulsory labor as a fundamental principle and right at work that all members of the ILO have an obligation to respect, promote, and realize, in good faith.[268] Forced labor and debt bondage are criminalized under India's Bonded Labour System (Abolition) Act, Article 23 of its Constitution, and the *Bharatiya Nyaya Sanhita*, India's 2023 criminal code reforms.

While India's law is facially compliant with international standards, forced labor remains a significant issue due to lack of enforcement at both the national and state levels. India has the highest number of persons held in modern slavery and debt bondage, which, combined with its high informal sector, contributes to reduced wage rates.[269] India's Occupational, Safety, Health, and Working Conditions Code (OSH Code) exempts from its obligations non-factory worksites that employ fewer than 10 workers, factories engaging in manufacturing with power that employ fewer than 20, and factories engaging in manufacturing without power that employ fewer than 40 Because the majority of businesses in India qualify as micro, small, or medium enterprises, many Indian workers are unprotected and vulnerable to safety and health hazards, as well wage violations and debt bondage.

According to media reports and U.S. government reporting, India's laws prohibiting forced labor have not been adequately enforced.[270] The U.S. State Department wrote in 2024, "[t]he conviction rate for trafficking crimes, including bonded labor, remained very low."[271]

In a notice dated July 13, 2026, India amended its Foreign Trade Policy to prohibit imports of goods wholly or partly using forced labor to align its policy with international standards.[272] In addition, the Directorate General of Foreign Trade (DGFT) issued a Trade Notice amending its Handbook of Procedures to add procedures on how to conduct inquiries under the new policy.[273] Under the new procedures, DGFT has been empowered to seek

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[268] ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up.

[269] *India has 18 million modern slaves—at least five times more than any other country in the world*, QUARTZ (July 21, 2022), https://qz.com/india/695565/india-has-18-million-modern-slaves-at-least-five-times-more-than-any-other-country-in-the-world.

[270] *See, e.g.*, Megan Rajagopalan & Qadri Inzamam, *Why Politicians Ignore Abuses in India's Sugar Industry: They Run It*, NEW YORK TIMES (Oct. 11, 2024), https://www.nytimes.com/2024/10/11/world/europe/india-sugar-worker-abuse-maharashtra-politicians.html; U.S. DEPARTMENT OF STATE, TRAFFICKING IN PERSONS REPORT: INDIA (2024), https://www.state.gov/reports/2024-trafficking-in-persons-report/india/.

[271] U.S. DEPARTMENT OF STATE, TRAFFICKING IN PERSONS REPORT: INDIA (2024), https://www.state.gov/reports/2024-trafficking-in-persons-report/india/.

[272] *Prohibition on Import of Goods Produced Using Forced Labour – Insertion of Para 2.20B and Para 11.64 in the Foreign Trade Policy (FTP) 2023*, INDIAN DEPARTMENT OF COMMERCE, DIRECTORATE GENERAL OF FOREIGN TRADE (July 13, 2026), https://www.dgft.gov.in/CP/?opt=notification.

[273] *Insertion of Para 2.50A in Handbook of Procedure*, INDIAN DEP'T OF COMMERCE, DIRECTORATE GENERAL OF FOREIGN TRADE (July 13, 2026), https://www.dgft.gov.in/CP/?opt=public-notice.

information, documents or clarifications from importers, exporters, manufacturers, expert bodies, or international organizations.[274]

d. Failure to Effectively Enforce Child Labor Prohibitions

As noted above, the ILO recognizes the elimination of all forms of forced or compulsory labor as a fundamental principle and right at work that all members of the ILO have an obligation to respect, promote, and realize, in good faith.[275] India's hazardous work regulations for children between ages 14 and 18—established by the country's Child and Adolescent Labor (Prohibition and Regulation) Act [276]—do not include all sectors in which children are known to work, including spinning mills, garment production, and carpet making, all of which expose children to dangerous machinery, difficult working conditions, and long hours.[277] Such work activities may feed into the supply chains of export-dominated manufacturing sectors.

e. Failure to Effectively Enforce India's Wage and Hour Laws

A number of factors contribute to India's failure to effectively enforce its wage and hour laws.

As noted above, approximately 90% of Indian workers are in informal sectors, and such workers often participate in sectors impacting trade with the United States—for example, producing component parts, or fulfilling orders subcontracted with formal enterprises.[278] Informal workers frequently experience wage theft and non-payment of minimum wages, unsafe working conditions, job precarity, and a lack of benefits and access to social safety net programs, allowing firms to unfairly evade labor costs.[279]

The Indian government has made efforts to address the needs of informal workers, including by creating e-Shram, an online portal intended to enable informal workers to access social security programs and benefits. However, many informal sector workers often face obstacles with e-Shram registration,[280] which requires workers to have an ID card, bank account, and phone number.[281]

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[274] *Id*.

[275] ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up.

[276] Child and Adolescent Labor (Prohibition and Regulation) Act, Art. 3A, Schedule 1, https://www.indiacode.nic.in/handle/123456789/1848?view_type=browseArt.

[277] See Schedule to the Child and Adolescent Labour (Prohibition and Regulation) Act, 1986 (Aug. 30, 2017), https://www.labour.gov.in/sites/default/files/notification_to_amend_the_schedule0.pdf. Carpet making and domestic work are prohibited to children under 14 but not to children aged 14-17 ("adolescents").

[278] 2024 COUNTRY REPORT ON HUMAN RIGHTS PRACTICES: INDIA.

[279] *India Employment Report 2024: Youth employment, education and skills*, ILO, at 63-64 (Apr. 2024), https://www.ilo.org/sites/default/files/2024-08/India%20Employment%20-%20web_8%20April.pdf.

[280] *e-Shram*, GOVERNMENT OF INDIA, NATIONAL INFORMATION CENTER, www.nic.gov.in/project/e-shram/ (listing information needed to apply).

[281] *Id*.

Many workers in India do not receive the minimum wages they are entitled to under law and enforcement of minimum wage laws often has been weak in many of the unorganized, informal sectors of the economy.[282] These high levels of informality, the frequent use of brokers and increased use of subcontracting in certain sectors, and low levels of enforcement of wage laws contribute to the widespread non-payment of minimum wages. An ILO analysis of 2022 workforce data found that 52% of casual workers in the agricultural sector and 70% of casual workers in the construction sector did not receive the legal minimum wage.[283]

Indian law also fails to secure effective, acceptable working conditions, since its OSH Code exempts worksites depending on the type of business and number of workers from its provisions, which leaves the majority of Indian workplaces excluded from the protections of the health and safety code.[284] Even where the law does apply, OSH laws are rarely enforced in India. OSH inspectorates across India are under-resourced to such a degree that the vast majority of workplaces are never or rarely inspected, according to the ILO.[285]

The availability of social protections help to inform the formation of wages. In all social protection categories that the ILO tracks, India's population is far less covered than the United States's population, as shown in the figure below. Note that ILO did not have numbers for India in the unemployment assistance category below. In assessing the percentage of a population that is covered by at least one social protection benefit, the ILO Social Security Inquiry Database takes into consideration coverage by a social protection system and is measured by the number of people who are either actively contributing to a social insurance scheme or are receiving benefits.[286] In assessing the percentage of a labor force that is covered in the event of a work injury, the ILO Social Security Inquiry Database takes into consideration any benefit paid by a work injury program for the work-related injury, disease, incapacity, and death of a protected person.[287] In the six measures listed below, India has provided fewer social protection benefits than the United States, indicative of an ineffective social safety net that artificially lowers labor costs and distorts labor markets.

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[282] 2024 COUNTRY REPORT ON HUMAN RIGHTS PRACTICES: INDIA; *see also India Employment Report 2024: Youth employment, education and skills*, ILO, at 63-64 (Apr. 2024), https://www.ilo.org/sites/default/files/2024-08/India%20Employment%20-%20web_8%20April.pdf.

[283] *India Employment Report 2024: Youth employment, education and skills*, ILO, at 63-64 (Apr. 2024), https://www.ilo.org/sites/default/files/2024-08/India%20Employment%20-%20web_8%20April.pdf.

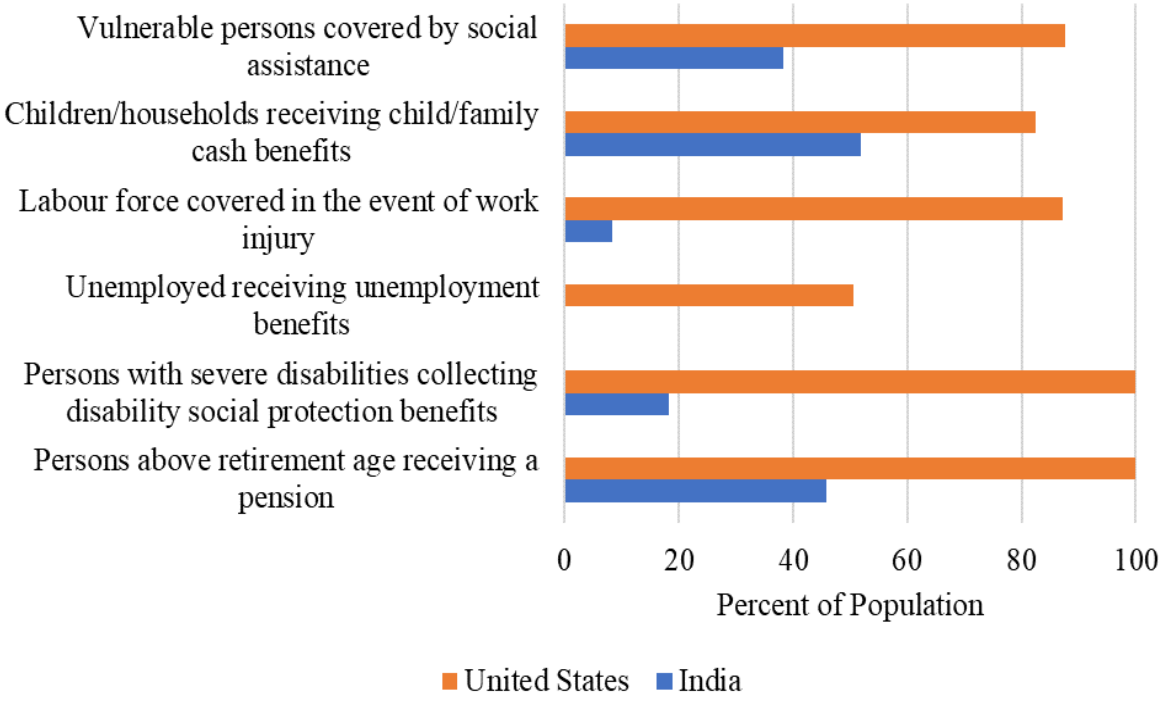
[284] 2024 COUNTRY REPORT ON HUMAN RIGHTS PRACTICES: INDIA.

[285] *India Employment Report 2024: Youth employment, education and skills*, INT'L LAB. ORG at 63-64 (Apr. 2024), https://www.ilo.org/sites/default/files/2024-08/India%20Employment%20-%20web_8%20April.pdf ("Casual workers" are defined as "[a]ll workers who do not have any tenure and are mostly employed on a daily wage basis.").

[286] *SDG indicator metadata*, INTERNATIONAL LABOR ORGANIZATION (Mar. 28, 2025), https://unstats.un.org/sdgs/metadata/files/Metadata-01-03-01a.pdf.

[287] *Social Security Inquiry Manual*, INTNATIONAL LABOR ORGANIZATION 25 (2016), https://www.social-protection.org/gimi/Media.action?id=15491.

India versus U.S. Social Protections[288]



These labor conditions influence the formation of wages and the cost of production in India. India's labor conditions highlight significant structural deficiencies that serve to artificially suppress wages. Even where legislative frameworks are in place, India's enforcement and administration of its labor laws is inadequate, which results in a labor market that is not in line with market conditions. India's distorted labor conditions are related to the formation and maintenance of structural excess capacity and production. Accordingly, India's failure to ensure adequate labor conditions facilitate the maintenance of labor-intensive export-oriented manufacturing.

3. India's Financial Repression

Financial repression refers to policies and practices that have the effect of suppressing interest rates or of directing the allocation of credit and capital in a manner that results in outcomes that are different than they would be if they reflected market-oriented conditions alone. India's acts, policies, and practice constitute financial repression.

India continues to use directed lending requirements, subsidized credit programs, and other financial sector policies to channel credit at below-market rates toward priority sectors.

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[288] INTERNATIONAL LABOR ORGANIZATION, ILSOSTAT DATA EXPLORER, https://rshiny.ilo.org/dataexplorer80/?lang=en&segment=indicator&id=SDG_0131_SEX_SOC_RT_A&channel=ilostat. Note that the latest data was used for each country measure.

For example, the Reserve Bank of India requires banks to direct credit through Priority Sector Lending quotas.[289] Commercial banks must allocate 40% of net bank credit to designated priority sectors, including agriculture, MSMEs, education, housing, renewable energy, and social infrastructure.[290] Banks that fail to meet these targets must either purchase Priority Sector Lending Certificates from other banks or contribute funds to development institutions such as the Rural Infrastructure Development Fund.[291] These requirements direct credit toward government-prioritized sectors that might otherwise receive less financing under market-based lending.

The government also provides interest subsidies and credit guarantees to reduce borrowing costs for selected sectors. Under the Modified Interest Subvention Scheme, eligible farmers receive subsidized short-term crop loans, with additional interest rebates for timely repayment.[292] Under the Credit Guarantee Fund Trust for Micro and Small Enterprises, the government provides credit guarantees to financial institutions to encourage collateral-free lending to MSMEs.[293]

In addition, several government-owned development financing institutions (*e.g.*, the National Bank for Agriculture and Rural Development (NABARD)[294] and the National Housing Bank (NHB)[295]) provide direct lending and refinancing to financial institutions and firms in priority sectors such as agriculture, MSMEs, housing, and infrastructure. Depending on the program, financing is provided on either commercial or concessional terms.

4. Sustained Market Access Barriers

USTR's *2026 National Trade Estimates* report provides an overview of a number of market access barriers that affect production. The opaque and unpredictable nature of India's

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[289] *Master Directions (Priority Sector Lending – Targets and Classification) Directions, 2025*, RESERVE BANK OF INDIA, (Mar. 24, 2025), https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12799 (noting an update on Sept. 11, 2026).

[290] RESERVE BANK OF INDIA, *Master Directions (Priority Sector Lending – Targets and Classification) Directions, 2025,* Section 7 (Mar. 24, 2025), https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12799.

[291] RESERVE BANK OF INDIA, *Master Directions (Priority Sector Lending – Targets and Classification) Directions, 2025,* Annex IIIA (Mar. 24, 2025), https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12799.

[292] MINISTRY OF AGRICULTURE & FARMERS WELFARE, "Cabinet approves continuation of Modified Interest Subvention Scheme (MISS) for FY 2025-26 with existing 1.5% Interest Subvention (IS)" (May 28, 2025), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2131989&reg=48&lang=2 ; https://ddnews.gov.in/en/cabinet-approves-continuation-of-modified-interest-subvention-scheme-for-fy-2025-26/.

[293] MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES, DEVELOPMENT COMMISSIONER, *Credit Guarantee Scheme for Micro & Small Enterprises,* https://dcmsme.gov.in/CLCS_TUS_Scheme/Credit_Guarantee_Scheme/Scheme_Guidelines.aspx.

[294] INDIA DEPARTMENT OF FINANCIAL SERVICES, *National Bank for Agriculture and Rural Development (NABARD),* https://financialservices.gov.in/nabard. For a deeper dive on how NABARD operates, *see* Anjay Sonkar & Dr. Urjaswita Singh, *Role of National Bank for Agriculture and Rural Development (NABARD) in rural financing and development of rural economy,* 8 INTERNATIONAL JOURNAL OF SOCIAL RESEARCH & DEVELOPMENT 1, 1-5 (2026), https://socialsciencejournal.net/assets/archives/2026/vol8issue2/8025.pdf.

[295] INDIA DEPARTMENT OF FINANCIAL SERVICES, *National Housing Bank (NHB),* https://financialservices.gov.in/nhb.

application of quantitative restrictions has affected the ability of exporters to access the market. For example, India "applies restrictions on boric acid imports, including arbitrary import quantity approval restrictions and other requirements that apply only to imports. Long periods of time can pass without the issuance of any import licenses."[296] On August 3, 2023, the Indian government announced restrictions on imports, including an import licensing requirement, of certain ICT products, including laptops, tablets, and servers classified under Harmonized System heading 8471. While the licensing requirements were initially set to take effect immediately, India delayed implementation until November 2023 and subsequently introduced an Import Management System (IMS) to administer import licenses. India has extended the IMS several times, most recently through December 31, 2026.[297]

Other market access barriers are discussed vis-à-vis specific sectors below.

5. Encouragement of or Failure to Monitor and Address Imports from NMEs, Particularly in Key Sectors

As explained above, India has consistently increased its imports of inputs and final goods from NMEs, particularly China, over the past five years. In addition to permitting Chinese investment in export-oriented industries, India has also permitted and failed to restrict its firms' access to inputs made in China, often in sectors plagued by excess capacity and production. Among the measures that enable this access to Chinese inputs is India's participation in the Asia-Pacific Trade Agreement (APTA).[298] APTA provides a number of concessions: in the third round of negotiations in 2005, concessions from China, Korea, India, and Sri Lanka covered 4,270 products with an average Margin of Preference of 27.22%.[299] The Fourth Round, launched in October 2007, led to an exchange of tariff concessions on approximately 11,000 items, which widened the coverage of preferences of total tariff lines for each Member State, deepened the tariff concessions by at least 31–34% of the total intra-regional trade under APTA, and included special concessions to LDCs.[300] Additionally, India has sought to expand its trade and investment ties with China, with India reporting a four-fold increase in trade over the past ten years, and IBEF states that more than 100 Chinese companies have established offices/operations in India.[301]

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[296] USTR, 2026 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS OF THE PRESIDENT OF THE UNITED STATES ON THE TRADE AGREEMENTS PROGRAM 262 (Mar. 2026), https://ustr.gov/sites/default/files/files/Press/Releases/2026/National%20Trade%20Estimate%20Report%202026.pdf.

[297] *Id.*

[298] *Asia-Pacific Trade Agreement* (APTA), ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP), https://www.unescap.org/apta (last visited Nov. 13, 2026) (preferential trade agreement formerly known as the Bangkok Agreement; current members include Bangladesh, China, India, Laos, Mongolia, the Republic of Korea, and Sri Lanka).

[299] *Asia-Pacific Trade Agreement* (APTA), ESCAP, https://www.unescap.org/apta/tariff-concessions/session-3 (listing Third Round concessions and special concessions).

[300] *Asia-Pacific Trade Agreement* (APTA), ESCAP, https://www.unescap.org/apta/tariff-concessions/session-4 (listing Fourth Round concessions and special concessions).

[301] IBEF INDIA CHINA TRADE (detailing trade and investment relationship, including China as fourth largest export destination).

While India does not have a free trade agreement (FTA) with Russia, it is pursuing such an arrangement.[302] Specifically, India is in FTA negotiations with the Eurasian Economic Union (EAEU), which includes Russia, Kazakhstan, Armenia, Belarus, and Kyrgyzstan. India and the EAEU launched FTA negotiations on November 26, 2025, with a round of talks held on June 2026.[303] Discussions continue as of the date of drafting this Report.

This Report details exports of Chinese inputs impacting export-oriented manufacturing in India. Although India has applied trade defense measures (*e.g.*, anti-dumping, counter-vailing, and safeguard duties) to some products from China and other NME countries of note,[304] other input imports are pouring into India. As stated above, in 2025, India's top imports from China of gross fixed capital formation goods include automatic data processing machines, electronic power equipment and parts, and weaving machines. India's top imports from China of intermediate consumption goods include electric accumulators, electrical apparatus, semiconductors, and photovoltaic cells.[305] U.S. production data demonstrate that the United States also produces these types of gross fixed capital formation goods and intermediate consumption goods.[306] Another trend is Indian consumption of lower-priced Russian energy products after the outbreak of the Ukraine conflict in 2022 and resulting global sanctions on Russian energy products.[307]

By having increasing access to undervalued inputs made in China, Indian producers can gain a cost advantage for finished goods, further contributing to excess capacity and production. Furthermore, these Chinese inputs displace appropriately priced inputs from market-based economies, such as the United States.

6. Encouragement of or Failure to Monitor and Address FDI from NMEs, Particularly in Key Sectors

Economies that encourage FDI from NMEs, or fail to monitor and address such investment flows, also contribute to and encourage structural excess capacity and production. As discussed above, the *Make in India* and PLI schemes encourage FDI in key sectors promoted by the central government in ways untethered from what supply and demand may suggest. These sectors include steel, solar, health, and ICT, among others.

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[302] *India, Russia-led bloc agree on key FTA chapter; SME and IPR talks advance*, CNBC TV18 (July 20, 2026), https://www.cnbctv18.com/economy/india-russia-led-eaeu-trade-pact-talks-competition-smes-ipr-chapters-progress-19949523.htm.

[303] *Id.*

[304] *What's New?*, INDIAN DEP'T OF COMMERCE, DIRECTORATE GENERAL OF TRADE REMEDIES, https://www.dgtr.gov.in/en/whats-new-investigation-related?id=39-tab (listing active trade remedy measures and investigations on all countries, including China, Russia, and Vietnam) (last updated Nov. 9, 2026).

[305] Appendix, Figure 20.

[306] Appendix, Figure 16.

[307] 2025 USCC ANNUAL REPORT TO CONGRESS, at 167-168 (detailing increased India and China consumption of cheap Russian energy inputs).

The FDI in these key sectors appears dissonant from reports of FDI in other sectors. For example, the OECD recently analyzed Indian FDI restrictiveness and found Indian FDI restrictiveness well above the OECD average.[308] But as discussed in Section II.A.7, there is significant investment in certain key sectors exhibiting overcapacity. The investment is consistent with other reports, and is concentrated in the ICT, automotive, services, energy, and materials sectors.[309] For example, according to the Rhodium Group, Chinese companies have reportedly invested hundreds of millions in India's renewable energy equipment industry since 2017.[310]

As noted above, on March 10, 2026, India's cabinet approved changes to FDI rules that had restricted investments from China and other bordering countries to allow non-controlling stakes of up to 10% in Indian firms without prior government approval and a 60-day expedited approval process for investments in priority manufacturing sectors such as electronics, capital goods, and solar cells, including those from Chinese companies.[311]

7. Steel Sector Interventions

The Indian steel sector has contributed to excess capacity and production for several years, with increased significance in the past five years. While Indian domestic demand is growing, the OECD projects its capacity growth far exceeds demand growth, contributing to overproduction in the sector and globally.[312]

India's steel sector is undergoing rapid expansion toward 300 million tons (MT) capacity by 2030.[313] This would make India the second-largest steel producer in the world, with almost triple the capacity of the United States. India's rate of capacity expansion far exceeds that of market economies like the United States, as shown in the OECD Steel Outlook.[314] While Indian officials reject allegations of unfair, subsidy-led production, recent data show that capacity

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[308] OECD, FOUNDATIONS FOR GROWTH AND COMPETITIVENESS 2026, at 215-16 (Nov. 13, 2025), https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/04/foundations-for-growth-and-competitiveness-2026_f68a156b/40a7532f-en.pdf.

[309] *China Cross-Border Monitor: India*, RHODIUM GROUP, https://cbm.rhg.com/data/asia/Vietnam (last accessed Nov. 19, 2026).

[310] *Id.*; Sraisth, *Hareon Solar and Renew Power commissions 172 MW solar park in Telangana*, PV MAG. (Oct. 2, 2017), https://www.pv-magazine-india.com/2017/10/02/hareon-solar-and-renew-power-commissions-172-mw-solar-park-in-telangana/.

[311] *Subject of FDI Policy on Investments from Countries Sharing Land Border with India*, MINISTRY OF COMMERCE AND INDUSTRY, DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNATIONAL TRADE (Mar. 10, 2026), https://www.dpiit.gov.in/static/uploads/2026/03/b9da5830b052c2f2d788593e97d07c63.pdf. https://www.dpiit.gov.in/static/uploads/2026/03/b9da5830b052c2f2d788593e97d07c63.pdf.

[312] OECD STEEL OUTLOOK 2025, at 24.

[313] *Duty Drawback Scheme for Export: The Complete 2026 Guide*, MUNDRA CONSULTING SERVICES, https://mundhraconsulting.com/blog/duty-drawback-scheme/.

[314] OECD STEEL OUTLOOK 2025, at 24.

utilization has dropped below 80% due to aggressive expansion, even while Indian firms continue to expand rapidly.[315]

Under the *National Steel Policy* (2017), India is rapidly expanding coal-dependent blast furnace–basic oxygen furnace (BFBOF) capacity to meet increased demand, even though the sector is already one of the world's most emissions-intensive and accounts for roughly 12% of national CO_2 emissions.[316]

Other programs designed to promote production capacity include the following:

- Advanced Authorization Scheme: This scheme allows the duty-free import of inputs that are incorporated into a product for export product; this includes materials, such as packaging material, energy products, and other products used in producing goods for export.[317]

- Duty Drawback (DDB) Program: The DDB offsets customs duties on inputs used for exported products and is offered at fixed rates independent of the tax levied on inputs. The Indian government uses the program as a tool to boost exports.[318]

- Duty Free Import Authorization (DFIA) Scheme: The DFIA Scheme exempts companies from paying import duties for goods and materials used in metals production (among others), such as inputs, fuel, and energy sources.[319]

- Export Oriented Unit Scheme: This includes: (i) duty-free importation of capital goods and raw materials; (ii) reimbursement of Central Sales Tax paid on goods manufactured in India; (iii) duty drawback on imported fuel procured through Indian oil companies; and (iv) exceptions from the payment of Central Excise Duty on goods manufactured in India.[320]

- Export Promotion of Capital Goods Scheme (EPCGS): The EPCGS provides reductions or exemptions of customs duties and excise taxes for imports of capital goods to companies that agree to meet certain export targets.

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[315] *See* Press Release, PIB, Indian Steel Industry Shows Strong Growth Amid Emerging Challenges in 2025-26 (Apr. 29, 2026), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2250022&reg=3&lang=2.

[316] *See* Press Release, PIB, Indian Steel Industry Shows Strong Growth Amid Emerging Challenges in 2025-26 (Apr. 29, 2026), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2250022&reg=3&lang=2.

[317] *Advance Authorization*, INDIA MINISTRY OF COMMERCE AND INDUSTRY, DIRECTORATE GENERAL OF FOREIGN TRADE, https://www.dgft.gov.in/CP/?opt=adnavce-authorisation.

[318] *Duty Drawback Scheme for Export: The Complete 2026 Guide*, MUNDRA CONSULTING SERVICES, https://mundhraconsulting.com/blog/duty-drawback-scheme/ (last visited Nov. 17, 2026).

[319] *Indian Trade Portal*, GOVERNMENT OF INDIA, MINISTRY OF COMMERCE AND INDUSTRY, https://indiantradeportal.in/vs.jsp?lang=0&id=0,55,284 (last visited Nov. 17, 2026).

[320] *See generally Export Oriented Unit (EUO) FAQs*, NOIDA SPECIAL ECON. ZONE, MINISTRY OF COMMERCE AND INDUSTRY, GOVERNMENT OF INDIA, https://nsez.gov.in/Resources/EOU%20FAQs.pdf (last visited Nov. 17, 2026).

- Interest Equalization Scheme: The scheme reduces the interest payable on pre-shipment and post-shipment rupee export credit (through a direct interest subsidy through banks); this makes export loans more affordable for eligible MSME manufacturers, service exporters for certain tariff lines.[321]

Some programs are targeted to promote steel production and export in specific steel sectors. For example, in 2021, the Government of India launched the *PLI Scheme for Specialty Steel*, which incentivizes the production of certain specialized steel products (coated/plated steel, high strength/wear resistant steel, specialty rails, alloy steel and steel wires, and electrical steel) by providing financial incentive payments on the basis of annual production.[322] The scheme covers 22 product subcategories across five broad segments, including electrical steel (CRGO/CRNO), stainless steel (flat and long), alloy steel, coated steel, super alloys, and titanium alloys. This has been followed by the *PLI Scheme for Specialty Steel 2025*, which provides incentive payouts of 4% to 15% of extra production value for increased production of certain advanced steel products annually through 2030.[323]

8. Solar Sector Interventions

A key program for promotion of building capacity and exports in the solar sector is the PLI scheme *National Programme on High Efficiency Solar PV Modules.* India's Ministry of New and Renewable Energy implements the scheme to produce manufacturing capacity at scale in High Efficiency Solar Photovoltaic (PV) modules.[324]

Among other measures, there are certain domestic content requirements imposed under the *Jawaharlal Nehru National Solar Mission (National Solar Mission)* that affect capacity.[325] These domestic content requirements concern solar cells and solar modules, and they are imposed on certain entities selling electricity to government agencies under the *National Solar Mission*. Solar cells are PV devices that are components of solar modules, also known as solar panels.

The *National Solar Mission* has been supported by a framework of:

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[321] *Interest Equalisation Scheme: How Indian Exporters Gain Competitive Advantage*, RAZORPAY (Dec. 26, 2025) https://razorpay.com/blog/interest-equalisation-scheme-for-exporters/.

[322] *Production Linked Incentive (PLI) Scheme for Specialty Steel in India,* MINISTRY OF STEEL, GOVERNMENT OF INDIA, https://steel.gov.in/pli (last updated Nov. 16, 2026).

[323] Press Release, PIB, H.D. Kumaraswamy launches PLI 1.2: Major Push to India's Specialty Steel Ecosystem (Feb. 9, 2026), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2225503&reg=3&lang=1.

[324] *Production Linked Incentive (PLI) Scheme: National Programme on High Efficiency Solar PV Modules*, GOVERNMENT OF INDIA MINISTRY OF NEW & RENEWABLE ENERGY, https://mnre.gov.in/ministry/our-division/details/solar (last visited Nov. 14, 2026).

[325] *Solar Overview,* GOVERNMENT OF INDIA MINISTRY OF NEW & RENEWABLE ENERGY, https://mnre.gov.in/ministry/our-division/details/solar (last visited Nov. 14, 2026). ; *Jawaharlal Nehru National Solar Mission (JNNSM)* GOVERNMENT OF INDIA, INDIA SCIENCE, TECHNOLOGY & INNOVATION PORTAL, https://www.indiascienceandtechnology.gov.in/st-visions/national-mission/jawaharlal-nehru-national-solar-mission-jnnsm (last updated Nov. 16, 2026).

- *Financial incentives:* Concessional import duties, excise duty exemptions, accelerated depreciation, tax holidays, and generation-based incentives.

- *Domestic manufacturing support:* PLI scheme for high-efficiency solar PV modules with Rs24,000 crore (approximately $2.58 billion) outlay, promoting domestic manufacturing and reducing import dependence.

- *Regulatory measures:* Renewable Purchase Obligations (RPO), Green Energy Open Access Rules, and payment security mechanisms for developers.[326]

One report indicates that:

> Import duties, domestic sourcing requirements, and incentive schemes have encouraged manufacturers to invest in new plants and expand existing ones. These measures were designed to strengthen local production and reduce reliance on imports.
>
> However, manufacturing capacity has increased faster than actual module consumption on the ground. Project approvals, land acquisition, financing, and grid connectivity often take longer than expected. When installations slow while factories continue to operate at planned capacity, surplus inventory begins to build.[327]

A report on the plan published by the Institute for Energy Economics and Financial Analysis (IEEFA) indicates that:

> The PLI scheme has catalysed substantial domestic investment. India's module and cell capacities grew 216% and 344%, respectively, since 2022, with PLI-linked facilities accounting for 39% of total module and 62% of total cell additions. However, economic gains have been only partial. Against the target of Rs94,000 crore (~US$10.80 billion) in investment and 65GW of capacity, progress reached Rs48,120 crore (~US$5.53 billion) and 31GW by June 2025, roughly half the intended outcome. . . .
>
> At the market level, solar tariff stagnation reflects the lack of a resilient integrated domestic PV module manufacturing industry. Global module price declines, largely driven by dumping and oversupply from China, have been offset domestically by higher Domestic Content Requirement-compliant module costs and rising

[326] *Jawaharlal Nehru National Solar Mission (JNNSM)* GOVERNMENT OF INDIA, INDIA SCIENCE, TECHNOLOGY & INNOVATION PORTAL, https://www.indiascienceandtechnology.gov.in/st-visions/national-mission/jawaharlal-nehru-national-solar-mission-jnnsm (last updated Nov, 16, 2026).

[327] *Solar Module Oversupply in India: Why the Government Is Advising Caution,* JAKSON GROUP, https://www.jakson.com/blogs/india-solar-panel-oversupply-government-warning/ (last visited Nov. 17, 2026).

> balance-of-system and financing expenses. The correction in Chinese pricing under its "involution" policy is likely to moderate price fluctuations but will keep cost competitiveness a challenge for Indian manufacturers in the short term. …[328]

The IEEFA report goes on to summarize the key plans for solar production in India:

- Install 65 gigawatts (GW) per annum of fully and partially integrated solar PV module manufacturing capacity.
- Attract direct investment of around Rs94,000 crore (~US$10.80 billion).
- Create domestic manufacturing capacity for balance-of-materials components such as Ethylene Vinyl Acetate (EVA), solar glass, and backsheet.
- Generate about 195,000 direct and around 780,000 indirect jobs.
- Achieve import substitution of ~Rs1.37 lakh crore (~US$15.75 billion).
- Provide impetus to research and development to achieve higher-efficiency solar PV modules.[329]

The IEEFA report then notes, "As of June 2025, India's PV manufacturing capacity had reached 3.3GW polysilicon, 5.3GW wafer, 29GW cell, and 120GW module. The PLI scheme contributed entirely to the installed polysilicon or equivalent, and accounted for about 75% of wafer capacity, 36% of cell and 24% of module capacities, respectively, signaling strong progress in upstream integration, though downstream expansion remains largely outside the PLI framework."[330]

As noted above, India's PLI scheme appears to have exacerbated excess capacity in this sector, including through targeted foreign investment in the solar sector. Government support has driven a rapid increase in manufacturing capacity, including PLI which pays cash incentives tied to output; PLI also has a requirement that any solar project receiving government support must procure panels from an approved list of domestic manufacturers. A Rhodium Group report states that "India now has enough operating module manufacturing capacity to supply three

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[328] Vibhuti Garg, Prabhakar Sharma, Chirag H. Tewani, Aman Gupta & Soni Tiwari, *Assessing the effectiveness of India's solar Production Linked Incentive scheme,* INSTITUTE FOR ENERGY ECONOMICS & FINANCIAL ANALYSIS, at 6 (Dec. 11, 2025), https://ieefa.org/resources/assessing-effectiveness-indias-solar-production-linked-incentive-scheme.

[329] *Id*. at 8.

[330] *Id*.

times the panels installed domestically in 2025, and two to three times projected annual additions by 2030."[331]

9. Health Sector Interventions

As noted above, IBEF is the major implementing vehicle for investment and export promotion of the Government of India.[332] IBEF targets $2 trillion of exports by 2030, with half coming from merchandise exports across all sectors.[333] The strategy involves government policy initiatives, infrastructure development, and sectoral strategies, including in health and pharmaceuticals.[334]

Make in India: As discussed above, this program aims to turn India into a global manufacturing hub through sector-specific targets, regulatory streamlining, and investment promotion. One outcome is the Goods and Services Tax of 2017, which for the pharmaceutical industry consolidated 17 state and federal taxes into single tax rates between zero and 18%,[335] as well as created an input tax credit, reducing companies' tax liability on sales by allowing them to apply credits earned on taxes paid on purchases.[336] In September 2025, the government lowered the tax rates to between zero and five percent on nearly all categories of medicines. The government also reduced the time to collect input tax credit refunds to within 90 days, injecting liquidity into raw material companies, such as API manufacturers, still taxed at 18%.[337]

Make in India Pharmaceutical Sector Targets[338]

#	Medicine / Healthcare Category	Progress*	Outlays and Targets
1	Union budget 2026–2027, pharmaceutical expenditures to 2031		$1 billion (Rs. 10,000 crore); establish three new,

[331] Hannah Pitt, Shweta Movalia, & Khushi Jain, *Solar Manufacturing in Asia at a Crossroads,* RHODIUM GROUP 8 (June 25, 2026), https://rhg.com/research/solar-manufacturing-in-asia-at-a-crossroads/.

[332] *About Us*, INDIA BRAND EQUITY FOUNDATION, https://www.ibef.org/about-us (last visited Nov. 13, 2026).

[333] *Piyush Goyal Chairs Meet with Export Bodies Post India-NZ FTA, Pushes for $2 Trillion Exports by 2030*, DEVDISCOURSE (Apr. 28, 2026), https://www.devdiscourse.com/article/business/3889114-piyush-goyal-chairs-meet-with-export-bodies-post-india-nz-fta-pushes-for-2-trillion-exports-by-2030; *Union Minister of Commerce and Industry Mr. Piyush Goyal Chairs Review Meeting on Plan of Action for Achieving US$2 Trillion Export Target by 2030-31*, INDIA BRAND EQUITY FOUNDATION (Apr. 30, 2026), https://www.ibef.org/news/union-minister-of-commerce-and-industry-mr-piyush-goyal-chairs-review-meeting-on-plan-of-action-for-achieving-us-2-trillion-export-target-by-2030-31.

[334] INDIA BRAND EQUITY FOUNDATION, INDIA'S EXPORT AMBITIONS: TRADE STRATEGY TO ACHIEVE US$ 2 TRILLION BY 2030 (Aug. 2024), https://www.ibef.org/download/1723547507_indias_export_ambitions.pdf.

[335] Shashi Bidawat, *Impacts of GST on Healthcare and Pharma Sector*, 6 INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS 567, 571 (Mar. 2018), https://ijcrt.org/papers/IJCRT1134939.pdf.

[336] *Input Tax Credit – Meaning, Eligibility, Conditions to Claim*, BAJAJ FINANCE, https://www.bajajfinserv.in/what-is-input-tax-credit-under-gst (last visited Nov. 13, 2026).

[337] *Input Tax Credit – Meaning, Eligibility, Conditions to Claim*, BAJAJ FINANCE, https://www.bajajfinserv.in/gst-on-medicines.

[338] *India's Pharmaceuticals in Global Healthcare: 'From Domestic Production to International Markets,'* PIB (Mar. 21, 2026), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2243248&lang=2&reg=3.

			and upgrade seven existing, national institutes of research; create 1,000 accredited clinical trial sites across India
2	PLI: Pharmaceuticals and high-value biopharmaceutical products, complex generics, and autoimmune drugs	409% of target	$1.8 billion (Rs. 17,275 crore)
3	PLI: Bulk drugs (APIs, key starting materials, drug intermediates), investments mobilized	110%	$450 million (Rs. 4,330 crore)
4	PLI: Domestic manufacturing of medical devices		N/A
5	Trade: Expand market access through EU, UK, and New Zealand trade agreements	EU negotiations concluded in January 2026,[339] UK agreement entered into force on July 15, 2026,[340] and New Zealand FTA entered into force on October 20, 2026[341]	Faster approvals, lower tariffs, and expanded exports to health and pharmaceutical markets worth hundreds of billions[342]

* Progress reported as of March 21, 2026, unless otherwise indicated.

Goods and Services Tax Rate Changes

#	Medicine / Healthcare Category	Pre-September 2025 Rates	Post-September 2025 Rates

[339] The Commission put forward its proposals to the EU Council for signature of the trade agreement on September 2026. *The EU-India Free Trade Agreement*, EU COMMISSION (last updated Sept. 11, 2026) https://commission.europa.eu/topics/trade/eu-india-trade-agreement_en.

[340] *UK-India Trade Deal*, U.K. DEPARTMENT FOR BUSINESS & TRADE (last updated July 15, 2026), https://www.gov.uk/government/collections/uk-india-trade-deal.

[341] *New Zealand-India Free Trade Agreement*, NEW ZEALAND FOREIGN AFFAIRS & TRADE (last visited Nov, 13, 2026), https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/new-zealand-india-free-trade-agreement.

[342] *India-EU FTA: A Landmark Step in Global Trade Partnership*, GOVERNMENT OF INDIA ON INSTAGRAM (Jan. 28, 2026), http://instagram.com/p/DUD0nz2jBXZ/; *India – New Zealand FTA Opens Major Healthcare, MedTech Export Pathways,* BILATERALS (Apr. 28, 2026), https://www.bilaterals.org/?india-new-zealand-fta-opens-major; *UK-India $4.8 Billion Trade Deal Set to Boost Medtech and Pharma*, LONDON DAILY (May 10, 2026), https://londondaily.com/uk-india-4-8-billion-trade-deal-set-to-boost-medtech-and-pharma.

1	33 specified life-saving drugs (*e.g.*, cancer, rare diseases)	12%	0%
2	Specific cancer drugs	5%	0%
3	Allopathic medicines	12%	5%
4	Ayurvedic unani, siddha, and homeopathic medicines	12%	5%
5	Diagnostic kits and reagents (*e.g.*, COVID, malaria, hepatitis)	12%	5%
6	Medical devices (*e.g.*, glucometers, thermometers, spectacles)	12% / 18%	5%
7	Bandages, gauze and surgical dressings	12%	5%
8	Medical-grade oxygen	12%	5%
9	Individual health and life insurance premiums	18%	0%
10	Sanitary napkins and tampons	0% / 12%	0%

- *Atmanirbhar Bharat (Self-Reliant India):* Launched in 2020, this program includes a $27 billion PLI scheme to provide financial incentives to key sectors, including pharmaceuticals.[343] Approximately $2 billion was budgeted to support high-value drugs and API manufacturers in 2021,[344] and India offered a financial incentive of 5% of sales of domestically manufactured medical devices in four target segments for a period of five years: Cancer care / radiotherapy; radiology, imaging, and nuclear imaging; anesthetics and cardio-respiratory; and all implants, including implantable electronic devices.[345]

- *Health and Pharmaceuticals Sectoral Strategy:* India budgeted $120 million (Rs. 1,000 crore) to boost domestic manufacturing of key starting materials, drug intermediaries, and APIs in Gujarat, Himachal Pradesh, and Andhra Pradesh.[346] India also aimed to develop pharmaceutical clusters "with world-class testing facilities, research centres and quality certification that ensure a global level of quality for the products manufactured and exported from India."[347]

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[343] INDIA BRAND EQUITY FOUNDATION, INDIA'S EXPORT AMBITIONS: TRADE STRATEGY TO ACHIEVE US$ 2 TRILLION BY 2030, at 5 (Aug. 2024), https://www.ibef.org/download/1723547507_indias_export_ambitions.pdf; *Input Tax Credit – Meaning, Eligibility, Conditions to Claim*, BAJAJ FINANCE, https://www.bajajfinserv.in/what-is-input-tax-credit-under-gst.

[344] *Input Tax Credit – Meaning, Eligibility, Conditions to Claim*, BAJAJ FINANCE, https://www.bajajfinserv.in/what-is-input-tax-credit-under-gst; *New GST Rate for Medicines 2026: Latest Rate, Price, and Impact of GST 2.0*, BAJAJ FINANCE (Feb. 11, 2026), https://www.bajajfinserv.in/gst-on-medicines.

[345] Press Release, PIB, Push to Manufacture Medical Equipment in States (Dec. 9, 2022), https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1882177&reg=3&lang=2.

[346] *Input Tax Credit – Meaning, Eligibility, Conditions to Claim*, BAJAJ FINANCE, https://www.bajajfinserv.in/what-is-input-tax-credit-under-gst; *New GST Rate for Medicines 2026: Latest Rate, Price, and Impact of GST 2.0*, BAJAJ FINANCE (Feb. 11, 2026), https://www.bajajfinserv.in/gst-on-medicines.

[347] *Input Tax Credit – Meaning, Eligibility, Conditions to Claim*, BAJAJ FINANCE, https://www.bajajfinserv.in/gst-on-medicines; *New GST Rate for Medicines 2026: Latest Rate, Price, and Impact of GST 2.0*, BAJAJ FINANCE (Feb. 11, 2026), https://www.bajajfinserv.in/gst-on-medicines.

10. ICT Sector Interventions

India has set out to build ICT and electronics manufacturing capacity through schemes like the PLI for Large Scale Electronics Manufacturing (LSEM), *Digital India*, and the *National Policy on Electronics*. In some digital hardware segments, installed capacity and planned expansions are outpacing near term domestic and export demand.[348]

For example, domestic electronics production has grown by nearly 500% since 2014–2015 and almost doubled between 2020–2021 and 2023–2024, driven heavily by mobile phones, even as value addition remains relatively low at about 18–20%.[349] India's electronics manufacturing infrastructure has been strengthening, and domestic value addition has risen to 18%–20%, according to the Ministry of Electronics & Information Technology. This has been made possible because of the government's efforts in the LSEM in developing the entire value chain, *i.e.*, finished products, components, sub-modules, base materials, and capital equipment.[350]

A similar pattern is visible in adjacent digital infrastructure: India's data center capacity has quadrupled from about 375 MW in 2020 to more than 1,500 MW by 2025, supported by tax holidays and investments, even in a challenging market.[351]

Through at least February 2026, the LSEM has expanded rapidly with investments at $2.28 billion), production at $143.69 billion, and exports at $80.99 billion.[352] According to IBEF, "This growth in value addition is a good indicator of the localization of electronic components and sub-assemblies, which would ultimately result in a reduction of the dependency on imports and would further cement India's position as a global electronic and semiconductor manufacturing hub."[353]

According to *Invest India*:

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[348] *India's data centre capacity grew fourfold to more than 1500 MW in 5 years*, ET CIO.COM (Mar. 19, 2026), https://cio.economictimes.indiatimes.com/news/data-center/indias-data-centre-capacity-grew-fourfold-to-more-than-1500-mw-in-5-years/129669976.

[349] INDIA BRAND EQUITY FOUNDATION, DOMESTIC VALUE ADDITION IN ELECTRONICS MANUFACTURING RISES TO 18%-20%, STRENGTHENING INDIA'S LOCALISATION PUSH (Apr. 2, 2026) https://www.ibef.org/news/domestic-value-addition-in-electronics-manufacturing-rises-to-18-20-strengthening-india-s-localisation-push.

[350] *Domestic value addition in electronics manufacturing rises to 18%-20%, strengthening India's localisation push*, INDIA BRAND EQUITY FOUND. (Apr. 2, 2026) https://www.ibef.org/news/domestic-value-addition-in-electronics-manufacturing-rises-to-18-20-strengthening-india-s-localisation-push.

[351] CBRE, INDIA'S DATA CENTRE MARKET IN A NEW ERA (Nov. 12, 2025) https://mktgdocs.cbre.com/2299/955dd884-10e9-4351-8cb6-86b467733c84-182136049/Indias_Data_Centre_Market_in_a.pdf; *see also* Sai Krishna Muthyanolla, *India's Electronics Production: Rapid Growth, Mobile-Led Concentration*, INSIGHTS BY DATAFUL (Dec. 27, 2025), https://insights.dataful.in/articles/indias-electronics-production-rapid-growth-mobile-led-concentration.

[352] INDIA BRAND EQUITY FOUNDATION, DOMESTIC VALUE ADDITION IN ELECTRONICS MANUFACTURING RISES TO 18%-20%, STRENGTHENING INDIA'S LOCALISATION PUSH (Apr. 2, 2026) https://www.ibef.org/news/domestic-value-addition-in-electronics-manufacturing-rises-to-18-20-strengthening-india-s-localisation-push.

[353] *Id*.

> Largescale electronics manufacturing (LSEM) has witnessed stellar growth. India has transitioned from being an importer of mobile phones to a net exporter. *In 2014-15, 5.8 crore units were produced in the country, while 21 crore units were imported. In 2023-24, 33 crore units were produced in India and only 0.3 crore units were imported and close to five crore units were exported.* Foreign Direct Investment has increased by ~254% since the inception of the PLI scheme for LSEM.[354]

11. Conclusion

India uses a range of acts, policies, and practices that together operate to create, sustain, and contribute to structural excess capacity and production. Key among these are the top-down umbrella efforts of *Make in India*, PLI, *Atmanirbhar Bharat (Self-Reliant India)*, and IBEF, with a particular emphasis on efforts related to or under these efforts in the steel, solar, health, and ICT sectors. Additional acts, policies, and practices include national industrial plans and policies, constraints on wage formation and cost structure because of labor issues, financial repression, market access barriers, encouraging or failing to monitor and address imports from NMEs, encouraging or failing to monitor and address FDI from NMEs, and sector-specific acts, policies, and practices in the steel, solar, health, and ICT sectors.

As discussed above, for years, and up to the present, India has developed, issued, and implemented acts, policies, and practices to maintain and expand India manufacturing. These plans have set a target in the manufacturing sector to 25% of GDP, which implies approximately doubling India's current manufacturing capacity and production. India's plans set out to achieve this growth through a number of incentive schemes, with the goal and intended effect of import substitution and export production.

Through these acts, policies, and practices, India channels activities, resources, and financing towards the maintenance and expansion of manufacturing capacity and production. That resulting capacity and production are in excess of what would result under market conditions. Accordingly, India maintains acts, policies, and practices that create, sustain, and contribute to structural excess capacity and production.

[354] Vaibhav Yaduvanshi, *Manufacturing renaissance through PLI Schemes*, INVEST INDIA, at 89-90 (Sept. 30, 2024), https://www.investindia.gov.in/blogs/manufacturing-renaissance-through-pli-schemes (providing a list of sectors, projects, and products covered) (emphasis added).

III. India's Acts, Policies, and Practices that Create, Sustain, or Contribute to Structural Excess Capacity and Production Are Unreasonable

- India's acts, policies, and practices are unreasonable because India targets exports and export-led growth. The U.S. Congress in Section 301 expressed particular concern for this type of government plan or scheme to enhance exports.
- India's acts, policies, and practices are unreasonable because they distort fair, market-oriented competition. More market-oriented sectors and firms in the United States that do not benefit from structural excess capacity and production are deprived of fair, competitive conditions and commercial opportunities in global markets.
- India's acts, policies, and practices are unreasonable because India enhances its own growth in capacity, production, and exports without commensurately seeking growth in its own demand, consumption, or imports. It is unfair or inequitable for India not to contribute proportionately to global demand growth, and instead to rely substantially on net-importing economies, like the United States, which can suffer from strong disincentives to invest or produce in manufacturing sectors.
- India's acts, policies, and practices are unreasonable because India undermines the welfare of its own workers and public. It is unfair and inequitable to U.S. producers and workers for India not to permit its own public to raise their standard of living according to their value creation, and instead to favor the interests of producers and exporters.

The acts, policies, and practices of India that relate to structural excess capacity and production are *unreasonable* within the meaning of Section 301(b), including because the acts, policies, and practices: target exports and export-led growth; distort competition; fail to commensurately expand demand, consumption, and imports; and undermine worker and public welfare at the expense of U.S. producers and workers. Each of these bases supports a finding that India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable.

A. Targeting Exports and Export-Led Growth

First, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because India's government plans target exports and export-led growth regardless of market forces. This deliberate pursuit of foreign sales undermines foreign market conditions. Section 301 reflects a concern that an economy's pursuit of exports and export-led growth can be unreasonable. For example, Section 301(d)(3)(B) states that "[a]cts, policies, and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which … constitutes export targeting."[355] Section 301(d)(3)(E) defines export targeting as "any government plan or scheme consisting of a combination of coordinated actions (whether carried out severally or jointly) that are bestowed on a specific enterprise, industry, or group thereof, the effect of which is to assist

[355] 19 U.S.C. § 2411(d)(3)(B).

the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise."[356] India's acts, policies, and practices that relate to structural excess capacity and production are analogous to export targeting schemes enumerated in Section 301(d)(3).[357]

As detailed, India has developed industrial plans and implemented coordinated actions to enhance its manufacturing capacity, production, and exports. For example, India has pursued a growth strategy, including through the development and implementation of industrial plans, such as *Make in India* and *Self-Reliant India*, that has led to non-market-driven capacity growth, production, and exports in key manufacturing sectors, such as steel, solar, health, and ICT. That extent of capacity and production would not have developed under market-oriented conditions, and India continues to engage in numerous acts, policies, and practices aimed at creating and sustaining that structural excess capacity and production.

India's targeting of exports and export-led growth is key to its economic model. India seeks to enhance capacity and investment in manufacturing sectors, and successful exports are necessary to dispose of that distorted capacity and production. The expansion of capacity and production, and interventions to support that expansion, in India's key manufacturing sectors lower costs and prices, increase supply, and make India's production and exports artificially competitive in global markets. This is analogous to the types of government plans or schemes that prompted the U.S. Congress to add export targeting to the Section 301 statute in 1988. It is unfair and inequitable, within the meaning of Section 301(d)(3)(A),[358] and therefore unreasonable, for India to target exports and export-led growth regardless of market forces.

B. Distorting Competition

Second, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because they distort fair, market-oriented competition. Section 301(d) reflects a concern with the unfair denial of market access opportunities, including through "systematic anticompetitive activities."[359] By artificially enhancing manufacturing capacity and

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[356] 19 U.S.C. § 2411(d)(3)(E).

[357] *See* S. Rep. No. 100-71, at 74 (1987) ("[T]he statute's enumeration of actionable foreign acts, policies, and practices while intentionally broadly stated may be so broad as to permit an Administration to overlook situations that are within the scope of the statute and ought to be investigated and remedied. Consequently, this title specifies several additional types of foreign practices as actionable under the statute in order to provide more concrete direction to the USTR and the President. This specification is in no way intended to imply that the full scope of section 301 is in any way abridged, or that any acts, policies, or practices not specifically enumerated are meant to be excluded."); *id.* at 85 ("Section 306(c) of the bill provides an enumeration of several types of practices that are actionable under section 301 as 'unreasonable' with the meaning of the statute. Enumeration of these practices is meant to clarify the scope of section 301 in certain regards. It is not to be viewed as excluding from section 301 any other types of foreign acts, policies, or practices.").

[358] 19 U.S.C. § 2411(d)(3)(A) ("An act, policy, or practice is unreasonable if the act, policy, or practice, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable.").

[359] *See* 19 U.S.C. § 2411(d)(3)(B)(IV) ("(B) Acts, policies, and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which— (i) denies fair and equitable— (IV) *market opportunities, including the toleration by a foreign government of systematic*

production in excess of what would result under market conditions, India permits unfair competition for market-oriented firms.

India's acts, policies, and practices create, sustain, or contribute to capacity and production in a manner not in response to market signals and not subject to market disciplines. Structural excess capacity and production lead to artificially lower costs and prices, increased supply, and higher sales and exports for that country. It may also result in overconcentration of capacity and production for a manufacturing sector in one economy.[360]

Market-oriented sectors and firms that do not benefit from enhanced capacity and production are deprived of fair, competitive conditions and commercial opportunities in global markets. In turn, this results in lost sales and revenues, lower investment in capacity or innovation, and lost jobs and lower wages in those market-oriented sectors and firms.[361]

As explained, India has numerous economy-wide indicia of structural excess capacity and production, including an above-average share of the manufacturing sector to its GDP (13.5% on average from 2021-2025) as compared to the U.S. average (10.0% over 2021–2025).[362] Even while India records very large trade deficits, including with China and Russia, India experiences large and persistent trade surpluses with the United States.[363]

Much of that export success comes in sectors in which India contributes to structural excess capacity and production, such as steel, solar, ICT, and health. China and India are projected to account for 80.4% of Asia's steelmaking capacity additions in the coming years. As the OECD notes, the divergence between capacity and demand growth has led to significant downward pressure on steel prices and industry profitability. India's solar module capacity has jumped dramatically since 2020 to 154 gigawatts (GW)—nearly triple the domestic demand of 53 GW, leaving tens of GW of inventory and sharply lower factory utilization. India has seen a massive build-out of its solar industry, with annual investment rising from $84 million in 2018 to $10 billion in 2025. This has put the country in third place, behind China and the United States

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anticompetitive activities by enterprises or among enterprises in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods or services to a foreign market") (italics added).

[360] *See generally* Section I.F.1-3 (Analytical Approach); INTERNATIONAL MONETARY FUND (IMF), WORLD ECONOMIC OUTLOOK: SUBDUED DEMAND – SYMPTOMS AND REMEDIES 122 n.3 (Oct. 2016), https://www.imf.org/-/media/websites/imf/imported-flagship-issues/external/pubs/ft/weo/2016/02/pdf/_textpdf.pdf ("Industrial slack in light and heavy industries (including commodities)—generated either by weak demand or an excess of supply stemming from previous overinvestment—results in lower producer prices and, in the case of traded goods, lower export prices."); J.A. Brander & B.J. Spencer, *Export Subsidies and International Market Share Rivalry*, 18 J. INT'L ECON. 83, 87–88 (1985) (in a Cournot model, where firms choose output quantities, a government subsidy to the domestic firm raises its exports and lowers the foreign rival's output and profit).

[361] *See, e.g.*, Johan Hombert & Adrien Matray, *Can Innovation Help U.S. Manufacturing Firms Escape Import Competition from China?*, 73 J. FIN. 2003 (2018) (finding that "rising imports from China lead to slower sales growth and lower profitability," and that "firms in import-competing industries cut capital expenditures and employment").

[362] Section II.A.1.

[363] Section II.A.5.

in current and planned solar cell and module capacity globally.[364] Indian industry estimates India now supplies roughly one-third of its pharmaceutical exports to the United States, accounting for up to 47% of all generic prescriptions and 61% of generic solid oral drug doses in the United States.

India also encourages or fails to monitor and address imports and FDI from NMEs. For example, India's imports of inputs for manufacturing from NMEs, and particularly China, have increased tremendously in recent years. India's value of intermediate consumption imports from China is up $44 billion, or 97%, between 2017 and 2025. India's value of intermediate consumption imports from NMEs is up $91 billion, or 152%, between 2017 and 2025. This difference holds for both gross fixed capital formation goods and final consumption goods. Despite domestic growth, India remains heavily dependent on China for many APIs and bulk drugs, itself a major contributor to global excess capacity and production in chemicals and health products. Surging imports of NME inputs both distort competitive conditions within the Indian market and enhance the (artificial) competitiveness of Indian downstream products manufactured using those NME inputs. The result is diminished competitive opportunities for U.S. firms.

Thus, India's acts, policies, and practices that create, sustain, or contribute to structural excess capacity and production are unfair and inequitable, within the meaning of Section 301(d)(3)(A),[365] and therefore unreasonable because they distort fair, market-oriented competition.[366]

C. Failing to Expand Demand, Consumption, and Imports

Third, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because India enhances its own growth in capacity, production, and exports without commensurately seeking growth in its own demand, consumption, or imports. India seeks to build capacity and production, and expand exports, overtly through industrial plans and in effect through other interventions. However, India does not seek to expand demand or consumption to absorb that capacity or production. Nor does India seek to expand imports to balance the growth in capacity, growth, or exports.

For years, India has pursued a growth strategy, including through the development and implementation of industrial plans to enhance its manufacturing capacity, production, and exports. Key among these are the umbrella efforts of *Make in India*, PLIs, *Atmanirbhar Bharat* (*Self-Reliant India*), and IBEF, with a particular emphasis on efforts related to or under these efforts in the steel, solar, health, and ICT sectors. India's industrial plans seek to more than

[364] Hannah Pitt, Shweta Movalia, & Khushi Jain, *Solar Manufacturing in Asia at a Crossroads,* RHODIUM GROUP (June 25, 2026), https://rhg.com/research/solar-manufacturing-in-asia-at-a-crossroads/.

[365] 19 U.S.C. § 2411(d)(3)(A) ("An act, policy, or practice is unreasonable if the act, policy, or practice, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable.").

[366] *Cf.* 19 U.S.C. § 4201 (setting out certain negotiating objectives, including "(1) to obtain more open, equitable, and reciprocal market access [and] (2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and investment and that decrease market opportunities for United States exports or otherwise distort United States trade").

double the size of its manufacturing sector going forward. India's bilateral goods trade surplus with the United States has expanded almost continuously over the last five years even while India overall had a significant and growing global trade deficit.

By enhancing its own growth in capacity, production, and exports without commensurately seeking growth in its own demand, consumption, or imports, India puts the burden of absorbing its enhanced production and exports onto the United States and other countries that import more than they export and consume more than they produce.[367] Excess capacity and production in India necessarily reduce incentives for investment and production in the United States. It is unfair or inequitable, within the meaning of Section 301(d)(3)(A),[368] for India not to contribute proportionately to global demand growth, and instead to rely substantially on net-importing economies, like the United States.[369]

D. Undermining Worker and Public Welfare

Fourth, India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable because India undermines the welfare of its own workers and public in a way that undermines the competitiveness of U.S. producers and workers. India diverts economic resources to expand manufacturing capacity and production and, directly or indirectly, suppresses domestic demand and consumption. This means that workers are able to consume less than their fair share of the value that they create.[370] India also fails to ensure adequate wages and labor conditions to its workers. Section 301 reflects a concern that labor conditions may

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[367] *See generally* Section I.F.1-3 (Analytical Approach); Longmei Zhang et al., *China's High Savings: Drivers, Prospects, and Policies* (IMF, Working Paper No. 18/277, 2018) (observing that high savings, stemming from insufficient social safety net and income inequality, finance elevated investment when held domestically and produce large external imbalances when they flow abroad).

[368] 19 U.S.C. § 2411(d)(3)(A) ("An act, policy, or practice is unreasonable if the act, policy, or practice, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable.").

[369] *See* Omnibus Trade and Competitiveness Act of 1988, Sec. 3002, 22 U.S.C. § 5302 ("The Congress finds that—

> (1) the macroeconomic policies, including the exchange rate policies, of the leading industrialized nations require improved coordination and are *not consistent with long-term economic growth* and financial stability; … (5) capital flows between nations have become very large compared to trade flows … and, for these reasons, contribute significantly to … the development of exchange rates which *produce imbalances in the flow of goods and services between nations*[.]" (emphasis added); *id*. at sec. 5303 ("It is the policy of the United States that … (2) the goal of the United States in international economic negotiations should be to achieve macroeconomic policies and exchange rates consistent with more *appropriate and sustainable balances in trade and capital flows* and to foster price stability in conjunction with economic growth[.]" (emphasis added)).

[370] *See generally* Section I.F.1-3 (Analytical Approach); Joseph E. Stiglitz & Marilou Uy, *Financial Markets, Public Policy, and the East Asian Miracle*, 11 THE WORLD BANK RESEARCH OBSERVER 249-55 (1996) (describing policies, including financial repression and restraint, designed to transfer resources from households to corporations, and noting policies that tended to transfer income from households, which have a higher propensity to consume, to the corporate sector); Jahangir Aziz & Li Cui, *Explaining China's Low Consumption: The Neglected Role of Household Income* (IMF, Working Paper No. 07/181, 2007) (attributing declining consumption principally to a falling household share of national income across wages, investment income, and transfers).

undermine fair international trade. For example, Section 301(d)(3)(B) identifies as unreasonable a persistent pattern of conduct that denies labor rights or fair labor conditions to workers.[371]

India's labor laws regarding the protection of internationally recognized labor rights, in particular freedom of association and the effective recognition of the right to collective bargaining, limit the extent to which market forces contribute to wage formation in India. This results in artificially lower labor costs, which may distort capacity and production in manufacturing sectors. Wage suppression is also occurring through lax enforcement of labor laws, including those related to freedom of association and collective bargaining, wages and hours, forced labor, and occupational safety and health.

In India, the labor share of manufacturing GDP was just 28.6% in 2022 (latest data available). This contrasts with a labor share of 47.8% in 2022 and 47.2% in 2023 for the United States (latest data available). That is, the labor share of manufacturing in India was 40% lower (over 18 percentage points) than in the United States. And India's share of consumption is more than 10% lower than the United States, on average. This reflects inadequate compensation for Indian workers in India's successful manufacturing sectors and contributes to suppressed consumption.

Lax enforcement of labor laws can suppress wages, and by extension domestic demand. As discussed above, informal workers frequently experience wage theft and non-payment of minimum wages, unsafe working conditions, job precarity, and a lack of benefits and access to social safety net programs. Many workers in India do not receive the minimum wages they are entitled to under law. High levels of informality, the frequent use of brokers in some sectors, and low levels of enforcement of wage laws contribute to widespread non-payment of minimum wages. As discussed above, an ILO analysis of 2022 workforce data found that 52% of casual workers in the agricultural sector and 70% of casual workers in the construction sector did not receive the legal minimum wage.

By suppressing demand and consumption and diverting resources to manufacturing investments and production, India undermines the welfare of its own public and workers, which necessarily provides an unfair advantage to Indian producers over U.S. producers, thereby negatively impacting U.S. workers. Individuals and families receive fewer economic resources and are not able to make choices to consume, save, or invest in the way that would maximize their welfare. Workers are able to consume less than their fair share of the value that they create. It is unfair and inequitable, within the meaning of Section 301(d)(3)(A),[372] for India not to permit its own public to raise their standard of living according to their value creation, and

[371] 19 U.S.C. § 2411(d)(3)(B)(iii) ("(B) Acts, policies, and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which … (iii) constitutes a persistent pattern of conduct that— (I) denies workers the right of association, (II) denies workers the right to organize and bargain collectively, (III) permits any form of forced or compulsory labor, (IV) fails to provide a minimum age for the employment of children, or (V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers").

[372] 19 U.S.C. § 2411(d)(3)(A) ("An act, policy, or practice is unreasonable if the act, policy, or practice, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, is otherwise unfair and inequitable.").

instead to favor the interests of producers and exporters.[373] These acts, policies, and practices negatively impact U.S. workers because structural excess capacity and production provide an artificial advantage to producers in India.

E. Conclusion

In sum, India's acts, policies, and practices that create, sustain, or contribute to structural excess capacity and production target exports and export-led growth; distort fair, market-oriented competition; enhance India's own growth in capacity, production, and exports without commensurately seeking growth in its own demand, consumption, or imports; and undermine the welfare of its own workers and public. Each of these provides an independent basis to find that the acts, policies, and practices of India related to structural excess capacity and production in manufacturing sectors are unreasonable.

[373] *See* Omnibus Trade and Competitiveness Act of 1988, sec. 1001(b), 19 U.S.C. § 2901 note ("The purposes of this title are to—(1) authorize the negotiation of reciprocal trade agreements; (2) strengthen United States trade laws; (3) improve the development and management of United States trade strategy; and (4) through these actions, improve standards of living in the world."); 19 U.S.C. § 4201 (setting out certain negotiating objectives, including "to foster economic growth, raise living standards, enhance the competitiveness of the United States, promote full employment in the United States, and enhance the global economy").

IV. India's Acts, Policies, and Practices that Create, Sustain, or Contribute to Structural Excess Capacity and Production Burden or Restrict U.S. Commerce

- India's acts, policies, and practices burden or restrict U.S. commerce by harming U.S. producers and exports through unfair competition and reduced commercial opportunities, including lost sales and revenues, lower investment in capacity or innovation, and lost jobs and lower wages.
- India's acts, policies, and practices burden or restrict U.S. commerce by harming the U.S. economy through lost exports, persistent trade deficits, and a diminished manufacturing sector.
- India's acts, policies, and practices burden or restrict U.S. commerce by creating economic security risks from dependence and vulnerability to supply chain disruptions, including deliberate disruption through economic coercion.

The acts, policies, and practices of India that relate to structural excess capacity and production *burden or restrict U.S. commerce* within the meaning of Section 301(b), by harming U.S. producers and exporters through unfair competition and reduced commercial opportunities (including lost sales and revenues, lower investment in capacity or innovation, and lost jobs and lower wages); harming the U.S. economy through lost exports, trade deficits, and a diminished manufacturing sector; and creating economic security risks. Each of these bases supports a finding that India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce.

A. Harms to U.S. Producers and Exporters

India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by creating unfair competition and reducing commercial opportunities for U.S. producers and exporters. As noted, these acts, policies, and practices of India create, sustain, or contribute to expanded capacity and production in a manner divorced from market signals and disciplines. When firms in India invest, produce, and export more, the result is lower costs and prices, increased supply, and higher sales and exports for those firms.[374] Conversely, more market-oriented firms in the United States that do not benefit from enhanced capacity and production experience lost sales and revenues, lower investment in capacity or innovation, and lost jobs and lower wages.[375]

[374] *See generally* Sec. I.F.1-3 (Analytical Approach); Lorenzo Rotunno & Michele Ruta, *Trade Implications of China's Subsidies* (IMF, Working Paper No. 24/180, 2024) ("The results indicate that the subsidies promoted Chinese exports and limited imports. These effects have been magnified by supply-chain linkages: subsidies given to upstream industries expand significantly the exports of downstream industries. Additional analysis of the price and quantity effects at the product level shows that China's subsidies lowered export prices and boosted export quantities in certain sectors such as metal products, furniture and autos.").

[375] *See generally* Section I.F.2-3 (Analytical Approach); David Autor et al., *Foreign Competition and Domestic Innovation: Evidence from US Patents*, 2 AMERICAN ECONOMIC REVIEW: INSIGHTS 357 (2020) ("Rising import exposure intensifies competitive pressure, reducing sales, profitability, and R&D expenditure at US firms. Accounting for confounding sectoral patenting trends, we find that US patent production declines in sectors facing greater import competition. This adverse effect is larger among initially less profitable and less capital-intensive

These effects may be experienced in global markets, including India, as well as the U.S. domestic market. The structural excess capacity and production in India contribute to global markets flooded with artificially low-priced goods. Market-oriented actors are often not able to compete with distorted prices for these goods, and production and exports from India may displace sales for U.S. producers and exporters both in export markets and domestically.

For example, India's average export share of GDP over 2021–2025 was 12.4%, which indicate that these acts, policies, and practices contribute to substantial export success for India's firms. As noted, India's acts, policies, and practices create, sustain, or contribute to structural excess capacity and production in manufacturing sectors. Overall, India's trade balance is characterized by imbalanced trade with China, very large exports of manufacturers to the United States, and large imports of energy products and other inputs. Indeed, as discussed above, the United States was far and away the largest export market for Indian manufacturers, with exports exceeding those to India's next four largest markets (including China) combined.

The burden or restriction on U.S. commerce through unfair competition, in U.S. and global markets, and reduced commercial opportunities is further evidenced by a comparison of production and trade data for the United States and India.

First, *data on exports from India and U.S. production* evidence unfair competition and reduced commercial opportunities *in the U.S. market*. India exports significant amounts to the United States of products which U.S. firms also produce. For example, at a product level, in 2025, India exported to the United States semiconductors, steel, medical devices, telecommunications articles, and solar products, all of which are sectors exhibiting structural excess capacity and production in India.[376] The United States also produced semiconductors, steel, medical devices, telecommunications articles, and solar products domestically in 2025.[377] These data reveal that U.S. products in the United States compete with imports from India, and artificially enhanced capacity and production in India result in unfair competition and lost opportunities to manufacture or expand capacity for these products to serve the U.S. market.

Second, *data on India's production and U.S. production* evidence unfair competition and reduced commercial opportunities *in global markets, including India*. For example, in 2025, India produced semiconductors, steel, medical devices, telecommunications articles, and solar products, all of which are in sectors exhibiting structural excess capacity and production in India.[378] The United States also produced semiconductors, steel, medical devices,

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firms."); GFSEC, IMPACTS OF GLOBAL EXCESS CAPACITY 4, 11–12 (subsidy proxies for Chinese steel, such as cash grants and below-market borrowing, are associated with lower revenue, EBITDA margins, and capacity utilization in other countries' steel industries).

[376] Section III.A.6; *see also* Appendix, Figure 15.

[377] Appendix, Figures 16 (most recent U.S. production data from U.S. Bureau of Labor Statistics by NAICS industry), 17 (correspondence between dominant subsector and NAICS industry).

[378] Appendix, Figure 18.

telecommunications articles, and solar products domestically in 2025.[379] These data reveal that U.S. products compete with goods produced in India, and artificially enhanced capacity and production in India result in unfair competition and lost opportunities for U.S. firms to manufacture or expand capacity to serve markets in India or third countries.[380]

Third, data on *India's imports of inputs from China and U.S. production* evidence unfair competition and reduced commercial opportunities in the Indian market for upstream goods. In 2025, India's top imports from China of gross fixed capital formation goods include automatic data processing machines, electronic power equipment and parts, and weaving machines. India's top imports from China of intermediate consumption goods include electric accumulators, electrical apparatus, semiconductors, and photovoltaic cells.[381] U.S. production data demonstrate that the United States also produces these types of gross fixed capital formation goods and intermediate consumption goods.[382] As noted, India has failed to restrict imports of these goods in sectors in which China exhibits structural excess capacity and production.[383] These data reveal that U.S. products compete with Chinese inputs in India, and Indian manufacturers' increasing reliance on NME inputs results in lost opportunities for U.S. firms to manufacture or expand capacity for upstream goods as well.

When sales opportunities are lost, U.S. manufacturers experience decreased production, declining revenues and profitability, and, in turn, decreasing headcount. In addition to the production, export, and import data above demonstrating unfair competition and diminished commercial opportunities, lost opportunities for U.S. producers and exports can be seen through production and capacity data showing divergence between India and the United States.

For example, *data on manufacturing capacity* demonstrate increased growth in manufacturing capacity in India production of steel by CAGR grew by nearly 5% over the past 20 years, while in the United States, CAGR for steel was 0.1%.

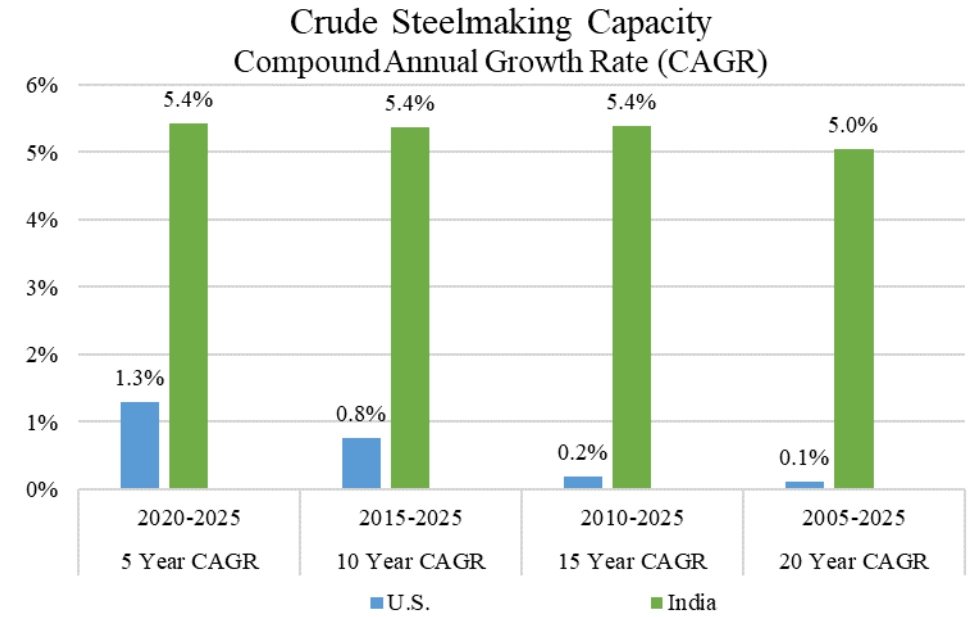
[379] Appendix, Figure 19. (U.S. production data from UNIDO and U.S. Census, for comparability across economies).

[380] Appendix, Figures 18-19.

[381] Appendix, Figure 20.

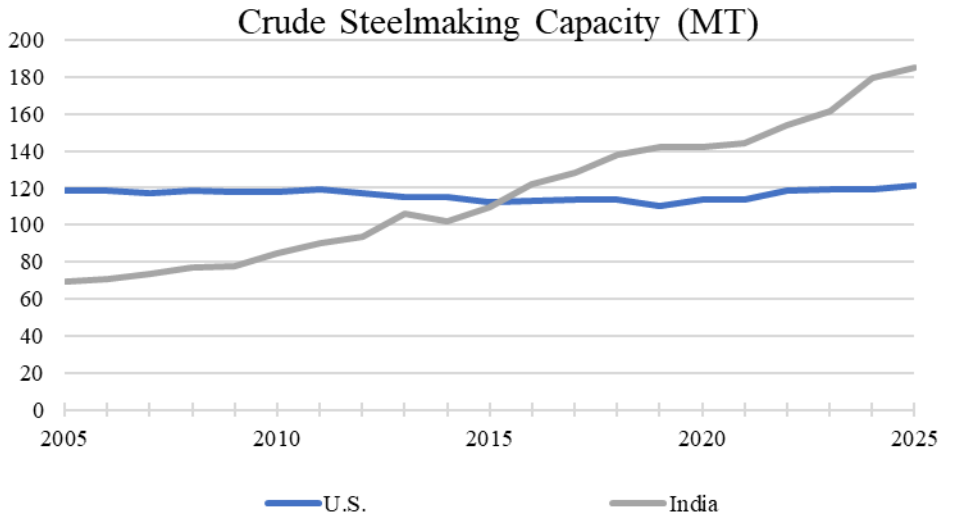
[382] Appendix, Figure 20.

[383] USTR, REPORT ON CHINA'S ACTS, POLICIES, AND PRACTICES RELATED TO STRUCTURAL EXCESS CAPACITY AND PRODUCTION IN MANUFACTURING SECTORS (Nov. 2026), https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-structural-excess-capacity-and-production-manufacturing-sectors.



Source: OECD

The historical divergence in growth of manufacturing capacity between India and the United States since 2005 can be seen below:

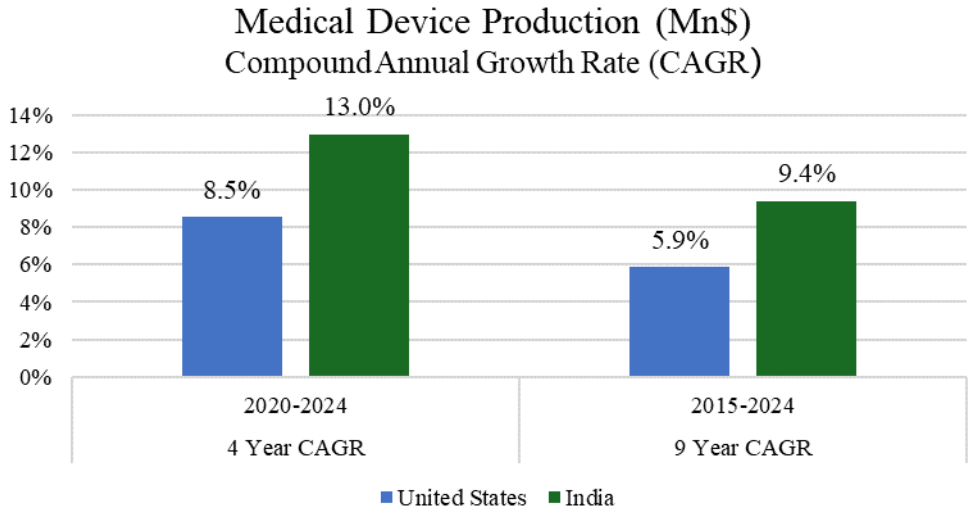


Source: OECD

The United States stagnated over the past 20 years (0.1%), while India expanded its manufacturing capacity at a rate of 5%. Accordingly, U.S. producers of steel over the past 20 years have increasingly lost n opportunities to serve the global market.[384]

[384] *See generally* Section I.F.2-3 (Analytical Approach); Johan Hombert & Adrien Matray, *Can Innovation Help U.S. Manufacturing Firms Escape Import Competition from China?,* 73 JOURNAL OF FINANCE 2003 (2018) (finding that "rising imports from China lead to slower sales growth and lower profitability," and that "firms in import-competing industries cut capital expenditures and employment"); Lenka Wildnerova & Maika Sakamoto, GFSEC,

Additionally, in India, production of medical devices by CAGR grew by 9.4% over the past nine years, while in the United States, CAGR for medical devices was 5.9%. This difference has only grown more pronounced over the past four years with the CAGR in India at 13.0% and the United States falling to 8.5%.



Source: Fitch Solutions, *Worldwide Medical Devices Market Factbook* and Trade Data Monitor, U.S. Census for 2024 import/export data. Production treated as Sales + Exports – Imports.

Manufacturing share data further reflect that firms in India have gained or maintained export sales, while U.S. firms have lost export and domestic sales. As noted above, India's manufacturing sector as a share of GDP averaged 13.5% over 2021–2025. The relative size of India's manufacturing sector in GDP is larger than that of the United States.

India's failure to effectively monitor and address imports and FDI from NMEs aimed at increasing manufacturing for purposes of producing excess capacity harms the U.S. economy. As noted, India's imports of inputs for manufacturing from NMEs, and particularly China, have increased tremendously in recent years. Surging imports of NME inputs not only distort competitive conditions within India, but also enhance the (artificial) competitiveness of Indian downstream products manufactured using those NME inputs, to the detriment of both competing U.S. producers and exporters. Failures by India to address FDI from China in export-oriented sectors also permit China to export its excess capacity through Indian industries. The result is distorted competitive conditions for U.S. firms, and distorted prices, lost sales or exports, and diminished revenues in India and global markets.

The inability of market-oriented actors to compete with distorted prices puts at risk current investments and undermines the viability of future investments. Structural excess capacity and production can thus lead to chronic underinvestment in more market-oriented

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GLOBAL EXCESS CAPACITY AND EMPLOYMENT IN STEEL AND DOWNSTREAM ACTIVITIES 3, 10 (Mar. 5, 2025) (prepared by the OECD Facilitator) (absent global excess capacity, member steel industries could have employed at least 113,000 more workers by 2021; turnover growth was 1.9 percentage points lower).

sectors. Investment share data reflect this dynamic. India's structural excess capacity and production in key sectors are enabled in part by extensive government-encouraged investment, which equates to nearly one-third of the value of India's GDP. This is significantly higher than the investment share of GDP in the United States. India's average investment share of GDP over 2021–2025 was 34.09%, considerably higher than the U.S. average of 21.6%. The underinvestment by firms in the United States therefore also puts at risk future innovation and capacity growth necessary to remain competitive.[385]

Thus, India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by creating unfair competition and reducing commercial opportunities for U.S. producers and exporters.

B. Lost Exports and Manufacturing Harm the U.S. Economy

India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by contributing to lost U.S. sales opportunities and lower exports and persistent trade surpluses with the United States. These surpluses are not the result of market competition, but reflect distorted and less efficient trade. While purchasers may perceive lower prices, or increased supply, there are real costs to the U.S. economy from trade deficits and a diminished manufacturing sector.

As noted above, India's bilateral goods trade surplus with the United States has expanded almost continuously over the last five years even while India overall records a large and growing global trade deficit, including with NMEs. Much of India's export success that directly or indirectly benefits from India's acts, policies, and practices, comes in sectors in which India contributes to structural excess capacity and production, such as steel, solar, ICT, and health.

India's acts, policies, and practices lead to weak or suppressed manufacturing worker compensation and domestic consumption as compared to the United States. For example, India's share of consumption in GDP is more than 10% lower than that the United States, on average. This reflects a disproportionately small contribution of India (as a large economy) to global demand, albeit higher than the global average.

The loss of manufacturing export opportunities for U.S. firms leads to lost revenues, profits, and jobs, with sectoral, regional, and national impacts. According to the U.S. Department of Commerce, a billion dollars of goods exports supports more than 3,500 jobs in the

[385] *See generally* Section I.F.2-3 (Analytical Approach); David Autor et al., *Foreign Competition and Domestic Innovation: Evidence from U.S. Patents*, 2 AMERICAN ECONOMIC REVIEW: INSIGHTS 357 (2020) ("Rising import exposure intensifies competitive pressure, reducing sales, profitability, and R&D expenditure at U.S. firms. Accounting for confounding sectoral patenting trends, we find that U.S. patent production declines in sectors facing greater import competition. This adverse effect is larger among initially less profitable and less capital-intensive firms.").

United States,[386] and many of these jobs are manufacturing jobs. The multiplier effect for manufacturing output is estimated at approximately 2.69 (for every $1.00 spent in manufacturing, there is a total impact of $2.69 to the overall economy).[387] Additionally, for every U.S. manufacturing job created, five to seven additional U.S. jobs are created indirectly.[388]

In 2025, among India's largest products by value of production were crude steel and iron, pharmaceuticals, and telecommunications equipment.[389] As noted, the United States also produces all of these types of goods. The loss of U.S. manufacturing industries leads to lost manufacturing ecosystems, specialized skills, know-how, and future innovation, as well as future growth.[390] India's persistent trade deficits with the United States have also contributed to a decline in the U.S. manufacturing sector. From 2021 to 2025, U.S. manufacturing as a percentage of GDP averaged 10.0%. This is below the OECD average of 12.8% and below all of the investigated economies but one. Indeed, India's manufacturing sector as a share of GDP averaged 13.5% over 2021–2025.

Thus, India's acts, policies, and practices that create, sustain, or contribute to structural excess capacity and production burden or restrict U.S. commerce by contributing to lost U.S. sales opportunities and lower exports of U.S. goods. The loss of manufacturing opportunities for

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[386] U.S. DEPARTMENT OF COMMERCE, INTERNATIONAL TRADE ADMINISTRATION, JOBS SUPPORTED BY EXPORTS 2023: AN UPDATE 2-3 (Mar. 20, 2026), https://www.trade.gov/sites/default/files/2026-03/Jobs%20Supported%20by%20Exports%20in%202023_0.pdf?v=1782334363741.

[387] *Facts about Manufacturing*, NATIONAL ASSOCIATION OF MANUFACTURERS, https://nam.org/mfgdata/facts-about-manufacturing-expanded/; *Manufacturing in America*, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (May 29, 2025), https://www.nist.gov/mep/manufacturing-infographics/manufacturing-america. By comparison, estimates for local fiscal income multipliers, which quantify how a change in government spending or taxation impacts economic output, are between 1.3 and 2.0. Santiago M. Pinto & Sonya Ravindranath Waddell, *Impacts of Government Spending Changes on Local Economies*, FEDERAL RESERVE BANK OF RICHMOND, ECON. BR. (July 2025), https://www.richmondfed.org/publications/research/economic_brief/2025/eb_25-28.

[388] *See Updated employment multipliers for the U.S. economy*, ECONOMIC POLICY INSTITUTE, at Table 1 (Jan. 23, 2019), https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/ (finding that 100 durable manufacturing jobs creates 744.1 indirect jobs, and that 100 nondurable manufacturing jobs creates 514.3 indirect jobs); *see also The Multiplier Effect of Industrial Jobs*, UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION, at Figure 3 (Mar. 2025), https://www.unido.org/sites/default/files/unido-publications/2025-03/IID%20Policy%20Brief%2018%20-%20Multiplier%20effect%20of%20industrial%20jobs.pdf (noting that for advanced economies, manufacturing jobs create two to three times more jobs in other sectors, relative to agriculture and services jobs).

[389] USTR, REPORT ON CHINA'S ACTS, POLICIES, AND PRACTICES RELATED TO STRUCTURAL EXCESS CAPACITY AND PRODUCTION IN MANUFACTURING SECTORS (Nov. 2026), https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-structural-excess-capacity-and-production-manufacturing-sectors.

[390] Devon Bistarkey, *U.S. Manufacturing Ecosystem Key to Economic Growth, Innovation, Competitiveness*, U.S. DEPARTMENT OF WAR (Oct. 14, 2022), https://www.war.gov/News/News-Stories/Article/article/3189049/us-manufacturing-ecosystem-key-to-economic-growth-innovation-competitiveness/ ("U.S. manufacturing is the main engine of innovation in the U.S., responsible for 55% of all patents and 70% of all research and development spending."); David Autor et al., *Foreign Competition and Domestic Innovation: Evidence from U.S. Patents*, 2 AMERICAN ECONOMIC REVIEW: INSIGHTS 357 (2020) ("Rising import exposure intensifies competitive pressure, reducing sales, profitability, and R&D expenditure at U.S. firms. Accounting for confounding sectoral patenting trends, we find that U.S. patent production declines in sectors facing greater import competition. This adverse effect is larger among initially less profitable and less capital-intensive firms.").

U.S. firms harms the U.S. economy through immediate and future impacts on sales, production and exports, and wages and jobs. The strength of Indian exports to the United States that directly or indirectly benefit from India's acts, policies, and practices evidences market access opportunities that are not matched by equivalent opportunities for U.S. producers and exporters in India.

C. Economic Security Risks

India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by creating economic security risks from dependence and vulnerabilities for firms and in sectors critical to the functioning of the U.S. economy. Structural excess capacity and production exist globally in numerous key sectors, such as aluminum; automobiles; batteries; chemicals; energy goods; plastics; semiconductors; ships; solar products; robotics; textiles and apparel; and steel. Many of these sectors are critical to the functioning of the U.S. economy, or to U.S. national security.

Structural excess capacity and production may contribute to dependence on a trading partner for key products. This dependence creates vulnerabilities —some transparent, others hidden—from risks of supply chain disruptions, which may negatively affect U.S. businesses, consumers, and the U.S. economy. India's acts, policies, and practices create, sustain, or contribute to structural excess capacity and production in numerous key sectors, such as health (pharmaceuticals and medical devices), steel, solar, and ICT, which are key products for a number of industries.

U.S. businesses incur enhanced risks from more concentrated supply chains. Acts, policies, and practices that create, sustain, or contribute to structural excess capacity and production permit certain firms or economies to dominate a sector or to displace or prevent entry of other market-oriented producers.[391] A U.S. firm that otherwise would diversify its supply may simply be unable to find alternative suppliers, or may find that alternatives are significantly more costly.[392] If the firm does incur those higher costs, its competitiveness will be affected because markets will not adequately compensate those costs, and competitors gain a cost

[391] SÉBASTIEN JEAN ET AL., DOMINANCE ON WORLD MARKETS: THE CHINA CONUNDRUM 2 (Dec. 2023) (finding that "a supplier that enjoys a dominant position has more leverage over its buyers and puts competitors at a disadvantage[;] [a]t the same time, a buyer that relies on imports of a product where one of the exporters holds a dominant position is vulnerable to disruptions from a dominant source.").

[392] *See* JEONGMIN SONG ET AL., THE ACHILLES' HEEL OF GLOBAL TRADE 9 (Nov. 2026), https://www.mckinsey.com/mgi/our-research/the-achilles-heel-of-global-trade-building-resilience-where-it-matters-most#/ ("[E]xposure to even two [vulnerabilities] could have consequential impacts in the event of a sudden supply disruption, as illustrated by US reliance on a small number of economies, primarily Taiwan for advanced integrated circuits . . . and most economies' reliance on Vietnam for electronic screens. Even products that are not essential to economic activity—such as sneakers and toys—can remain highly exposed to supply disruption. Their disruption may not threaten essential economic functions but can still translate into shortages, higher prices, and adjustment costs for firms and consumers.").

advantage by taking advantage of distorted upstream supply.[393] Thus, U.S. firms are compelled to absorb undue risk and are exposed to loss of resilience. Firms also often are unaware of upstream sources of supply, and therefore are more vulnerable to risks from supply chain concentration than they would choose to be.[394] Thus, India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce by enhancing certain supply chain risks for U.S. firms.

India generates trade surpluses in sectors such as pharmaceuticals, steel, and ICT goods, revealing dependencies on Indian manufacturing in certain key sectors. For example, Indian industry estimates that India now supplies roughly one-third of its pharmaceutical exports to the United States, accounting for up to 47% of all generic prescriptions and 61% of generic solid oral drug doses in the United States.[395] U.S. imports of Indian telecommunications articles amounted to almost $25 billion in 2025,[396] roughly 16% of U.S. imports of such goods in 2025.[397] Further, U.S. imports of Indian renewable energy goods amounted to $1.3 billion in 2025, roughly 9% of U.S. imports of such goods in 2025.[398] Despite domestic growth, India remains heavily dependent for many APIs and bulk drug ingredients on China.

Over-reliance on India for certain pharmaceuticals, steel products or machinery parts, or ICT goods, among other manufacturing sectors, creates dependencies and vulnerabilities across the U.S. economy, particularly where the overall balance of trade gives India the advantage in key products.[399] Economies with structural excess capacity and production often have highly concentrated production and supply chains in certain sectors or geographic areas. The high concentration of production exacerbates the risk of economic disruption to U.S. firms and domestic producers in the event of an economy-specific shock.[400] The economic effects of

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[393] *See id*. at 5 (finding that short-term responses to disruptions are "not always adequate . . . . [D]eeper vulnerabilities—concentrated suppliers, critical inputs with few substitutes, and exposed trade corridors—do not resolve themselves once the immediate shock passes. They can persist, compound across products and regions, and leave economies and companies exposed to a subsequent disruption.").

[394] Richard Baldwin & Rebecca Freeman, *Risks and Global Supply Chains: What We Know and What We Need to Know*, 14 ANNUAL REVIEW OF ECONOMICS 153 (2022) (finding that insufficient information about where inputs are produced can result in private misjudgments as to how risky a global supply chain actually is for firms of all sizes, and that "misperception of actual vulnerability is pervasive.").

[395] Section II.A.8.

[396] Appendix, Figure 15.

[397] Trade Data Monitor, U.S. Census.

[398] Trade Data Monitor, U.S. Census.

[399] *Cf.*, PAULINE WIBAUX, TRADE DEPENDENCIES: WHILE CHINA IS IN A DOMINANT POSITION, THE EUROPEAN UNION IS NOT WITHOUT ADVANTAGES 3 (Feb. 2025) (examining dependency on the European Union in the United States economy, and finding that "the EU could take advantage of the negotiating power conferred by the fact that it supplies 24 more strategic dependent products to the United States than the latter supplies to it").

[400] CYRILLE SCHWELLNUS, ANTTON HARAMBOURE & LEA SAMEK, POLICIES TO STRENGTHEN THE RESILIENCE OF GLOBAL VALUE CHAINS: EMPIRICAL EVIDENCE FROM THE COVID-19 SHOCK, OECD SCIENCE, TECHNOLOGY, AND INDUSTRY POLICY PAPER NO. 141 (2023) ("[R]esults suggest that the adverse effects of supply disruptions are particularly large when concentration of supplying countries and supplying firms is high. Counterfactual simulations

supply chain disruption can reverberate beyond an individual product or sector to other firms in the U.S. economy, potentially reducing their profits and output.[401] Finally, a sudden shock to the supply chain could become a chokepoint in the event of natural disasters or other disruptions to production or logistics.[402] Over-reliance on India for key products would generate significant effects on U.S. commerce, at the enterprise and economy-wide level.

Furthermore, dependence on high levels of Indian manufactured goods impedes investments in U.S. capacity that would diversify supply and enhance resilience. Excess capacity and production in India can suppress prices, investment, and production in the United States in sectors that are critical to the functioning of the U.S. economy.

Economic security risks also are created by India's reliance on inputs from China. According to OECD data, in 2022, 3.8% of the value added of exports from India was attributable to China; by comparison, China's share of value-add in U.S. exports was 1.6%. ADB data similarly indicate that the value-added of Chinese inputs into India's manufacturing exports to the United States has hovered between 2.3% in 2017, increasing to 4.4% in 2024. Structural excess capacity and production in India suppress prices, investment, and production in the United States in sectors that are critical to the functioning of the U.S. economy.[403]

Structural excess capacity and production in India suppress prices, investment, and production in the United States in sectors that are critical to the functioning of the U.S. economy. The economic security risks U.S. firms and the U.S. economy bear from these dependencies and vulnerabilities, through their potential for disruption and coercion, are a burden or restriction on U.S. commerce.

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of the econometric model suggest that diversification of suppliers would have sizeable benefits in terms of shielding domestic production against country-specific supply shocks.").

[401] Daron Acemoglu & Alireza Tahbaz-Salehi, *The Macroeconomics of Supply Chain Disruptions*, 92 REVIEW OF ECONOMIC STUDIES 656 (2025) (modelling the "macroeconomic implications of supply chain disruptions" and showing that "equilibrium supply chains are inefficient and exhibit an inherent fragility"; finding that the loss of a supplier-customer relationship lowers the value of others, reducing every firm's profits and aggregate output and potentially triggering breakdowns along the supply chain; further modelling how large shocks break a series of progressively more productive relationships and significantly magnify economic harm).

[402] *See, e.g.*, ANTONIO VARAS ET AL., BOSTON CONSULTING GROUP & SEMICONDUCTOR INDUSTRY ASSOCIATION, STRENGTHENING THE GLOBAL SEMICONDUCTOR SUPPLY CHAIN IN AN UNCERTAIN ERA (Apr. 2021) (identifying more than 50 points in the semiconductor value chain where China and East Asia hold over 65% of global share and noting high geopolitical and seismic risk associated with that production); *see also* Cyrille Schwellnus et al., *Policies to Strengthen the Resilience of Global Value Chains: Empirical Evidence from the COVID-19 Shock*, OECD SCIENCE, TECHNOLOGY & INDUSTRY POLICY PAPER NO. 141 (2023) ("[R]esults suggest that the adverse effects of supply disruptions are particularly large when concentration of supplying countries and supplying firms is high.").

[403] *See* Camille Boullenois & Charles Austin Jordan, *How China's Overcapacity Holds Back Emerging Economies*, RHODIUM GROUP (June 13, 2024), https://rhg.com/research/how-chinas-overcapacity-holds-back-emerging-economies/ ("China's dominance over so many product categories creates, first and foremost, a risk of economic coercion, where the government restrains access to crucial inputs for political leverage.").

D. Conclusion

In sum, India's acts, policies, and practices that create, sustain, or contribute to structural excess capacity and production to structural excess capacity and production burden or restrict U.S. commerce within the meaning of Section 301(b), by harming U.S. producers and exporters through unfair competition and reduced commercial opportunities (including lost sales and revenues, lower investment in capacity or innovation, and lost jobs and lower wages); harming the U.S. economy due to lost exports, trade deficits, and a diminished manufacturing sector; and create economic security risks due to dependencies and vulnerabilities. Each of these provides an independent basis to find that the acts, policies, and practices of India related to structural excess capacity and production in manufacturing sectors burden or restrict U.S. commerce.

V. Conclusion

The results of this investigation therefore indicate that:

1. India's acts, policies, and practices that relate to structural excess capacity and production are unreasonable.

2. India's acts, policies, and practices that relate to structural excess capacity and production burden or restrict U.S. commerce.

The results of this investigation provide a basis for finding that responsive action is appropriate

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Figure 1. Manufacturing Share of GDP (%), 2021-2025

Economy	2021	2022	2023	2024	2025	Avg. 2021-2025
Bangladesh	21.2	21.8	22.3	21.9	22.4	21.9
Cambodia	26.7	27.1	26.3	27.8	29.0	27.4
China	26.6	26.0	25.0	24.8	24.7	25.4
EU27	16.5	16.6	16.5	16.0	15.8	16.3
Austria	19.0	18.6	17.7	16.9	17.1	17.9
Belgium	12.0	13.9	13.2	12.6 (e)	12.3 (e)	12.8
Bulgaria	17.3	21.9	18.8	17.0	16.7 (p)	18.3
Croatia	11.7	12.3	12.2	10.5	10.1	11.4
Cyprus	5.0	4.3	4.6	4.5	4.4	4.6
Czech Republic	21.5	21.3	22.2	21.8	21.2	21.6
Denmark	14.4	14.6	17.7	19.5	20.2	17.3
Estonia	14.9	13.5	13.0	12.7	12.5	13.3
Finland	17.3	18.1	16.5	16.2	16.2	16.9
France	10.3	10.4	11.3	11.4 (e)	11.2 (e)	10.9
Germany	20.8	20.3 (e)	20.7 (e)	19.9 (e)	19.5 (e)	20.2
Greece	9.9	11.0	10.3 (e)	10.4 (e)	10.5 (e)	10.4
Hungary	19.5	19.7	19.8	18.5	17.7 (e)	19.0
Ireland	36.3	38.9	31.3	30.7	30.8	33.6
Italy	17.2	17.1	17.2	16.9	16.8	17.1
Latvia	14.8	13.7	12.4	11.4	11.5	12.8
Lithuania	17.9	17.9	16.5	15.2	14.7	16.4
Luxembourg	5.1	4.3	4.4	4.4	4.1 (e)	4.5
Malta	6.2	6.2	5.8	5.7	5.3	5.9
Netherlands	12.1	11.6	11.6	11.7	11.7	11.7
Poland	19.8	19.8	19.3	17.3	16.3	18.5
Portugal	14.4	14.4	13.9	13.5 (e)	13.0 (e)	13.8
Romania	15.7	13.8	13.9	13.2	11.8	13.7
Slovakia	18.6	19.5	18.4	18.0	18.1	18.5
Slovenia	22.8	22.7	21.9	21.8	21.1	22.0
Spain	12.4	12.1	12 (e)	11.9 (e)	11.7 (e)	12.0
Sweden	14.6	15.4	15.0	14.2	13.4	14.5
India	14.4	13.3	13.3	13.1	13.5	13.5
Indonesia	20.1	19.2	19.5	19.8	19.9	19.7
Japan	19.8	19.0	19.6	19.0	18.6	19.2

Economy	2021	2022	2023	2024	2025	Avg. 2021-2025
Korea	28.6	28.8	27.4	28.7 (e)	27.8 (p)	28.3
Malaysia	23.4	23.3	23.0	22.5	22.1	22.9
Mexico	20.8	21.5	20.5	20.1	20.0	20.6
Norway	6.1	5.1	6.2	6.3	6.7	6.1
Singapore	20.6	19.7	16.7	16.3	17.4	18.1
Switzerland	21.3	20.5	19.8	19.6	19.4	20.1
Taiwan	36.4	36.6	34.1	35.6	38.1	36.1
Thailand	27.2	27.0	25.0	24.2	23.7	25.4
United States	10.2	10.2	10.1	9.8	9.4	9.9
Vietnam	24.5	24.7	24.1	24.3	24.5	24.4
Global Average	16.4	15.7	15.2	14.9	14.9	15.4
OECD Average	13.2	12.9	12.8	12.4	N/A	12.8

Sources: OECD National Accounts at a Glance, Chapter 4. Source last updated data on September 7, 2026, as of date of access of September 8, 2026. The denominator for the figures from this source is Gross Value Added, as opposed to GDP.

World Bank World Development Indicators. Source last updated data on July 13, 2026, as of date of access of September 8, 2026.

U.S. BEA, *Value added by Industry as a Percentage of Gross Domestic Product*. Source last updated data on June 25, 2026, as of date of access of September 8, 2026.

Bulgaria National Statistical Institute, *Gross Domestic Product - Production approach at current prices*. Source last updated data on March 6, 2026, as of date of access of September 8, 2026. Data correspond to "mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewerage, waste management and remediation activities," because the source does not break out manufacturing as an individual economic activity.

Japan Economic and Social Research Institute, *Value Added by Economic Activity*. Source last updated data on July 22, 2026, as of date of access of September 8, 2026.

Korea Ministry of Data and Statistics, *GDP and GNI by Economic Activities*. Data accessed on September 8, 2026.; Taiwan Directorate General of Budget, Accounting & Statistics, *Gross Domestic Product by Kind of Activity*. Source last updated data on August 14, 2026, as of date of access of September 8, 2026.

OECD Average: GDP and its breakdown at current prices in US Dollars, United Nations Statistics Division, *GDP and its breakdown*. Source last updated data in January 2026 as of date of access of September 8, 2026. United Nations Statistics Division data was used for the OECD Average since the OECD and World Bank report manufacturing as percentage of GDP as a single indicator, while both a nominator of value added in manufacturing and denominator of GDP are needed to calculate a weighted average for the aggregate OECD.

Notes:
Data was drawn from multiple sources since no one source had data for all economies for all years. Only one source was used for any single cell, representing a single economy or aggregate average for a single year.

The *OECD Average* is a weighted average. The column *Avg. 2021-2025* is a simple average for individual countries/regions and the Global Average, but a weighted average for the OECD Average.

OECD National Accounts at a Glance, Chapter 4: Austria, Belgium, Czech Republic, Denmark, Estonia, EU27, Finland, France, Germany, Greece, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland.

World Bank World Development Indicators: Bangladesh, Cambodia, China, Croatia, Cyprus, India, Malaysia, Malta, Mexico, Romania, Singapore, Thailand, Vietnam, Global Average.

Official national statistics data used for all years: Bulgaria, Taiwan, United States.
Official national statistics data used for year 2025 only: Japan, Korea.

(e) indicates estimated value
(p) indicates preliminary value

Figure 2. Personal Consumption Share of GDP (%), 2021-2025

Economy	2021	2022	2023	2024	2025	Avg. 2021-2025
Bangladesh	68.8	69.1	68.6	70.1	72.4 (e)	69.8
Cambodia	63.5	60.0	48.2	46.9	49.3 (e)	53.6
China	38.4	37.8	39.6	39.9	40.2 (e)	39.2
EU27	51.1	52.6	52.7	52.6	52.6	52.3
Austria	49.7	51.0	51.7	52.1	51.8	51.3
Belgium	49.9	51.6	51.7	52.1 (e)	52.3 (e)	51.5
Bulgaria	57.9	57.9	57.6	57.3	59.1 (e)	58.0
Croatia	57.9	59.0	56.6	57.2	56.4 (e)	57.4
Cyprus	56.9	57.8	58.0	57.3 (p)	56.6 (p)	57.3
Czech Republic	47.2	48.6	47.3	47.5	47.4	47.6
Denmark	45.9	43.7	44.9	43.0	43.1	44.1
Estonia	50.4	52.6	54.0	53.4	52.3	52.5
Finland	50.4	50.5	51.3	51.4	50.5	50.8
France	52.8	54.1	54.6	54.4 (e)	54.0	54.0
Germany	50.0	52.5 (e)	52.6 (e)	52.7 (e)	53.1 (e)	52.2
Greece	68.4	71.0	69.2 (e)	68.7 (e)	69 (e)	69.3
Hungary	48.6	50.4	49.2	51.5	52.5 (e)	50.5
Ireland	23.6	24.0	26.9	26.3	25.6	25.3
Italy	56.3	58.4	57.5	57.6	57.6	57.5
Latvia	55.6	59.5	58.0	58.4	57.6	57.8
Lithuania	56.2	57.2	56.0	55.1	54.6	55.8
Luxembourg	30.3	32.5	33.0	33.3	33.5 (e)	32.5
Malta	39.3	42.1	44.5	44.1	43.4	42.7
Netherlands	42.7	44.0	44.9	43.7	43.3	43.7
Poland	56.5	58.1	57.6	57.1 (e)	57.7 (e)	57.4
Portugal	63.3	63.6	61.6	60.8	61.0	62.1
Romania	63.3	66.3	65.2	67.7	67.8 (e)	66.1
Slovakia	56.6	61.4	58.4	59.0	58.7	58.8
Slovenia	51.8	54.0	51.6	51.9	51.4	52.1
Spain	56.1	56.4	55.4 (e)	55.4 (e)	55.6 (e)	55.8
Sweden	44.8	45.8	45.5	45.3	45.9	45.5
India	56.2	57.1	56.5	56.5	56.8 (e)	56.6
Indonesia	55.6	53.0	54.4	55.4	55.2	54.7
Japan	52.6	54.5	53.6	53.1	53.6	53.5
Korea	47.1	49.0	49.9	48.5 (e)	48.1 (p)	48.5

Economy	2021	2022	2023	2024	2025	Avg. 2021-2025
Malaysia	58.0	57.6	60.5	60.8	61.6 (e)	59.7
Mexico	68.3	70.6	69.9	70.7	69.5 (e)	69.8
Norway	40.3	34.1	39.8	41.1	42.5	39.6
Singapore	28.8	28.1	31.5	30.7	31.1	30.0
Switzerland	48.0	48.2	48.8	49.3	49.5	48.8
Taiwan	45.0	45.8	48.7	47.0	43.3	46.0
Thailand	52.3	54.6	57.2	57.8	58.5 (e)	56.1
United States	67.9	67.9	67.7	67.9	68.1	67.9
Vietnam	55.5	54.7	54.0	53.6	54.1 (e)	54.4
Global Average	55.0	55.6	56.5	56.7	N/A	56.0
OECD Average	58.8	60.1	60.3	60.3	N/A	59.9

Sources: OECD National Accounts at a Glance, Chapter 3. Source last updated data on September 3, 2026 as of date of access of September 4, 2026.

World Bank Macro Poverty Outlook. Source last updated data on June 5, 2026 as of date of access of September 4, 2026.

U.S. BEA, *Gross Domestic Product*. Source last updated data on August 26, 2026 as of date of access of September 4, 2026.

Statistical Service of Cyprus, *Gross Domestic Product – Expenditure Approach*. Source last updated data on April 20, 2026 as of date of access of September 4, 2026.

Japan Economic and Social Research Institute, *GDP (Expenditure Approach) and Its Components* Data accessed on September 4, 2026.

Korea Ministry of Data and Statistics, *Gross Domestic Product and Expenditure*. Data accessed on September 4, 2026.

Malta National Statistics Office, *Gross Domestic Product: Q2/2026*. Source last updated data on August 27, 2026 as of date of access of September 4, 2026.

Singapore Department of Statistics, *Expenditure On Gross Domestic Product At Current Prices, Annual*. Source last updated data on August 11, 2026 as of date of access of September 4, 2026.

Taiwan Directorate General of Budget, Accounting & Statistics, *Expenditures on Gross Domestic Product*. Source last updated data on August 14, 2026 as of date of access of September 4, 2026.

Global and OECD Averages: GDP and its breakdown at current prices in US Dollars. United Nations Statistics Division, *GDP and its breakdown*. Personal consumption is defined as household consumption expenditure (including Non-profit institutions serving households). Source last updated data in January 2026 as of date of access of September 8, 2026. United Nations Statistics Division data was used for the OECD Average since the OECD reports personal consumption as percentage of GDP as a single indicator, while both a nominator of personal consumption and a denominator of GDP are needed to calculate a weighted average for the aggregate OECD. Gaps in OECD and World Bank data prevented calculation of a Global Average.

Notes:
Data was drawn from multiple sources since no one source had data for all economies for all years. Only one source was used for any single cell, representing a single economy or aggregate average for a single year.

Global Average and *OECD Average* are weighted averages. The column *Avg. 2021-2025* is a simple average for individual economies/regions, but a weighted average for Global and OECD.

OECD National Accounts at a Glance, Chapter 3: Austria, Belgium, Czech Republic, Denmark, Estonia, EU27, Finland, France, Germany, Greece, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland.

World Bank, Macro Poverty Outlook: Bangladesh, Bulgaria, Cambodia, China, Croatia, India, Malaysia, Mexico, Romania, Thailand, Vietnam.

Official national statistics used for all years: Cyprus, Malta, Singapore, Taiwan, United States.
Official national statistics used for 2025 only: Japan, Korea.

(e) indicated estimated value
(p) indicated estimated value

Figure 3. Investment Share of GDP (%), 2021-2025

Economy	2021	2022	2023	2024	2025*	Avg. 2021-2025
Bangladesh	31.0	32.0	31.0	30.7	28.5	30.7
Cambodia	30.9	34.9	33.3	32.2	31.8	32.6
China	42.7	42.4	41.1	40.6	38.8	41.1
EU27	23.1	24.2	22.5	21.6	22.0	22.7
Austria	27.7	29.2	26.0	23.6	23.6	26.0
Belgium	24.4	27.3	25.3	24.5	25.6	25.4
Bulgaria	20.7	22.7	19.8	20.4	21.7	21.1
Croatia	21.8	26.2	24.7	24.4	25.4	24.5
Cyprus	19.5	20.4	21.3	20.5	20.1	20.4
Czech Republic	28.1	31.0	28.2	26.3	25.8	27.9
Denmark	24.0	24.8	23.6	23.2	22.1	23.5
Estonia	30.9	27.9	25.1	24.6	24.8	26.7
Finland	24.8	27.3	23.0	22.3	21.9	23.8
France	23.4	24.0	23.0	21.5	22.1	22.8
Germany	22.7	23.3	22.0	21.5	21.9	22.3
Greece	17.5	18.8	16.1	18.2	17.2	17.5
Hungary	30.8	34.2	25.9	23.3	22.2	27.3
Ireland	23.0	22.9	26.7	18.2	23.0	22.8
Italy	22.0	24.6	23.1	22.3	22.3	22.8
Latvia	25.7	24.7	24.7	21.5	24.9	24.3
Lithuania	21.9	27.8	22.7	20.6	22.1	23.0
Luxembourg	18.7	17.0	16.4	15.8	15.5	16.7
Malta	23.1	26.4	19.9	19.0	18.7	21.4
Netherlands	22.2	22.9	20.1	19.7	19.7	20.9
Poland	21.8	22.1	17.7	17.8	17.9	19.4
Portugal	20.9	21.4	20.5	20.3	21.0	20.8
Romania	26.4	27.1	26.2	25.0	25.7	26.1
Slovakia	22.6	23.3	19.8	20.1	20.1	21.2
Slovenia	21.8	24.6	22.5	21.5	22.0	22.5
Spain	21.9	22.7	21.1	21.2	21.5	21.7
Sweden	25.3	26.9	25.3	25.1	25.5	25.6
India	32.8	34.4	34.5	34.3	33.9	34.0
Indonesia	31.4	29.7	30.3	31.4	30.6	30.7
Japan	27.3	28.3	27.8	27.7	27.7	27.8
Korea	32.5	33.3	31.9	30.0	29.1	31.4

Economy	2021	2022	2023	2024	2025*	Avg. 2021-2025
Malaysia	22.1	23.6	22.8	22.0	20.5	22.2
Mexico	21.7	22.8	23.3	23.9	22.5	22.8
Norway	23.4	21.0	23.6	23.7	23.2	23.0
Singapore	24.1	21.9	21.1	21.8	22.5	22.3
Switzerland	28.1	26.6	28.6	26.8	29.5	27.9
Taiwan	27.3	28.0	24.5	26.9	25.3	26.4
Thailand	28.7	27.8	22.4	21.5	22.1	24.5
United States	21.4	22.0	21.6	21.5	21.4	21.6
Vietnam	32.9	32.3	31.6	30.6	30.8	31.7
Global Average	27.2	27.5	26.6	26.2	25.8	26.6
OECD Average	22.9	23.5	22.7	22.2	N/A	22.8

Source: IMF World Economic Outlook (WEO). Source last updated data April 15, 2026 as of date of access of September 4, 2026.
Global and OECD Averages: GDP and its breakdown at current prices in US Dollars. United Nations Statistics Division, *GDP and its breakdown*. Investment is defined as gross capital formation. Source last updated data January 2026, as of date of access of September 8, 2026.

United Nations Statistics Division data was used for the OECD Average since an aggregate average was not available and could not be created from IMF data. Only one source was used for any single cell, representing a single economy or aggregate average for a single year.

The *OECD Average* is a weighted average. The column *Avg. 2021-2025* is a simple average for individual economies/regions and the Global Average, but a weighted average the OECD Average.

*2025 may include forecast data.

Figure 4. Exports of Goods as Share of GDP (%), 2021-2025

Economy	2021	2022	2023	2024	2025	Avg. 2021-2025
Bangladesh	10.9	12.5	10.8	11.2	12.0	11.5
Cambodia	53.4	56.9	54.7	57.8	63.4	57.3
China	18.0	19.0	18.0	18.4	18.6	18.4
EU27	14.6	15.8	14.7	14.3	13.9	14.6
Austria	42.2	44.7	43.4	40.0	38.3	41.7
Belgium	91.6	107.4	88.2	82.1	78.4	89.6
Bulgaria	48.6	53.2	46.9	42.2	37.0	45.6
Croatia	31.7	35.7	29.1	28.0	26.9	30.3
Cyprus	13.8	14.2	14.1	14.5	15.1	14.4
Czech Republic	77.7	79.9	73.9	75.6	72.8	76.0
Denmark	30.9	32.7	31.7	31.4	32.1	31.8
Estonia	57.9	59.7	47.3	43.5	44.6	50.6
Finland	27.8	30.6	27.6	25.8	26.3	27.6
France	19.3	21.9	21.0	20.0	20.0	20.4
Germany	37.1	39.6	37.1	35.6	34.8	36.9
Greece	21.3	26.8	22.7	21.1	19.6	22.3
Hungary	76.7	87.1	77.7	71.2	68.2	76.2
Ireland	35.8	39.0	36.7	39.6	40.3	38.3
Italy	27.9	30.9	28.9	27.9	28.2	28.8
Latvia	54.4	62.7	52.2	46.6	46.1	52.4
Lithuania	60.6	65.7	53.5	46.5	43.9	54.0
Luxembourg	19.2	21.3	19.2	17.2	18.1	19.0
Malta	15.5	17.0	15.2	14.9	13.9	15.3
Netherlands	79.4	91.8	82.1	75.5	74.1	80.6
Poland	49.4	51.8	46.9	41.7	39.9	45.9
Portugal	29.3	32.1	28.6	27.2	25.8	28.6
Romania	30.6	32.6	28.9	26.2	25.5	28.8
Slovakia	86.1	93.4	87.8	82.1	81.2	86.1
Slovenia	93.1	116.2	105.4	107.6	120.3	108.5
Spain	25.8	28.6	26.0	24.7	23.3	25.7
Sweden	30.0	34.4	34.1	32.3	30.9	32.3
India	12.8	13.9	12.3	11.8	11.4	12.4
Indonesia	19.5	22.1	18.9	19.1	19.6	19.8
Japan	13.5	15.5	15.1	15.5	15.1	14.9

Economy	2021	2022	2023	2024	2025	Avg. 2021-2025
Korea	33.2	38.0	34.3	36.3	37.9	35.9
Malaysia	79.9	86.1	78.1	78.2	79.6	80.4
Mexico	37.1	38.8	32.5	33.2	35.8	35.5
Norway	29.7	39.6	34.5	32.5	31.2	33.5
Singapore	98.2	93.1	86.9	82.2	88.7	89.8
Switzerland	45.3	46.7	45.2	46.1	53.1	47.3
Taiwan	57.4	62.2	56.9	59.0	69.5	61.0
Thailand	52.8	57.2	54.1	56.5	58.6	55.9
United States	7.2	7.7	7.0	6.8	6.9	7.1
Vietnam	89.4	88.8	80.2	88.4*	96.1*	88.6
Global Average	21.7	23.0	21.3	20.8	21.0	21.6
OECD Average	20.5	22.2	20.4	19.6	19.7	20.5

* Preliminary value.

Source: National statistical bodies are used for economy or regional goods exports and accessed via Trade Data Monitor (TDM) on September 14, 2026. Bangladesh does not report export figures, so these are derived from import data. "Global" accounts for 146 economies which report export data in TDM. Trade data for chapters 01-97 only. EU27 is extra-EU27 exports only (excludes intra-EU27 exports). GDP data are taken from the IMF World Economic Outlook (WEO), source last updated data on April 15, 2026 as of date of access of September 10, 2026.

Global and OECD Averages: UN Comtrade data accessed via Trade Data Monitor were used for goods exports and accessed on September 14, 2026. GDP data are taken from the IMF World Economic Outlook (WEO), source last updated data on April 15, 2026 as of date of access of September 10, 2026. Data for years without available UN Comtrade data were imputed using averages of data from other years for the same country.

Global Average and *OECD Average* are weighted averages. The column *Avg. 2021-2025* is a simple average for individual economies/regions, but a weighted average for Global and OECD.

Figure 5. Labor Share (Compensation) of Manufacturing Sector (% of Value Addition), 2021-2023[1]

Economy	2021	2022	2023	Avg. 2021-2023
Bangladesh	N/A	N/A	N/A	
Cambodia	N/A	N/A	N/A	
China[2]	11.3	11.5	11.6	11.5
EU27	45.6	43.5	45.6	44.9
Austria	51.3	50.6	55.2	52.4
Belgium	36.0	36.4	37.5	36.6
Bulgaria	45.3	42.9	42.2	43.5
Croatia	52.1	49.4	52.0	51.2
Cyprus	46.7	47.4	45.1	46.4
Czechia	41.9	42.4	42.5	42.2
Denmark	52.6	53.6	49.8	52.0
Estonia	47.8	47.9	53.2	49.6
Finland	48.2	45.9	55.1	49.7
France	51.0	49.3	49.5	49.9
Germany	55.9	53.2	56.5	55.2
Greece	41.6	36.6	37.3	38.5
Hungary	40.8	40.8	46.7	42.7
Ireland	8.0	7.6	8.3	8.0
Italy	40.1	37.6	37.8	38.5
Latvia	40.1	41.5	47.2	42.9
Lithuania	50.6	47.9	54.1	50.9
Luxembourg	54.5	53.8	64.0	57.4
Malta	50.7	49.4	50.0	50.0
Netherlands	39.9	38.4	41.0	39.8
Poland	40.3	38.0	43.4	40.6
Portugal	44.5	43.6	44.4	44.2

[1] "Empirically the labor share is usually defined as total labor compensation or labor costs over nominal GDP or nominal value added," see: Dorothee Schneider, "The Labor Share: A Review of Theory and Evidence," HUMBOLDT-UNIVERSITÄT ZU BERLIN, GERMANY, SFB 649 Discussion Paper 2011-069, p. 1, https://edoc.hu-berlin.de/server/api/core/bitstreams/7b5c5c26-cb6b-477d-9759-fb4bec9f08d4/content. UNIDO does not provide this share directly, but does provide nominal data for: (i) wages and salaries by sector and sub-sector; as well as (ii) value added by sector and sub-sector, so we computed labor shares by dividing (i) by (ii).

[2] Source of wage data is China National Bureau of Statistics, via Ministry of Labor and Social Security/Haver Analytics; conversion into USD by Haver Analytics. Wages represent the total wage bill of employed persons in urban units in the manufacturing sector. Data accessed on September 8, 2026.

Economy	2021	2022	2023	Avg. 2021-2023
Romania	54.7	50.6	59.1	54.8
Slovakia	38.5	39.9	43.7	40.7
Slovenia	49.3	50.4	56.8	52.2
Spain	46.1	44.3	45.2	45.2
Sweden	38.7	35.6	37.2	37.2
India	26.8	28.6	N/A	27.7
Indonesia	10.8	10.9	N/A	10.9
Japan	33.8	34.2	33.9	34.0
Korea	23.1	21.5	23.8	22.8
Malaysia	25.2	23.4	N/A	24.3
Mexico	22.9	24.3	27.1	24.8
Norway	54.0	50.0	52.9	52.3
Singapore	20.0	18.2	23.5	20.6
Switzerland	39.4	40.3	42.0	40.6
Taiwan	37.0	37.1	37.9	37.3
Thailand	16.3	N/A	N/A	N/A
United States of America[3]	42.0	47.8	47.2	45.7
Vietnam	36.6	35.1	36.5	36.0
Global Average	28.2	29.0	31.1	29.4
OECD Average	40.4	41.4	42.7	41.5

Source: UNIDO INDSTAT, source last updated May 7, 2026; China National Bureau of Statistics, via Ministry of Labor and Social Security, accessed via Haver Analytics; and U.S. Bureau of Labor Statistics, source last updated data March 19, 2026, as of date of access on September 8, 2026.

"The UNIDO Industrial Statistics (INDSTAT) Revision 4 Database contains disaggregated data on industrial sectors worldwide. It offers a unique possibility for in-depth structural analysis of economies over time. Data comparability over time and across countries has been the main priority when developing and updating this database. The database is organized according to the International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 4. INDSTAT Revision 4 covers the four industrial sectors: mining and quarrying (ISIC Rev. 4 Section B); manufacturing (ISIC Rev. 4 Section C); electricity, gas, steam and air conditioning supply (ISIC Rev. 4 Section D); and water supply, sewerage, waste management and remediation activities (ISIC Rev. 4 Section E)." We used INDSTAT's USD values, which INDSTAT calculated using period-average exchange rates obtained from the IMF and other sources. See methodology: https://stat.unido.org/data/database-descriptions#:~:text=The%20UNIDO%20Industrial%20Statistics%20%28INDSTAT%29%20Revision%204%20Dat

[3] INDSTAT footnotes indicate a "methodological break in 2022," for U.S. labor data and no source for the figures. Therefore, for all years, we used labor cost from the Bureau of Labor Statistics total factor productivity for the manufacturing sector, divided by the INDSTAT value-added in manufacturing data to calculate the labor share (compensation) of the manufacturing sector for the United States. BLS last updated 2024 labor cost data on March 19, 2026, see: https://www.bls.gov/productivity/schedule-releases.htm, and U.S. labor cost data accessed at: https://data.bls.gov/PDQWeb/mp, for manufacturing sector, labor costs, billions of current dollars, level, on September 8, 2026.

abase,for%20in-depth%20structural%20analysis%20of%20economies%20over%20time. Data accessed on September 8, 2026, at: https://stat.unido.org/data/table?dataset=indstat&revision=4#data-browser.

INDSTAT's last data update was on May 7, 2026. As of August 3, 2026, Taiwan does not appear in the dataset. We keep Taiwan's data in the table, because INDSTAT made no other changes to the data.

Sources of data are surveys, business registers, administrative accounts, and censuses. China wage data from China National Bureau of Statistics, via Ministry of Labor and Social Security, accessed via Haver Analytics. U.S. total factor productivity labor cost from the Bureau of Labor Statistics.

Global and OECD Averages: Wage data unavailable for Costa Rica, which is excluded from the OECD average. "Global" accounts for 100 economies which report at least one year of data between 2021 and 2023 for both (a) wages and salaries paid to workers in manufacturing and (b) value-added for the manufacturing sector.

Notes:

All values here are weighted-averages. Where economy data was not available, data for the particular economy was excluded, which will result in global values representative of economies with available data. In general, this covers nearly all large economies.

Global Average and *OECD Average* are weighted averages. The column *Avg. 2021-2023* is a simple average for individual economies /regions, but a weighted average for Global and OECD.

Figure 6. China's Share of Value Added in Manufacturing of U.S. Imports in 2022, Economies ranked by import value

Rank	Economy	Share from China	U.S. Manufactured Goods Imports from Economy (Bn$)
1	China	82.2%	451.3
2	EU27	2.8%	416.9
3	Mexico	9.3%	301.0
4	Canada	3.7%	208.9
5	Japan	5.1%	109.0
6	Germany	3.5%	98.3
7	Korea	7.9%	97.6
8	Viet Nam	17.3%	93.8
9	Ireland	1.4%	90.7
10	India	3.7%	83.7
11	Taiwan	6.6%	53.3
12	Italy	3.1%	51.9
13	Rest of the world	3.6%	48.8
14	United Kingdom	2.8%	48.7
15	France	2.7%	46.2
16	Thailand	11.7%	39.6
17	Switzerland	2.1%	38.7
18	Indonesia	5.8%	26.5
19	Brazil	3.7%	25.8
20	Singapore	6.6%	22.1
21	Malaysia	9.5%	21.4
22	Spain	3.1%	20.0
23	Turkey	3.4%	17.5
24	Israel	3.4%	13.7
25	Sweden	2.2%	13.6
26	Netherlands	2.3%	13.2
27	Russia	1.6%	12.9
28	Austria	3.2%	12.7
29	Belgium	1.8%	12.2
30	Poland	5.6%	9.3
31	Denmark	1.7%	9.2
32	Australia	4.5%	9.1
33	Saudi Arabia	1.2%	8.9
34	Bangladesh	7.6%	8.5
35	Philippines	8.0%	8.4
36	Chile	4.1%	7.6
37	Finland	2.9%	6.7
38	Portugal	2.0%	6.3
39	Colombia	3.9%	6.1
40	South Africa	6.3%	5.9

Rank	Economy	Share from China	U.S. Manufactured Goods Imports from Economy (Bn$)
41	Slovak Republic	6.3%	5.6
42	Hungary	5.6%	5.4
43	Peru	6.0%	4.7
44	United Arab Emirates	6.0%	4.5
45	Czechia	5.8%	4.5
46	Pakistan	1.7%	4.3
47	Costa Rica	4.6%	3.8
48	New Zealand	2.9%	3.7
49	Norway	2.8%	3.3
50	Cambodia	26.3%	3.2
51	Argentina	1.8%	2.4
52	Egypt	4.4%	2.2
53	Romania	2.5%	2.2
54	Lithuania	1.5%	2.1
55	Jordan	11.7%	2.0
56	Greece	2.4%	1.9
57	Kazakhstan	0.7%	1.4
58	Morocco	4.8%	1.3
59	Slovenia	4.5%	1.2
60	Bulgaria	3.1%	1.0
61	Estonia	6.3%	0.9
62	Tunisia	2.9%	0.8
63	Croatia	1.9%	0.7
64	Latvia	1.4%	0.6
65	Ukraine	4.2%	0.6
66	Myanmar	9.2%	0.6
67	Hong Kong (China)	8.1%	0.6
68	Côte d'Ivoire	1.2%	0.5
69	Luxembourg	1.6%	0.5
70	Iceland	1.4%	0.4
71	Nigeria	4.3%	0.3
72	Belarus	2.3%	0.3
73	Angola	1.5%	0.2
74	Senegal	1.6%	0.2
75	Cameroon	1.3%	0.1
76	Lao	10.9%	0.1
77	Democratic Republic of the Congo	7.5%	0.1
78	Malta	3.2%	0.1
79	Cyprus	2.9%	0.0
80	Brunei Darussalam	9.5%	0.0
81	Sao Tome and Principe	1.0%	0.0

Source: OECD TiVA 2025 edition: Origin of value added in gross exports. Source last updated data on January 30, 2026, as of date of access of September 8, 2026.

Figure 7. Domestic, China, and U.S. Value Added Shares for Manufacturing Exports to the World for the Investigated Economies and the United States

	Value Added		
Gross Exports From:	**Domestic %**	**China %**	**United States %**
Bangladesh	92.1	5.4	0.1
Cambodia	69.4	20.4	0.4
China (People's Republic of)	88.3	88.3	1.1
EU27	88.5	3.0	1.7
India	83.6	3.8	1.6
Indonesia	87.2	4.6	0.8
Japan	87.5	4.0	1.4
Korea	79.0	7.0	2.2
Malaysia	66.4	9.2	3.6
Mexico	66.2	8.5	10.4
Norway	74.9	3.2	2.4
Singapore	69.6	6.2	3.5
Switzerland	80.7	2.1	1.6
Taiwan	79.9	5.1	2.1
Thailand	68.3	11.0	2.2
Vietnam	59.2	15.3	2.2
United States	92.4	1.5	92.4

Source: OECD TiVA 2025 edition: Origin of value added in gross exports. Source last updated data on January 26, 2026 as of date of access of September 8, 2026.

Figure 8. Value-Added Analysis for Exports from China to World and United States

The following tables were computed using the exvatools package with ADB's MRIO tables. Results for 2022–24 were computed with the 74-economy ADB MRIO tables, while results for 2017–21 were computed with the 72-economy ADB MRIO tables, since the 74-economy MRIO tables are not available prior to 2022.

Table 1. China's Value-added content embodied in total gross manufacturing United States, OECD, and Global exports to the World, percent, 2017-2024

	2017	2018	2019	2020	2021	2022	2023	2024
U.S. exports to World	2.1	1.7	1.8	1.6	2.2	1.7	1.7	1.6
OECD exports to World	3.2	2.8	3.1	3.1	3.7	4.0	3.5	3.5
Global (except China) exports to World	**5.7**	**4.5**	**4.6**	**5.1**	**5.7**	**6.1**	**5.3**	**5.5**

Source: Asian Development Bank, "ADB Multiregional Input-Output Tables at current prices," accessed July 15, 2026.

Table 2. China's Value-added content embodied in total gross manufacturing exports from investigated economies to the United States, 2017-2024.

	2017	2018	2019	2020	2021	2022	2023	2024
Bangladesh	2.5	9.5	9.2	2.6	8.2	11.6	10	11.2
Cambodia	18.5	22.2	25	28.4	31.0	29.2	27.9	29.5
EU	2.5	2.5	2.8	2.6	3.0	3.1	2.8	3.0
India	2.6	2.7	2.3	2.5	3.1	3.5	4.1	4.4
Indonesia	3.5	6.3	6.5	6.4	7.4	8.5	8.5	9.6
Japan	3.1	2.7	3.0	3.0	3.5	4.8	5.0	4.5
Korea	6.6	5.5	6.4	6.5	6.9	7.9	7.7	6.8
Malaysia	8.7	11.2	12.0	7.8	9.2	9.1	10.2	9.9
Mexico	6.0	7.2	7.2	7.2	8.9	8.2	7.2	8.3
Norway	1.5	1.6	1.8	1.6	1.5	1.7	1.6	1.7
Singapore	5.7	5.8	6.9	5.8	7.8	7.9	8.8	8.6
Switzerland	2.4	2.3	2.4	3.0	2.7	3.1	2.9	3.0
Taiwan	7.7	3.6	8.6	10.9	11.3	11.1	10.0	9.9
Thailand	7.3	4.9	5.3	5.9	7.0	8.3	10.0	10.7
Vietnam	14.5	15.9	16.2	18.5	21.6	19.5	21.3	21.8

Source: Asian Development Bank, "ADB Multiregional Input-Output Tables at current prices," accessed July 15, 2026.

Figure 9. Current Account Balance (Bn US$ and Percent of GDP), Ranked Largest to Smallest by Bn US$

Rank (by Bn US$)	Current Account *(Bn US$; and % of GDP)*	2021	2022	2023	2024	2025
1	China	$352.9	$443.4	$263.4	$423.9	$729.1
		1.9%	*2.4%*	*1.4%*	*2.2%*	*3.7%*
2	EU27	$569.5	$125.9	$478.5	$629.7	$504.3
		3.3%	*0.7%*	*2.6%*	*3.2%*	*2.4%*
3	Germany	$301.1	$160.2	$251.8	$272.1	$222.9
		6.9%	*3.8%*	*5.5%*	*5.8%*	*4.4%*
7	Netherlands	$108.1	$71.0	$107.0	$111.1	$116.8
		10.2%	*6.8%*	*9.4%*	*9.1%*	*8.8%*
11	Ireland	$64.7	$48.1	$39.9	$98.4	$58.8
		12.2%	*8.8%*	*7.0%*	*16.2%*	*8.2%*
12	Denmark	$34.7	$44.7	$44.5	$51.8	$57.7
		8.5%	*11.2%*	*11.0%*	*12.2%*	*12.5%*
13	Spain	$11.3	$6.1	$44.3	$54.8	$55.0
		0.8%	*0.4%*	*2.7%*	*3.2%*	*2.9%*
14	Sweden	$39.3	$22.9	$36.0	$41.5	$40.8
		6.2%	*4.0%*	*6.2%*	*6.9%*	*6.1%*
16	Italy	$43.8	-$38.5	$5.1	$25.7	$30.9
		2.0%	*-1.8%*	*0.2%*	*1.1%*	*1.2%*
19	Austria	$8.3	-$6.1	$8.3	$8.2	$6.0
		1.7%	*-1.3%*	*1.6%*	*1.5%*	*1.0%*
20	Luxembourg	$4.3	$4.4	$6.1	$4.0	$4.8
		5.0%	*5.4%*	*6.8%*	*4.3%*	*4.7%*
21	Portugal	-$1.7	-$5.2	$1.7	$7.0	$4.3
		-0.7%	*-2.0%*	*0.6%*	*2.2%*	*1.2%*
22	Finland	$1.0	-$6.8	-$2.7	-$1.3	$4.0
		0.3%	*-2.4%*	*-0.9%*	*-0.4%*	*1.3%*
23	Hungary	-$8.3	-$16.1	-$0.2	$3.3	$3.2
		-4.5%	*-9.1%*	*-0.1%*	*1.5%*	*1.3%*
24	Slovenia	$2.1	-$0.6	$3.3	$3.3	$2.8
		3.5%	*-0.9%*	*4.8%*	*4.5%*	*3.5%*
25	Czechia	-$6.0	-$14.1	-$0.4	$6.1	$2.6
		-2.1%	*-4.7%*	*-0.1%*	*1.7%*	*0.7%*
26	Malta	$1.9	-$0.5	$1.5	$1.8	$1.6

Rank (by Bn US$)	Current Account *(Bn US$; and % of GDP)*	2021	2022	2023	2024	2025
		9.4%	*-2.9%*	*6.5%*	*7.1%*	*5.7%*
27	Lithuania	$1.0	-$4.3	$0.9	$2.8	$1.3
		1.4%	*-6.1%*	*1.1%*	*3.2%*	*1.3%*
29	Estonia	-$1.4	-$1.2	-$0.5	-$0.5	-$0.1
		-3.7%	*-3.1%*	*-1.2%*	*-1.2%*	*-0.2%*
32	Latvia	-$1.6	-$2.1	-$1.6	-$0.7	-$1.6
		-4.1%	*-5.5%*	*-3.8%*	*-1.6%*	*-3.4%*
33	Cyprus	-$1.7	-$2.1	-$3.4	-$3.1	-$3.3
		-5.5%	*-6.9%*	*-9.7%*	*-8.2%*	*-8.1%*
34	Croatia	$0.2	-$2.5	$0.1	-$2.0	-$3.4
		0.3%	*-3.6%*	*0.1%*	*-2.2%*	*-3.2%*
35	Slovakia	-$5.8	-$11.2	-$4.0	-$6.5	-$5.6
		-4.8%	*-9.6%*	*-3.0%*	*-4.6%*	*-3.6%*
36	Poland	-$9.0	-$15.8	$12.5	$2.8	-$7.2
		-1.3%	*-2.3%*	*1.5%*	*0.3%*	*-0.7%*
37	Bulgaria	$0.2	-$1.3	-$1.2	-$1.5	-$7.8
		0.2%	*-1.4%*	*-1.2%*	*-1.4%*	*-5.9%*
39	France	$8.2	-$39.7	-$31.8	$2.9	-$14.8
		0.3%	*-1.4%*	*-1.0%*	*0.1%*	*-0.4%*
40	Belgium	$11.0	-$11.5	$1.3	-$2.5	-$15.4
		1.8%	*-1.9%*	*0.2%*	*-0.4%*	*-2.1%*
41	Greece	-$15.7	-$23.4	-$16.5	-$18.3	-$15.9
		-7.2%	*-10.7%*	*-6.8%*	*-7.2%*	*-5.7%*
42	Romania	-$20.6	-$28.3	-$23.3	-$31.2	-$34.0
		-7.2%	*-9.6%*	*-6.7%*	*-8.2%*	*-8.0%*
4	Japan	$196.2	$89.9	$156.2	$189.2	$214.2
		3.8%	*2.0%*	*3.6%*	*4.5%*	*4.8%*
5	Taiwan	$116.9	$101.4	$105.8	$112.8	$160.5
		15.0%	*13.3%*	*14.0%*	*14.1%*	*17.5%*
6	Korea	$83.9	$23.2	$32.5	$100.0	$123.1
		4.3%	*1.3%*	*1.8%*	*5.3%*	*6.6%*
8	Singapore	$84.9	$97.3	$83.8	$98.5	$100.9
		19.3%	*18.9%*	*16.4%*	*17.2%*	*16.7%*
9	Norway	$75.3	$171.8	$86.0	$75.1	$74.7
		14.4%	*27.8%*	*17.1%*	*15.0%*	*14.1%*
10	Switzerland	$62.5	$76.8	$54.2	$86.6	$74.2

Rank (by Bn US$)	Current Account *(Bn US$; and % of GDP)*	2021	2022	2023	2024	2025
		7.4%	*9.0%*	*5.8%*	*8.9%*	*7.1%*
15	Vietnam	-$8.1	$1.4	$27.6	$30.4	$33.1
		-2.2%	*0.3%*	*6.4%*	*6.6%*	*6.7%*
17	Thailand	-$10.8	-$17.0	$8.5	$11.6	$17.7
		-2.1%	*-3.4%*	*1.6%*	*2.2%*	*3.1%*
18	Malaysia	$14.5	$13.0	$4.4	$6.1	$7.4
		3.9%	*3.2%*	*1.1%*	*1.4%*	*1.6%*
28	Bangladesh	-$4.6	-$18.2	-$11.6	-$6.5	$0.2
		-1.1%	*-4.0%*	*-2.6%*	*-1.4%*	*0.0%*
30	Cambodia	-$10.9	-$7.6	$0.6	$0.2	-$1.4
		-30.1%	*-19.2%*	*1.3%*	*0.5%*	*-2.9%*
31	Indonesia	$3.5	$13.2	-$2.0	-$8.6	-$1.5
		0.3%	*1.0%*	*-0.1%*	*-0.6%*	*-0.1%*
38	Mexico	-$4.5	-$18.7	-$12.5	-$16.7	-$8.2
		-0.3%	*-1.3%*	*-0.7%*	*-0.9%*	*-0.4%*
43	India	-$38.7	-$67.0	-$26.0	-$22.9	-$36.2
		-1.3%	*-2.1%*	*-0.7%*	*-0.6%*	*-0.9%*
44	United States	-$858.6	-$993.1	-$928.0	-$1,185.3	-$1,116.0
		-3.6%	*-3.8%*	*-3.3%*	*-4.0%*	*-3.6%*

*Dark-blue shaded data indicates forecasted data for 23 economies/areas in 2025.
Source: IMF World Economic Outlook (WEO), source last updated April 2026, as of date of access of September 9, 2026 at https://data.imf.org/en/Data-Explorer.

Note: We used the IMF indicators "Current account balance (credit less debit), US dollar" and "Current account balance (credit less debit), Percent of GDP."

The current account balance measures the net flow of goods, services, and income between an economy and the rest of the world. It is defined as the sum of the trade balance (net exports), net primary income (factor receipts from abroad minus payments to nonresidents), and net secondary income (current transfers, receipts minus payments).

Source: https://www.elibrary.imf.org/view/journals/007/2026/006/article-A001-en.xml.

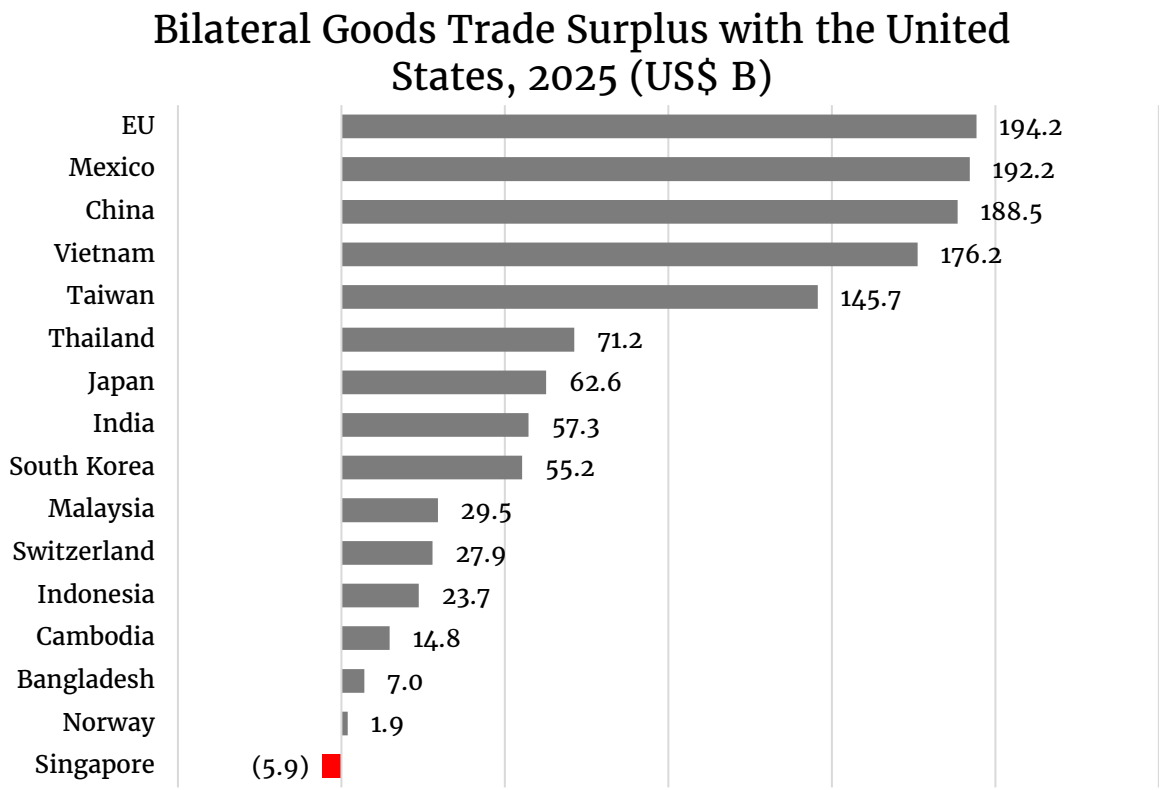
Figure 10. Bilateral Goods Trade Surplus with the United States, 2021-2025 (US$ B) - All Economies

Bilateral Goods Trade Surplus Data with the United States, 2021-2025 (US$ B)

Economy	2021	2022	2023	2024	2025
EU	184.8	179.3	183.4	209.7	194.2
Mexico	104.2	124.2	147.5	166.4	192.2
China	344.4	374.2	271.9	287.9	188.5
Vietnam	90.5	115.3	103.4	121.4	176.2
Taiwan	38.7	46.2	46.9	73.0	145.7
Thailand	34.5	42.5	40.4	44.7	71.2
Japan	57.5	65.6	69.4	66.7	62.6
India	33.2	38.5	42.5	45.2	57.3
South Korea	28.5	42.7	50.7	64.8	55.2
Malaysia	40.3	34.9	25.5	23.5	29.5
Switzerland	32.8	16.7	20.3	35.7	27.9
Indonesia	17.0	24.4	16.8	17.5	23.7
Cambodia	8.3	11.7	11.2	12.3	14.8
Bangladesh	5.9	8.1	6.0	6.0	7.0
Norway	2.0	1.9	0.8	1.8	1.9
Singapore	-8.0	-17.3	-6.9	-4.4	-5.9

Source: Trade Data Monitor, U.S. Census Bureau, Exports and General Imports. Trade data for chapters 01-97 only. Data accessed on September 9, 2026.

Figure 11. Chart - Bilateral Goods Trade Surplus with the United States, 2025 (US$ B)



Source: Trade Data Monitor, U.S. Census Bureau, Exports and General Imports. Trade data for chapters 01-97 only. Data accessed on September 9, 2026.

Figure 12. Global Trade Balance in Goods for the Investigated Economies

	Global Trade Balance in Goods (Customs, Bn$)					GDP (Bn$)					Trade Balance (Customs) as a Share of GDP				
Investigated Economy/Region	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
Bangladesh	-32	-29	-21	-16	-12	416	460	452	450	458	-6.9%	-6.4%	-4.6%	-3.6%	-2.4%
Cambodia	-9	-7	-1	-2	-3	36	39	42	46	49	-23.5%	-17.3%	-2.6%	-4.1%	-5.0%
China	768	915	867	1,021	1,197	18,184	18,338	18,367	18,945	19,626	4.2%	5.0%	4.6%	5.2%	5.7%
European Union	63	-455	22	127	110	17,506	17,036	18,669	19,499	21,232	0.4%	-2.4%	0.1%	0.6%	0.5%
Austria	-17	-22	-2	2	-8	481	474	517	535	580	-3.5%	-4.2%	-0.4%	0.4%	-1.3%
Belgium	23	12	5	19	19	599	592	652	671	725	3.9%	1.8%	0.7%	2.6%	2.5%
Bulgaria	-5	-9	-6	-7	-12	84	91	102	113	131	-5.4%	-9.2%	-5.0%	-5.4%	-8.3%
Croatia	-13	-19	-18	-21	-23	69	71	86	93	106	-17.7%	-22.4%	-19.9%	-19.7%	-19.9%
Cyprus	-6	-8	-9	-8	-9	30	31	35	38	41	-19.6%	-22.1%	-24.0%	-19.2%	-20.4%
Czech Republic	14	5	23	30	30	291	302	345	347	389	4.7%	1.5%	6.7%	7.6%	7.0%
Denmark	6	2	8	10	12	406	400	405	425	462	1.6%	0.5%	2.0%	2.3%	2.4%
Estonia	-2	-4	-3	-4	-4	37	38	41	43	47	-5.3%	-9.4%	-7.5%	-7.8%	-8.3%
Finland	-4	-11	-1	-3	-1	294	280	295	299	317	-1.4%	-3.8%	-0.4%	-0.9%	-0.3%
France	-139	-208	-142	-117	-114	2,968	2,797	3,061	3,161	3,369	-5.0%	-6.8%	-4.5%	-3.5%	-3.2%
Germany	216	92	228	257	223	4,358	4,204	4,564	4,684	5,048	5.1%	2.0%	4.9%	5.1%	4.1%
Greece	-30	-41	-35	-39	-38	218	218	243	256	280	-13.9%	-16.8%	-13.6%	-13.8%	-12.5%
Hungary	-2	-9	11	9	9	183	178	213	223	247	-1.0%	-4.0%	4.8%	3.8%	3.4%
Ireland	71	67	57	97	129	531	549	568	609	718	12.9%	11.8%	9.4%	13.5%	16.5%
Italy	43	-40	31	46	51	2,181	2,106	2,318	2,383	2,550	2.1%	-1.7%	1.3%	1.8%	1.9%
Latvia	-3	-5	-4	-3	-4	38	38	43	44	49	-7.8%	-11.5%	-9.6%	-6.5%	-7.8%
Lithuania	-4	-9	-6	-5	-7	67	71	80	85	95	-5.4%	-10.7%	-6.5%	-5.2%	-7.0%
Luxembourg	-10	-10	-9	-10	-10	86	81	89	93	101	-11.8%	-11.0%	-9.9%	-9.8%	-9.2%
Malta	-4	-5	-5	-6	-6	20	19	23	25	28	-21.5%	-23.4%	-19.8%	-20.7%	-19.4%

	Global Trade Balance in Goods (Customs, Bn$)					GDP (Bn$)					Trade Balance (Customs) as a Share of GDP				
Investigated Economy/Region	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
Netherlands	81	65	89	101	113	1,055	1,047	1,136	1,215	1,332	7.7%	5.7%	7.3%	7.6%	7.8%
Poland	6	-4	18	6	0	689	696	813	918	1,036	0.9%	-0.5%	2.0%	0.6%	0.0%
Portugal	-23	-33	-30	-31	-38	256	257	292	314	346	-8.9%	-11.2%	-9.6%	-8.9%	-9.9%
Romania	-29	-36	-31	-36	-37	285	296	348	383	428	-9.7%	-10.3%	-8.2%	-8.5%	-7.7%
Slovakia	0	-4	4	2	3	121	116	134	141	154	0.1%	-3.0%	2.8%	1.2%	1.6%
Slovenia	0	0	1	-6	4	62	60	69	73	80	-0.3%	-0.1%	1.9%	-7.1%	4.7%
Spain	-43	-79	-48	-53	-77	1,462	1,450	1,620	1,725	1,904	-3.0%	-4.9%	-2.8%	-2.8%	-3.7%
Sweden	2	-5	4	6	5	632	575	579	605	669	0.4%	-0.9%	0.7%	0.9%	0.6%
India	-176	-266	-241	-274	-309	3,085	3,250	3,501	3,761	3,916	-5.4%	-7.6%	-6.4%	-7.0%	-7.4%
Indonesia	36	56	38	33	42	1,187	1,319	1,371	1,396	1,446	2.7%	4.0%	2.7%	2.3%	2.8%
Japan	-52	-197	-113	-84	-74	5,226	4,448	4,385	4,190	4,435	-1.2%	-4.5%	-2.7%	-1.9%	-1.7%
Korea	29	-48	-10	49	77	1,942	1,799	1,845	1,875	1,872	1.6%	-2.6%	-0.6%	2.6%	4.0%
Malaysia	62	59	47	31	38	374	408	400	422	472	15.2%	14.7%	11.2%	6.5%	7.3%
Mexico	3	-11	11	13	21	1,317	1,467	1,794	1,830	1,833	0.2%	-0.6%	0.6%	0.7%	1.0%
Norway	58	140	77	65	62	522	617	502	501	531	9.4%	27.9%	15.4%	12.3%	10.3%
Singapore	31	8	24	17	34	441	514	511	573	604	6.1%	1.5%	4.3%	2.8%	5.1%
Switzerland	56	44	54	75	44	840	858	929	970	1,044	6.5%	4.7%	5.6%	7.2%	3.8%
Taiwan	68	45	77	83	152	777	766	757	801	920	8.8%	5.9%	9.6%	9.0%	15.6%
Thailand	1	-22	-12	-11	-12	506	496	517	529	577	0.3%	-4.2%	-2.3%	-1.9%	-2.0%
Viet Nam	5	13	29	-22*	-17*	370	411	433	459	494	1.1%	3.0%	6.3%	-4.5%	-3.2%

Global Trade Balance in Goods on Customs Basis from official sources, Chapters 01-97. Data accessed September 15, 2026. Bangladesh official trade statistics are not available; data is based on World imports from/exports to Bangladesh. Preliminary Vietnam trade data from Trade Data Monitor [Vietnam Customs]. China trade data excludes trade with self. GDP data from IMF, World Economic Outlook (WEO), source last updated data on April 15, 2026, as of date of access of September 3, 2026.

* *Indicates preliminary data*

Figure 13. Value-Added Analysis for Exports from India to World and United States

The following table was computed using the exvatools package with ADB's MRIO tables. Results for 2022–24 were computed with the 74-economy ADB MRIO tables, while results for 2017–21 were computed with the 72-economy ADB MRIO tables, since the 74-economy MRIO tables are not available prior to 2022.

Table 1. Value-added content embodied in total gross manufacturing exports from India to the World and to the United States, by source, percent, 2017–24

Export Destination	Source of Value-Added	2017	2018	2019	2020	2021	2022	2023	2024
To World	India	70.4	70.1	71.2	73.3	65.9	62.2	65.9	65.0
	China	2.7	2.7	2.3	2.5	3.0	3.3	3.8	3.9
	Vietnam	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
	Russia	0.8	1.2	0.9	0.7	0.9	3.1	4.0	4.2
	Rest of world	26.0	25.9	25.5	23.4	30.1	31.3	26.1	26.7
To United States	India	75.2	75.7	76.4	77.7	69.8	65.3	68.8	68.0
	China	2.6	2.7	2.3	2.5	3.1	3.5	4.1	4.4
	Vietnam	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
	Russia	0.6	0.9	0.7	0.5	0.8	2.7	3.2	3.3
	Rest of world	21.4	20.6	20.5	19.2	26.2	28.4	23.7	24.1

Source: Asian Development Bank, "ADB Multiregional Input-Output Tables at current prices," accessed July 14, 2026. Totals may not equal 100 due to rounding.

Figure 14. India – United States Bilateral Goods Trade Surplus / Deficit with the United States by Dominant Sector and Subsector (US$ M)

Dominant Sector (US$ M)

Rank (2025)	Sector	2021	2022	2023	2024	2025
1	ICT	-131	972	5,190	7,075	22,881
2	Health	8,649	8,849	10,194	12,145	14,665
3	Textiles & Apparel	11,755	13,433	10,750	11,475	11,529
4	Consumer Goods	12,674	13,221	10,270	10,716	6,449
5	Machinery	2,675	4,543	4,166	4,303	4,432
6	Electrical	1,706	2,388	3,848	3,709	3,536
7	Fish	3,110	2,981	2,518	2,450	2,537
8	Automotive	2,447	2,737	2,335	2,657	2,459
9	Chemicals	1,170	1,790	535	1,438	1,414
10	Minerals & Stone	1,112	1,410	1,190	1,296	1,160

Dominant Subsector (US$ M)

Rank (2025)	Subsector	2021	2022	2023	2024	2025
1	Telecommunications	508	1,610	5,929	8,243	24,182
2	Pharmaceuticals	9,220	9,415	10,879	12,895	15,617
3	Apparel	4,667	6,458	4,921	5,117	5,376
4	Made Up Textiles	5,154	4,700	4,091	4,416	4,391
5	Gems & Jewelry	9,994	10,257	7,927	8,323	4,047
6	Ferrous Metals	1,973	3,495	2,611	2,516	2,910
7	Machinery Components	1,433	2,267	2,239	2,327	2,522
8	Auto Parts	1,974	2,227	2,316	2,548	2,395
9	Primary Fish	2,568	2,235	1,904	1,861	1,847
10	Base Chemicals	926	1,526	916	1,506	1,361

Figure 15. U.S. Imports from India by Dominant Subsector (Mn$)

U.S. Imports from India by Dominant Subsector (Mn$)

Dominant Sector	Dominant Subsector	2021	2022	2023	2024	2025
ICT	Telecommunications	1,054.2	2,203.6	6,543.6	8,970.5	24,952.9
Health	Pharmaceuticals	10,208.9	10,358.6	12,051.8	13,660.8	16,510.9
Consumer Goods	Gems & Jewelry	15,757.0	15,835.3	12,036.0	11,539.6	6,272.5
Textiles & Apparel	Apparel	4,708.8	6,510.1	4,974.0	5,173.5	5,496.9
Textiles & Apparel	Made Up Textiles	5,231.1	4,740.2	4,114.2	4,444.5	4,412.6
Machinery	Machinery Components	1,963.6	2,995.0	2,978.0	3,115.8	3,362.4
Metals & Ores	Ferrous Metals	2,210.8	3,786.0	2,909.7	2,827.2	3,270.6
Fuels	Petroleum Oil	3,124.6	3,756.9	4,825.0	2,999.3	3,261.4
Automotive	Auto Parts	2,559.7	3,044.0	3,092.9	3,312.8	3,175.1
Chemicals	Base Chemicals	2,753.9	3,425.7	2,846.5	2,827.4	3,174.2
Other	Other	1,197.7	1,195.9	1,329.9	1,398.6	2,215.9
Fish	Primary Fish	2,614.5	2,272.7	1,930.8	1,896.5	1,910.8
Electrical	Power Distribution	800.6	1,085.3	1,146.0	1,129.1	1,458.8
Metals & Ores	Non-Ferrous Metals	756.6	1,399.1	1,141.7	1,068.9	1,383.3
Agriculture	Other Agriculture	1,031.2	1,139.0	1,084.2	1,295.1	1,299.6
Electrical	Bldg Elec	607.1	841.6	923.5	997.3	1,296.2
Electrical	Renewable Energy	595.7	813.7	2,136.5	1,979.3	1,291.2
Chemicals	Manufactured Plastics	732.9	965.9	797.2	989.6	953.5
Minerals & Stone	Building Materials	973.2	1,128.7	972.7	1,080.6	913.9

U.S. Imports from India by Dominant Subsector (Mn$)

Dominant Sector	Dominant Subsector	2021	2022	2023	2024	2025
Textiles & Apparel	Fabric	1,019.2	1,119.6	849.3	996.3	852.8
Consumer Goods	Furniture	1,039.2	1,115.1	905.4	893.3	844.0
Machinery	Other Machinery	537.3	637.9	667.2	785.5	818.6
Consumer Goods	Household Wares	840.3	898.5	698.2	740.7	755.8
Textiles & Apparel	Leather Goods	636.5	843.9	677.6	717.4	734.5
Fish	Processed Fish	549.3	748.1	616.2	592.0	693.3
Machinery	Construction Equipment	421.0	608.3	756.2	678.5	668.5
Machinery	Agricultural Equipment	656.4	1,198.6	717.2	636.2	539.8
Machinery	Material Working Machinery	351.9	476.8	477.9	549.4	530.2
Aerospace	Aerospace Parts	244.5	348.2	432.1	490.5	501.4
Machinery	Handling Equip	170.7	274.2	478.3	494.3	463.2
Health	Medical Equipment	365.4	407.1	412.5	446.3	435.1
Agriculture	Grain	259.8	364.1	383.2	458.2	417.6
ICT	Computers & Printers	197.6	296.8	358.0	247.3	415.8
Chemicals	Manuf Rubber	310.0	390.5	359.3	389.3	403.4
Chemicals	Dye Paint	354.0	427.0	297.8	355.9	372.5
Consumer Goods	Artistic Collectable Items	275.6	326.0	275.4	278.5	349.4
Agriculture	Spices	311.7	285.8	304.3	358.5	338.8
Minerals & Stone	Ceramics Glass Other	213.7	325.3	259.7	298.4	331.2
Agriculture	Agricultural Chemicals	326.9	395.4	287.1	321.0	308.9
Textiles & Apparel	Yarn	333.2	397.1	315.5	340.5	293.3
Chemicals	Utility Chem	168.1	256.2	195.2	262.1	268.8
Chemicals	Resins	210.3	253.4	216.0	221.3	268.3

U.S. Imports from India by Dominant Subsector (Mn$)

Dominant Sector	Dominant Subsector	2021	2022	2023	2024	2025
Agriculture	Vegetable Oil & Nut Oil	438.4	397.2	260.9	249.3	249.3
Consumer Goods	Tools	222.4	243.4	213.4	221.1	243.4
Instruments	Instruments	126.7	164.7	170.4	187.2	232.3
Forest Products	Manuf Paper	85.7	144.4	137.6	190.6	225.3
Forest Products	Print Paper	151.6	198.0	205.2	223.0	222.4
ICT	Electronic Components	111.5	148.8	145.8	169.8	221.2
Chemicals	Crop Chemicals	188.9	421.3	321.8	147.1	219.7
Electrical	Power Gen	119.2	143.9	170.5	173.0	215.9
Chemicals	Cosmetic Soap	167.9	164.6	195.5	260.1	212.1
Consumer Goods	Toys, Music & Sports	187.2	211.5	177.0	197.3	199.8
Agriculture	Sugars	135.3	220.7	185.8	168.0	194.1
Metals & Ores	Misc Manuf Metals	146.3	170.2	146.8	161.6	183.1
Agriculture	Processed Veg Fruit Mushroom	145.0	158.6	159.0	177.0	179.3
ICT	Audio-Visual Equipment	62.9	90.9	103.2	86.8	173.1
Metals & Ores	Precious Metals	92.6	20.2	32.9	27.8	161.5
Forest Products	Primary Paper	103.0	185.6	124.8	159.0	156.9
Agriculture	Primary Vegetables, Fruits & Mushrooms	89.4	113.8	121.1	151.3	144.9
Automotive	Motor Vehicles	498.5	531.3	83.0	148.3	126.0
Health	Medical Supplies	98.7	114.9	104.1	97.9	125.8
Minerals & Stone	Minerals	98.2	146.7	152.4	130.6	124.8
Electrical	Lighting	76.8	111.2	127.2	113.1	121.2
Instruments	Instrument Parts	61.1	96.8	99.8	116.8	120.5

U.S. Imports from India by Dominant Subsector (Mn$)

Dominant Sector	Dominant Subsector	2021	2022	2023	2024	2025
Machinery	Heating & Cooling Equipment	42.6	69.7	64.7	100.0	116.5
Forest Products	Cork Straw	140.6	125.8	128.1	144.4	115.7
Tobacco	Tobacco	31.8	46.5	50.9	87.1	98.9
Agriculture	Coffee	52.2	66.1	67.6	71.1	93.8
Consumer Goods	Office Supplies	73.7	80.7	72.0	84.1	89.6
Agriculture	Tea	85.0	82.9	71.8	88.4	85.8
Consumer Goods	Recreational Vehicles	59.4	113.3	90.9	102.2	74.6
Arms	Arms	78.0	60.3	48.0	69.7	73.2
Chemicals	Primary Rubber	77.9	92.8	69.2	78.4	69.4
Consumer Goods	Consumer Appliances	66.7	82.7	78.8	57.9	65.0
Rail, Ship & Cargo	Rail	16.8	26.9	32.2	38.2	58.4
Machinery	Food Equip	38.6	53.9	50.2	52.9	54.8
Agriculture	Plants Bulbs Seeds	36.0	36.7	40.0	45.9	44.5
Consumer Goods	Personal Care	31.9	40.2	40.9	47.6	44.2
Machinery	Batteries	46.0	28.2	7.2	10.7	43.3
Agriculture	Dairy	11.7	20.2	19.2	28.6	34.2
ICT	Semiconductors	21.0	27.0	28.7	52.2	34.2
Forest Products	Manufactured Wood	33.8	32.9	31.1	31.5	32.0
Textiles & Apparel	Textile Parts	31.6	39.2	29.9	31.7	31.5
Machinery	Paper Printing Machinery	32.6	38.2	39.3	42.6	29.9
Agriculture	Other Animal Products	13.8	16.1	13.9	11.0	25.2
Fuels	Derivatives	9.3	47.6	54.5	14.2	25.0

U.S. Imports from India by Dominant Subsector (Mn$)

Dominant Sector	Dominant Subsector	2021	2022	2023	2024	2025
Consumer Goods	Accessories	34.2	34.3	36.4	34.1	24.5
Metals & Ores	Metal Scrap	24.8	30.7	20.5	15.9	20.4
Rail, Ship & Cargo	Cargo	2.5	3.7	11.8	6.4	18.9
Machinery	Textile Mach	22.8	23.6	20.8	21.6	16.1
Machinery	Semiconductor Equipment	13.5	12.2	7.5	10.4	13.3
Agriculture	Cut Flowers	20.3	23.8	20.1	18.8	12.6
Forest Products	Primary Wood	2.4	7.6	4.3	4.1	10.7
Agriculture	Nuts	30.4	15.5	10.0	14.0	9.4
Agriculture	Alcoholic Beverages	9.1	9.0	11.6	10.9	8.6
Rail, Ship & Cargo	Ship	1.9	1.8	2.9	1.4	6.6
Agriculture	Fruit Juices	2.4	3.8	3.6	4.6	5.4
Textiles & Apparel	Hides Skins	8.7	8.6	5.3	7.2	5.4
Aerospace	Aircraft	0.01	1.0	0.25	0.35	3.7
Metals & Ores	Ores	0.02	0.19	15.2	0.48	2.8
Agriculture	Other Primary Ag	2.1	1.7	2.3	1.4	2.6
Agriculture	Raw Fibers	8.9	8.6	7.1	5.0	1.4
Agriculture	Eggs					1.3
Waste	Waste	3.6	4.1	1.2	0.5	1.3
Forest Products	Pulp Scrap	0.02	0.11	0.3	0.1	0.6
Chemicals	Chem Residual	5.6	8.9	19.8	22.2	0.5
Fuels	Coal	0.1	0.7	0.2	0.6	0.2
Chemicals	Film	0.1	0.2	0.01	0.1	0.1

U.S. Imports from India by Dominant Subsector (Mn$)

Dominant Sector	Dominant Subsector	2021	2022	2023	2024	2025
Fuels	Gas					0.03
Agriculture	Live Animals		0.02	0.01	0.01	0.01
Agriculture	Raw Hides Furskins	0.0	0.01	0.0	0.0	0.01
Agriculture	Pork	1.5				
Electrical	Civil Nuclear	0.0		0.88		
Agriculture	Beef				0.2	
Agriculture	Processed Meats	0.02				
	Grand Total	**73,308.2**	**85,517.4**	**83,543.6**	**87,284.8**	**103,776.3**

Source: U.S. Census data, accessed via Trade Data Monitor (TDM) on September 22, 2026.

Figure 16. U.S. Production Values in the Manufacturing Sector (Mn$) (NAICS)

NAICS	Industry	2021	2022	2023	2024	2025
3111	Animal food manufacturing	64,416.9	72,883.9	77,306.5	72,661.1	72,511.9
3112	Grain and oilseed milling	90,701.9	111,265.8	111,594.4	100,810.3	95,315.6
3113	Sugar and confectionery products	35,508.2	37,920.4	40,629.2	44,799.7	46,739.4
3114	Fruit and vegetable preserving and specialty food	72,239.7	84,064.2	85,361.2	86,171.7	85,452.7
3115	Dairy products	102,695.9	122,258.5	117,232.7	117,102.2	117,152.7
3116	Animal slaughtering and processing	217,586.5	243,750.3	231,822.4	234,503.3	244,820.0
3117	Seafood product preparation and packaging	12,779.3	13,074.0	12,149.7	11,993.9	12,493.9
3118	Bakeries and tortilla manufacturing	73,477.5	80,952.7	85,812.9	86,333.0	86,564.3
3119	Other food products	120,976.1	136,007.5	142,535.6	142,149.9	151,761.6
3121	Beverages	108,850.7	118,057.4	108,836.5	108,694.5	104,677.8
3122	Tobacco manufacturing	48,857.1	48,918.3	56,558.8	58,245.7	61,637.9
3131	Fiber, yarn, and thread mills	5,090.0	5,490.2	4,860.1	4,606.5	4,379.9
3132	Fabric mills	12,332.3	12,663.0	12,397.1	12,218.2	12,205.7
3133	Textile and fabric finishing and fabric coating mills	6,955.8	6,645.0	6,044.5	5,895.1	5,810.1
3141	Textile furnishings mills	12,687.7	12,339.5	11,991.8	11,209.3	10,915.4
3149	Other textile product mills	10,209.2	9,882.8	9,578.2	9,422.7	10,103.4
3151	Apparel knitting mills	826.7	1,060.2	1,027.7	868.1	789.9
3152	Cut and sew apparel	7,512.3	7,769.4	7,464.0	7,128.7	6,980.5
3159	Apparel accessories and other apparel manufacturing	953.5	1,099.7	1,136.3	1,029.9	961.5
3161	Leather and hide tanning and finishing	1,238.7	1,189.3	1,011.5	1,000.4	N.A.
3162	Footwear manufacturing	1,536.7	1,540.4	1,655.3	1,650.8	1,661.1
3169	Other leather and allied product manufacturing	1,729.3	1,860.7	1,813.9	1,835.9	N.A.
3211	Sawmills and wood preservation	44,602.4	48,162.4	37,915.8	36,931.3	37,612.6

NAICS	Industry	2021	2022	2023	2024	2025
3212	Veneer, plywood, and engineered wood product manufacturing	33,836.3	37,219.2	32,372.8	30,680.4	27,694.0
3219	Other wood products	66,031.4	75,245.2	66,011.5	65,403.8	67,576.2
3221	Pulp, paper, and paperboard mills	72,483.0	79,627.9	74,522.6	73,870.4	72,694.2
3222	Converted paper products	95,887.9	107,866.7	104,793.8	103,620.4	104,890.7
3231	Printing and related support activities	76,772.0	89,289.1	87,353.3	88,872.7	90,188.9
3241	Petroleum and coal products	559,228.7	796,053.4	688,969.4	623,090.0	572,199.1
3251	Basic chemicals	241,077.7	281,326.6	264,770.2	245,695.5	244,739.9
3252	Resin, synthetic rubber, and artificial synthetic fibers and filaments	103,059.4	117,524.4	110,032.4	109,335.4	107,740.7
3253	Pesticides, fertilizers, and other agricultural chemicals	39,040.8	45,591.5	44,915.8	42,236.2	44,363.4
3254	Pharmaceuticals and medicine	212,487.6	203,196.4	217,198.8	226,090.4	234,157.2
3255	Paint, coatings, and adhesives	45,613.6	51,927.1	48,451.5	47,951.9	52,405.8
3256	Soaps, cleaning compounds, and toilet preparations	71,513.1	72,189.2	70,169.8	70,241.5	69,635.9
3259	Other chemical products and preparations	46,099.4	52,873.7	51,586.8	50,653.3	49,889.6
3261	Plastics products	210,507.4	232,565.5	216,698.8	214,221.0	209,780.1
3262	Rubber products	41,925.8	46,653.4	47,049.3	45,272.0	43,425.3
3271	Clay products and refractories	7,921.7	8,455.0	8,758.2	8,119.9	7,971.8
3272	Glass and glass products	24,220.6	29,574.6	28,577.3	28,107.2	29,589.8
3273	Cement and concrete products	61,510.0	71,524.2	75,902.9	67,796.2	68,560.6
3274	Lime and gypsum products	9,375.8	11,669.1	12,358.9	12,729.1	N.A.
3279	Other nonmetallic mineral products	29,019.9	30,348.9	29,797.1	30,312.5	30,848.4
3311	Iron and steel mills and ferroalloy production	116,224.9	122,809.1	106,513.9	92,676.7	95,799.9
3312	Steel products from purchased steel	32,235.6	45,018.7	39,596.8	35,201.3	36,147.8
3313	Alumina and aluminum production and processing	32,291.0	38,323.0	31,673.9	31,470.2	35,976.2
3314	Nonferrous metal (except aluminum) production and processing	43,398.6	45,057.7	42,624.4	43,275.0	48,234.6

NAICS	Industry	2021	2022	2023	2024	2025
3315	Foundries	27,299.9	32,264.5	32,191.4	32,090.8	32,399.3
3321	Forging and stamping	30,237.7	31,476.4	29,796.7	28,549.8	27,436.5
3322	Cutlery and handtools	9,519.8	9,996.7	9,882.5	9,941.7	N.A.
3323	Architectural and structural metals	110,410.5	146,584.0	144,528.4	146,652.2	160,077.5
3324	Boilers, tanks, and shipping containers	37,571.4	43,270.8	41,831.5	42,327.2	44,283.2
3325	Hardware	9,475.7	10,282.9	9,994.5	9,178.1	8,877.5
3326	Spring and wire products	9,280.9	10,379.4	9,638.5	9,334.9	9,055.4
3327	Machine shops; turned products; and screws, nuts, and bolts	69,135.9	81,287.8	82,429.1	77,894.3	75,213.8
3328	Coating, engraving, heat treating, and allied activities	30,163.0	31,685.3	31,148.4	30,000.1	30,501.9
3329	Other fabricated metal products	76,938.7	85,308.2	83,905.4	80,720.4	83,087.0
3331	Agriculture, construction, and mining machinery	88,625.1	102,564.3	110,930.8	100,208.5	96,574.2
3332	Industrial machinery	37,090.4	39,264.4	40,393.0	39,460.3	39,942.2
3333	Commercial and service industry machinery	26,134.8	29,838.1	30,790.5	30,475.4	31,115.7
3334	HVAC and commercial refrigeration equipment	45,791.7	52,404.5	54,624.3	56,262.3	56,687.9
3335	Metalworking machinery	31,404.9	32,417.4	31,845.2	31,428.0	32,210.2
3336	Engine, turbine, and power transmission equipment	38,885.7	46,109.6	49,633.3	48,857.1	53,540.8
3339	Other general purpose machinery	101,655.1	115,113.7	122,404.4	118,353.9	125,838.3
3341	Computer and peripheral equipment	17,039.9	18,371.8	20,103.4	20,132.1	20,991.6
3342	Communications equipment	31,444.1	38,864.1	36,393.7	38,314.8	39,290.4
3343	Audio and video equipment manufacturing	4,161.7	4,614.9	4,432.1	4,381.4	4,393.2
3344	Semiconductors and other electronic components	89,090.7	96,976.1	95,937.6	97,714.0	101,354.2
3345	Electronic instruments	151,643.8	162,240.8	180,205.9	181,934.5	191,129.0
3346	Manufacturing and reproducing magnetic and optical media	1,528.5	1,525.8	1,448.2	1,457.9	N.A.

NAICS	Industry	2021	2022	2023	2024	2025
3351	Electric lighting equipment	12,804.6	14,282.8	12,801.4	10,230.1	10,571.2
3352	Household appliances	27,069.8	26,295.3	26,045.8	25,083.7	25,291.2
3353	Electrical equipment	40,334.6	44,746.5	51,270.9	53,966.5	54,843.5
3359	Other electrical equipment and components	55,339.9	79,123.3	66,628.9	70,805.2	72,021.3
3361	Motor vehicles	315,307.8	385,715.2	468,116.4	457,278.3	452,171.3
3362	Motor vehicle bodies and trailers	57,259.9	69,318.0	62,467.4	58,292.0	58,077.6
3363	Motor vehicle parts	219,452.5	252,570.3	266,022.8	263,480.2	259,933.6
3364	Aerospace products and parts	158,437.5	170,072.9	194,379.1	199,724.9	214,069.6
3365	Railroad rolling stock manufacturing	7,530.1	10,196.8	10,155.0	10,432.5	10,096.9
3366	Ship and boat building	41,011.2	46,013.3	47,869.0	47,264.0	48,357.8
3369	Other transportation equipment	20,887.6	19,909.6	21,694.0	22,149.6	21,828.6
3371	Household and institutional furniture and kitchen cabinets	39,268.3	47,439.0	44,169.0	42,166.6	40,464.5
3372	Office furniture (including fixtures)	24,270.7	27,576.0	26,816.8	24,837.0	25,718.7
3379	Other furniture related products	10,355.6	11,024.9	10,387.2	9,888.5	N.A.
3391	Medical equipment and supplies	84,341.2	86,958.4	87,545.6	86,052.8	82,737.2
3399	Other miscellaneous manufacturing	62,993.5	63,053.4	63,917.4	64,022.6	64,247.1
		6,212,721.7	**7,333,265.2**	**7,158,534.3**	**6,937,491.7**	**6,881,876.0**

Source: U.S. Bureau of Labor Statistics, *Annual total factor productivity and related measures: detailed industries*, https://www.bls.gov/productivity/tables/, accessed Sep. 18, 2026.

Notes: Millions of current U.S. dollars, measured by sectoral output, on an all-worker basis. N.A. = data not available. Data released June 24, 2026; Bureau of Labor Statistics, Office of Productivity and Technology.

Figure 17. Correspondence between Dominant Subsector and NAICS Industry

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
Aerospace	Aerospace Parts	3364	Aerospace products and parts
	Aircraft	3364	Aerospace products and parts
Agriculture	Agricultural Chemicals	3251	Basic chemicals
	Alcoholic Beverages	3121	Beverages
	Beef	3116	Animal slaughtering and processing
	Coffee	3119	Other food products
	Cut Flowers	3399	Other miscellaneous manufacturing
	Dairy	3115	Dairy products
	Eggs	3119	Other food products
	Fruit Juices	3114	Fruit and vegetable preserving and specialty food
	Grain	3112	Grain and oilseed milling
	Live Animals	3116	Animal slaughtering and processing
	Mutton Goat	3116	Animal slaughtering and processing
	Nuts	3119	Other food products
	Other Agriculture	3111	Animal food manufacturing
		3112	Grain and oilseed milling
		3113	Sugar and confectionery products
		3118	Bakeries and tortilla manufacturing
		3119	Other food products
	Other Animal Products	3116	Animal slaughtering and processing
	Other Primary Agriculture	3112	Grain and oilseed milling
	Plants Bulbs Seeds	3399	Other miscellaneous manufacturing
	Pork	3116	Animal slaughtering and processing
	Poultry	3116	Animal slaughtering and processing
	Primary Vegetables, Fruits & Mushrooms	3114	Fruit and vegetable preserving and specialty food
	Processed Meats	3116	Animal slaughtering and processing

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
	Processed Veg Fruit Mushroom	3114	Fruit and vegetable preserving and specialty food
	Raw Fibers	3149	Other textile product mills
	Raw Hides Furskins	3161	Leather and hide tanning and finishing
	Spices	3119	Other food products
	Sugars	3113	Sugar and confectionery products
	Tea	3119	Other food products
	Vegetable Oil & Nut Oil	3112	Grain and oilseed milling
Arms	Arms	3329	Other fabricated metal products
Automotive	Auto Parts	3363	Motor vehicle parts
	Motor Vehicles	3361	Motor vehicles
		3362	Motor vehicle bodies and trailers
Chemicals	Base Chemicals	3251	Basic chemicals
	Chem Residual	3251	Basic chemicals
	Cosmetic Soap	3256	Soaps, cleaning compounds, and toilet preparations
	Crop Chemicals	3253	Pesticides, fertilizers, and other agricultural chemicals
	Dye Paint	3255	Paint, coatings, and adhesives
	Film	3259	Other chemical products and preparations
	Manufactured Plastics	3261	Plastics products
	Manufactured Rubber	3262	Rubber products
	Primary Rubber	3252	Resin, synthetic rubber, and artificial synthetic fibers and filaments
		3262	Rubber products
	Resins	3252	Resin, synthetic rubber, and artificial synthetic fibers and filaments
	Utility Chem	3259	Other chemical products and preparations
Consumer Goods	Accessories	3399	Other miscellaneous manufacturing
	Artistic Collectable Items	3399	Other miscellaneous manufacturing
	Consumer Appliances	3352	Household appliances

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
	Furniture	3371	Household and institutional furniture and kitchen cabinets
		3372	Office furniture (including fixtures)
		3379	Other furniture related products
	Gems & Jewelry	3399	Other miscellaneous manufacturing
	Household Wares	3272	Glass and glass products
		3322	Cutlery and handtools
	Office Supplies	3399	Other miscellaneous manufacturing
	Personal Care	3256	Soaps, cleaning compounds, and toilet preparations
	Recreational Vehicles	3369	Other transportation equipment
	Tools	3322	Cutlery and handtools
	Toys, Music & Sports	3399	Other miscellaneous manufacturing
Electrical	Building Electrical	3353	Electrical equipment
	Civil Nuclear	3324	Boilers, tanks, and shipping containers
	Lighting	3351	Electric lighting equipment
	Power Distribution	3353	Electrical equipment
	Power Gen	3324	Boilers, tanks, and shipping containers
		3336	Engine, turbine, and power transmission equipment
		3353	Electrical equipment
	Renewable Energy	3336	Engine, turbine, and power transmission equipment
		3353	Electrical equipment
Fish	Primary Fish	3117	Seafood product preparation and packaging
	Processed Fish	3117	Seafood product preparation and packaging
Forest Products	Cork Straw	3219	Other wood products
	Manufactured Paper	3222	Converted paper products
	Manufactured Wood	3211	Sawmills and wood preservation

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
		3212	Veneer, plywood, and engineered wood product manufacturing
		3219	Other wood products
	Primary Paper	3221	Pulp, paper, and paperboard mills
		3222	Converted paper products
	Primary Wood	3211	Sawmills and wood preservation
	Print Paper	3231	Printing and related support activities
	Pulp Scrap	3221	Pulp, paper, and paperboard mills
Fuels	Coal	3241	Petroleum and coal products
	Derivatives	3241	Petroleum and coal products
	Gas	3251	Basic chemicals
	Petroleum Oil	3241	Petroleum and coal products
Health	Medical Equipment	3391	Medical equipment and supplies
	Medical Supplies	3391	Medical equipment and supplies
	Pharmaceuticals	3254	Pharmaceuticals and medicine
ICT	Audio-Visual Equipment	3333	Commercial and service industry machinery
		3342	Communications equipment
		3343	Audio and video equipment manufacturing
	Computers & Printers	3333	Commercial and service industry machinery
		3341	Computer and peripheral equipment
	Electronic Components	3344	Semiconductors and other electronic components
		3346	Manufacturing and reproducing magnetic and optical media
	Semiconductors	3344	Semiconductors and other electronic components
	Telecommunications	3342	Communications equipment
Instruments	Instrument Parts	3345	Electronic instruments
	Instruments	3345	Electronic instruments

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
Machinery	Agricultural Equipment	3331	Agriculture, construction, and mining machinery
	Batteries	3359	Other electrical equipment and components
	Construction Equipment	3331	Agriculture, construction, and mining machinery
	Food Equip	3332	Industrial machinery
	Handling Equip	3339	Other general purpose machinery
	Heating & Cooling Equipment	3334	HVAC and commercial refrigeration equipment
	Machinery Components	3327	Machine shops; turned products; and screws, nuts, and bolts
	Material Working Machinery	3327	Machine shops; turned products; and screws, nuts, and bolts
		3332	Industrial machinery
		3335	Metalworking machinery
	Other Machinery	3332	Industrial machinery
		3339	Other general purpose machinery
	Paper Printing Machinery	3332	Industrial machinery
	Semiconductor Equipment	3332	Industrial machinery
	Textile Mach	3332	Industrial machinery
Metals & Ores	Ferrous Metals	3311	Iron and steel mills and ferroalloy production
		3312	Steel products from purchased steel
		3315	Foundries
		3323	Architectural and structural metals
		3326	Spring and wire products
	Metal Scrap	3314	Nonferrous metal (except aluminum) production and processing
	Miscellaneous Manufactured Metals	3321	Forging and stamping
		3325	Hardware
	Non-Ferrous Metals	3313	Alumina and aluminum production and processing

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
		3314	Nonferrous metal (except aluminum) production and processing
		3326	Spring and wire products
	Ores	3311	Iron and steel mills and ferroalloy production
	Precious Metals	3314	Nonferrous metal (except aluminum) production and processing
Minerals & Stone	Minerals	3274	Lime and gypsum products
		3279	Other nonmetallic mineral products
	Building Materials	3271	Clay products and refractories
		3273	Cement and concrete products
		3274	Lime and gypsum products
		3279	Other nonmetallic mineral products
	Ceramics Glass Other	3272	Glass and glass products
Other	Other	3328	Coating, engraving, heat treating, and allied activities
		3399	Other miscellaneous manufacturing
Rail, Ship & Cargo	Cargo	3362	Motor vehicle bodies and trailers
	Rail	3365	Railroad rolling stock manufacturing
	Ship	3366	Ship and boat building
Textiles & Apparel	Apparel	3151	Apparel knitting mills
		3152	Cut and sew apparel
		3159	Apparel accessories and other apparel manufacturing
		3162	Footwear manufacturing
	Fabric	3132	Fabric mills
		3133	Textile and fabric finishing and fabric coating mills
		3149	Other textile product mills
	Hides Skins	3161	Leather and hide tanning and finishing
	Leather Goods	3169	Other leather and allied product manufacturing

Dominant Sector	Dominant Subsector	NAICS-4	NAICS Industry
	Made Up Textiles	3141	Textile furnishings mills
		3149	Other textile product mills
	Textile Parts	3159	Apparel accessories and other apparel manufacturing
	Yarn	3131	Fiber, yarn, and thread mills
		3149	Other textile product mills
Tobacco	Tobacco	3122	Tobacco manufacturing
Waste	Waste	3251	Basic chemicals

Source: U.S. Bureau of Labor Statistics, Annual total factor productivity and related measures: detailed industries, https://www.bls.gov/productivity/tables/, source data last updated June 24, 2026, accessed September 18, 2026.

Notes:

This correspondence table relates production data (NAICS Industries, from the Bureau of Labor Statistics) at the 4-digit level with trade data (Dominant Subsectors, based on USHTS subheadings), as per the ITCs Commodity Translation Tool (https://dataweb.usitc.gov/classification/commodity-translation) which concords USHTS10 products to NAICS-6 Industries

The *Other miscellaneous manufacturing* (3328) NAICS Industry does not concord with the HS subheadings of any Dominant Subsector and was manually assigned a corresponding Dominant Subsector. The HS subheadings of the *Live Animals* and *Plants Bulbs Seeds* Dominant Subsectors do not concord with any NAICS Industry and was manually assigned a corresponding Industry.

Figure 18. Production Values for India's Manufacturing Sector (Mn$)

Activity Code	Activity	2017	2018	2019	2020	2021	2022
1920	Refined petroleum products	144,027.7	163,096.3	151,944.6	113,291.4	180,146.8	252,854.0
2410	Basic iron and steel	105,723.9	133,275.3	117,208.8	117,218.2	182,229.0	195,434.3
2910	Motor vehicles	48,536.7	54,349.5	45,510.9	40,936.4	58,721.2	77,368.1
2930	Parts and accessories for motor vehicles	42,885.5	45,466.8	40,332.1	42,433.0	55,863.7	62,206.6
2100	Pharmaceuticals,medicinal chemicals, etc.	43,766.5	50,040.9	49,510.9	54,830.4	65,772.6	60,518.9
1040	Vegetable and animal oils and fats	32,380.4	35,989.1	41,674.8	45,131.5	53,488.8	51,563.8
1061	Grain mill products	37,576.7	40,887.1	36,552.0	40,630.6	43,522.2	49,498.8
2420	Basic precious and other non-ferrous metals	40,687.3	37,436.1	34,938.8	32,578.2	52,541.9	48,602.6
2220	Plastics products	29,479.5	36,030.7	33,993.4	32,927.2	46,311.4	47,967.0
2011	Basic chemicals	27,020.3	33,070.2	33,203.8	24,569.7	39,079.5	39,569.6
2012	Fertilizers and nitrogen compounds	18,540.0	20,206.7	18,294.8	16,140.9	24,709.4	33,545.5
3211	Jewellery and related articles	26,023.8	24,722.5	25,459.9	24,565.6	33,384.9	32,430.3
2630	Communication equipment	15,373.6	17,225.3	13,729.8	13,697.4	23,021.2	31,316.4
1050	Dairy products	26,507.1	24,866.1	27,222.5	23,917.8	28,232.1	30,771.9
1311	Preparation and spinning of textile fibres	30,130.3	26,916.9	22,965.0	20,171.4	30,009.1	29,052.0
2394	Cement, lime and plaster	19,825.7	23,343.8	22,636.8	21,951.4	26,163.2	27,852.3
2431	Casting of iron and steel	12,911.5	16,694.1	15,797.2	15,188.5	20,197.2	27,732.7
3091	Motorcycles	24,165.8	25,654.7	22,924.6	21,028.5	23,944.6	27,280.4
1079	Other food products n.e.c.	19,089.6	18,559.1	18,367.8	22,679.8	22,240.9	26,094.0
2013	Plastics and synthetic rubber in primary forms	15,857.3	16,069.6	11,753.1	13,822.7	22,989.0	24,749.1
1072	Sugar	19,124.7	18,395.1	16,535.6	18,504.4	20,231.9	22,046.5
2710	Electric motors,generators,transformers,etc.	14,944.9	16,988.1	13,093.8	13,411.8	17,293.3	19,875.8
1410	Wearing apparel, except fur apparel	13,013.5	14,593.2	14,831.3	10,747.7	16,219.4	19,245.7
2599	Other fabricated metal products n.e.c.	10,495.4	10,980.3	11,708.7	9,894.5	13,943.3	18,025.5
2029	Other chemical products n.e.c.	10,259.9	11,304.4	10,462.1	11,998.0	14,016.9	17,479.6
2023	Soap,cleaning and cosmetic preparations	12,511.7	12,651.2	14,682.0	14,763.5	15,549.3	16,244.7

Activity Code	Activity	2017	2018	2019	2020	2021	2022
1312	Weaving of textiles	11,614.1	12,101.4	11,385.2	8,761.7	14,610.6	15,016.1
1080	Prepared animal feeds	9,814.5	9,631.7	9,717.4	10,785.4	12,621.8	14,206.3
2732	Other electronic and electric wires and cables	11,941.7	10,295.8	11,576.0	9,569.1	12,896.3	14,030.2
2022	Paints,varnishes;printing ink and mastics	6,853.8	8,905.6	7,681.9	7,552.5	9,734.6	13,247.9
2819	Other general-purpose machinery	7,397.7	7,393.8	6,620.1	6,902.3	9,884.2	12,990.9
2211	Rubber tyres and tubes	9,333.9	9,482.7	8,929.4	9,510.7	11,368.4	12,915.5
2021	Pesticides and other agrochemical products	6,742.2	8,444.7	8,685.8	10,430.4	11,624.2	11,954.8
1701	Pulp, paper and paperboard	7,598.4	9,422.5	7,680.8	6,966.2	9,042.8	11,663.3
2821	Agricultural and forestry machinery	10,123.1	9,199.1	8,025.3	8,868.5	9,777.2	11,179.4
2511	Structural metal products	8,902.4	8,686.3	9,040.6	7,086.6	8,917.8	11,144.1
2030	Man-made fibres	3,793.8	9,413.6	7,859.7	6,186.1	10,827.6	10,578.8
1313	Finishing of textiles	9,916.8	10,407.1	10,020.9	7,075.1	10,891.2	10,102.9
2824	Mining, quarrying and construction machinery	5,692.8	6,764.4	5,758.1	6,448.9	7,724.6	9,535.6
1702	Corrugated paper and paperboard	5,765.0	5,798.6	6,670.2	5,982.6	9,080.6	9,488.0
2813	Other pumps, compressors, taps and valves	5,988.3	7,096.1	6,594.7	7,011.1	7,641.3	9,485.5
2610	Electronic components and boards	3,801.6	5,318.8	5,256.0	4,654.2	8,199.4	9,459.1
1430	Knitted and crocheted apparel	7,244.9	7,774.7	7,916.6	6,850.4	9,227.8	9,446.0
2829	Other special-purpose machinery	6,033.6	6,763.7	5,478.4	5,919.1	6,962.9	8,784.1
1020	Processing/preserving of fish, etc.	7,690.4	7,415.6	7,110.7	5,752.1	7,853.8	8,478.6
2790	Other electrical equipment	4,064.5	4,136.7	5,217.2	4,875.6	5,496.2	8,463.3
2720	Batteries and accumulators	5,266.1	5,825.9	5,558.8	5,070.2	6,374.2	8,296.0
1101	Distilling, rectifying and blending of spirits	5,455.0	5,807.3	5,900.8	5,249.7	6,896.0	7,937.7
2814	Bearings, gears, gearing and driving elements	4,179.2	5,543.2	5,253.2	4,609.4	6,009.7	7,489.4
1200	Tobacco products	6,727.5	7,663.2	6,024.8	6,513.3	5,722.6	7,235.3
1520	Footwear	5,877.4	5,815.0	6,533.6	5,224.7	6,577.4	7,004.3
2750	Domestic appliances	5,049.3	4,050.7	3,991.6	4,506.9	5,362.8	6,866.4
2395	Articles of concrete, cement and plaster	4,032.3	5,397.6	4,374.7	3,721.5	5,167.8	6,809.7

Activity Code	Activity	2017	2018	2019	2020	2021	2022
1709	Other articles of paper and paperboard	4,048.4	5,130.7	5,095.6	4,641.0	5,712.8	6,780.2
1104	Soft drinks,mineral waters,other bottled waters	3,615.4	4,199.4	3,837.7	4,398.0	4,027.8	6,504.3
2219	Other rubber products	4,072.9	5,588.6	4,679.0	4,708.1	6,594.9	6,494.5
2811	Engines/turbines,excl.aircraft,vehicle engines	5,323.4	5,013.8	4,703.4	3,916.5	5,825.2	6,354.1
1399	Other textiles n.e.c.	3,302.9	5,102.5	3,636.0	4,009.7	5,051.7	6,316.5
1071	Bakery products	6,613.3	4,831.4	5,581.1	4,910.9	4,775.4	6,219.1
2393	Other porcelain and ceramic products	4,250.8	4,216.0	4,547.3	4,575.1	5,698.7	5,963.2
3020	Railway locomotives and rolling stock	2,409.4	3,289.2	6,874.8	3,379.0	4,604.6	5,932.4
2310	Glass and glass products	3,658.0	4,111.1	3,788.3	3,561.3	4,725.3	5,752.0
1811	Printing	6,004.4	5,823.5	5,631.0	3,208.8	4,234.9	5,719.5
1392	Made-up textile articles, except apparel	4,944.2	5,084.2	4,417.1	5,153.4	6,650.2	5,703.9
2733	Wiring devices	1,245.0	1,535.8	1,264.0	1,597.1	1,755.0	5,692.6
1910	Coke oven products	3,299.3	2,724.1	2,496.0	1,689.4	3,538.8	5,499.0
3100	Furniture	3,259.1	3,536.9	3,521.2	3,186.7	4,771.6	5,088.9
1030	Processing/preserving of fruit,vegetables	2,966.4	3,190.7	3,821.2	3,872.7	4,055.5	4,911.1
2640	Consumer electronics	2,433.4	2,454.3	2,225.0	3,009.7	4,343.5	4,754.1
2920	Automobile bodies, trailers and semi-trailers	4,168.4	4,444.9	3,396.2	1,902.7	2,800.2	4,548.0
1073	Cocoa, chocolate and sugar confectionery	2,574.4	3,033.7	3,434.9	2,820.4	3,654.8	4,500.7
2591	Forging,pressing,stamping,roll-forming of metal	3,577.7	3,152.8	3,195.9	3,820.3	4,269.8	4,469.3
2391	Refractory products	2,750.6	2,533.2	3,228.3	2,489.5	3,462.5	4,255.1
2512	Tanks, reservoirs and containers of metal	2,774.6	4,093.9	3,047.4	2,680.4	3,814.4	4,139.2
2740	Electric lighting equipment	3,285.3	3,278.7	3,099.0	2,993.5	3,656.6	4,092.1
2396	Cutting, shaping and finishing of stone	4,471.8	3,777.9	3,426.3	3,474.7	3,824.0	4,022.9
3290	Other manufacturing n.e.c.	3,152.9	3,526.4	3,448.1	2,687.2	5,358.0	3,920.6
2816	Lifting and handling equipment	3,023.5	3,231.8	4,518.3	2,218.0	2,924.4	3,828.8
1621	Veneer sheets and wood-based panels	2,378.6	2,614.7	2,990.8	2,534.7	3,437.7	3,718.2
2822	Metal-forming machinery and machine tools	2,444.8	3,048.0	2,273.9	2,292.6	3,471.7	3,695.9

Activity Code	Activity	2017	2018	2019	2020	2021	2022
2620	Computers and peripheral equipment	4,535.3	4,848.4	4,477.0	2,561.1	3,432.7	3,566.1
2651	Measuring/testing/navigating equipment,etc.	2,605.8	3,240.5	2,918.5	2,961.8	3,472.8	3,530.4
3250	Medical and dental instruments and supplies	1,708.0	2,049.0	2,309.3	2,511.7	3,421.3	3,515.8
1010	Processing/preserving of meat	3,307.7	3,755.3	2,779.7	2,423.3	2,995.7	3,456.0
2593	Cutlery, hand tools and general hardware	2,638.4	2,415.1	2,380.4	2,231.1	3,139.3	3,424.3
1062	Starches and starch products	1,756.0	2,278.6	2,068.6	1,627.1	2,643.2	3,264.9
2826	Textile/apparel/leather production machinery	2,113.3	1,895.2	1,772.8	1,634.7	2,502.4	3,163.3
2825	Food/beverage/tobacco processing machinery	1,034.0	1,409.0	1,288.5	1,092.4	1,569.9	3,074.6
2812	Fluid power equipment	1,921.7	1,864.1	1,861.1	1,532.1	2,176.1	2,797.4
2399	Other non-metallic mineral products n.e.c.	2,439.2	3,811.9	2,493.3	1,678.7	3,038.1	2,626.4
1103	Malt liquors and malt	2,062.3	2,182.1	2,561.6	1,412.6	1,782.3	2,526.7
2731	Fibre optic cables	1,405.1	1,963.9	1,540.5	1,358.2	1,803.9	2,361.2
1391	Knitted and crocheted fabrics	1,837.5	1,552.3	1,366.7	1,217.0	2,365.0	2,215.3
2432	Casting of non-ferrous metals	1,408.1	2,559.5	1,721.9	1,619.7	2,392.2	2,164.3
2592	Treatment and coating of metals; machining	1,654.2	1,805.0	1,906.4	1,993.9	1,743.2	2,097.7
1393	Carpets and rugs	1,536.6	1,704.3	1,575.2	1,819.5	2,493.8	2,084.3
3030	Air and spacecraft and related machinery	867.8	1,340.3	1,337.1	1,161.5	1,870.4	1,825.8
2392	Clay building materials	1,549.4	1,700.2	1,833.7	1,776.4	1,761.1	1,763.5
1075	Prepared meals and dishes	601.6	722.7	937.2	525.1	628.8	1,577.6
1512	Luggage,handbags,etc.;saddlery/harness	1,341.9	1,783.3	1,782.7	1,159.4	1,668.9	1,553.6
1394	Cordage, rope, twine and netting	1,077.2	1,149.4	1,073.0	1,364.3	1,325.1	1,353.7
3092	Bicycles and invalid carriages	1,783.2	1,338.2	1,016.7	2,322.5	1,479.1	1,339.8
2660	Irradiation/electromedical equipment,etc.	949.2	962.1	1,005.8	1,267.6	1,347.0	1,293.9
2513	Steam generators, excl. hot water boilers	2,301.4	2,072.7	1,475.2	971.4	1,121.9	1,281.0
1511	Tanning/dressing of leather; dressing of fur	1,274.7	1,336.0	1,179.9	806.8	1,020.1	1,200.5
1074	Macaroni, noodles, couscous, etc.	432.0	534.4	789.0	943.2	1,022.5	1,181.1
2652	Watches and clocks	755.5	784.4	750.6	458.9	817.7	899.2

Activity Code	Activity	2017	2018	2019	2020	2021	2022
3312	Repair of machinery	652.0	623.7	1,381.9	692.5	3,235.1	834.8
2815	Ovens, furnaces and furnace burners	384.0	478.7	509.9	357.9	476.4	810.3
1610	Sawmilling and planing of wood	277.5	452.7	253.7	302.4	478.8	632.0
3011	Building of ships and floating structures	805.9	817.8	834.6	670.9	730.1	628.7
3230	Sports goods	361.8	310.0	349.9	348.7	492.7	604.9
2520	Weapons and ammunition	128.1	156.5	105.1	505.2	943.2	574.5
2823	Machinery for metallurgy	397.4	446.2	467.8	691.3	1,022.3	539.8
1102	Wines	624.1	444.6	827.6	462.5	602.6	515.5
1812	Service activities related to printing	373.4	337.7	403.1	376.0	343.2	471.4
1629	Other wood products;articles of cork,straw	386.3	538.8	381.3	368.0	455.5	460.9
2818	Power-driven hand tools	239.9	261.5	244.9	207.2	295.3	395.4
2670	Optical instruments and photographic equipment	59.4	93.1	82.6	91.6	623.4	391.0
3240	Games and toys	111.7	176.8	219.6	236.0	387.2	387.0
1623	Wooden containers	238.7	338.2	226.8	193.7	373.0	230.6
3315	Repair of transport equip., excl. motor vehicles	256.4	310.1	269.6	203.4	240.6	219.3
3212	Imitation jewellery and related articles	142.2	108.5	196.6	99.1	141.3	206.5
3314	Repair of electrical equipment	91.2	91.6	109.2	125.5	150.3	165.7
3311	Repair of fabricated metal products	95.3	170.9	119.9	102.2	61.8	163.0
1622	Builders' carpentry and joinery	142.3	242.7	177.7	104.6	76.2	153.2
3320	Installation of industrial machinery/equipment	100.8	235.9	83.9	80.4	285.9	122.0
3099	Other transport equipment n.e.c.	132.3	227.6	221.4	177.9	86.4	98.7
3319	Repair of other equipment	520.7	25.2	54.8	65.3	129.4	90.4
2680	Magnetic and optical media	115.4	549.6	124.9	40.3	91.7	83.1
3220	Musical instruments	31.6	15.6	52.7	77.6	61.2	81.3
2817	Office machinery, excl.computers,etc.	86.0	92.8	339.9	97.5	129.0	56.4
3040	Military fighting vehicles	7.0	7.6	7.9	26.2	31.8	24.7
1420	Articles of fur	10.9	16.1	24.5	4.6	83.7	11.6

Activity Code	Activity	2017	2018	2019	2020	2021	2022
3313	Repair of electronic and optical equipment	9.8	8.5	13.7	4.1	6.2	4.0
3012	Building of pleasure and sporting boats	12.9	12.4	29.0	27.7	3.8	3.6
1820	Reproduction of recorded media	22.6	11.3				
Total		**1,177,523.3**	**1,296,597.7**	**1,218,692.3**	**1,138,018.0**	**1,550,428.9**	**1,772,109.8**

Source: United Nations Industrial Development Organization, *INDSTAT Revision 4*, accessed Sep. 18, 2026.
Notes: Include Activity Code C = Manufacturing, which encompasses ISIC 2-digit Codes 10-33.

Figure 19. U.S. Production Values in the Manufacturing Sector (UNIDO INDSTAT, U.S. Census)

Activity Code	Activity	2017	2018	2019	2020	2021	*2022	*2023
1010	Processing/preserving of meat	217,170.2	215,808.4	220,070.9	228,426.5	266,996.6	88,045.7	75,045.1
1020	Processing/preserving of fish, etc.	13,721.7	13,461.7	13,982.6	13,116.0	14,342.9	819.2	790.8
1030	Processing/preserving of fruit,vegetables	72,724.2	72,910.6	73,167.0	76,793.3	77,745.5	49,290.4	52,292.8
1040	Vegetable and animal oils and fats	49,918.2	47,097.7	44,495.1	48,673.3	63,474.6	15,817.9	14,924.8
1050	Dairy products	117,616.9	117,489.1	123,849.1	129,192.0	130,296.8	25,407.9	20,418.6
1061	Grain mill products	26,454.6	27,662.8	28,537.3	29,091.9	30,475.5	11,477.6	11,147.6
1062	Starches and starch products	9,767.2	10,204.0	10,013.5	10,014.8	11,644.5	5,366.9	5,601.1
1071	Bakery products	69,298.9	69,365.4	71,894.2	72,766.2	76,512.8	51,314.2	56,885.9
1072	Sugar	10,288.0	10,527.2	10,454.7	10,819.3	11,706.6	3,757.5	4,327.4
1073	Cocoa, chocolate and sugar confectionery	27,395.1	27,002.7	28,606.9	26,561.9	28,467.7	14,889.2	16,229.0
1079	Other food products n.e.c.	114,580.3	115,597.7	117,970.9	121,528.6	126,586.4	65,627.9	65,248.9
1080	Prepared animal feeds	55,217.7	57,501.6	56,730.0	59,594.3	65,897.7	24,209.2	24,389.8
1101	Distilling, rectifying and blending of spirits	12,664.1	13,188.2	14,654.5	14,125.2	16,039.0	14,774.5	13,382.8
1102	Wines	20,632.7	20,682.4	19,836.1	19,758.2	23,676.2	7,300.9	6,244.5
1103	Malt liquors and malt	30,114.2	30,834.5	29,851.3	27,123.6	30,459.1	19,565.3	19,362.0
1104	Soft drinks,mineral waters,other bottled waters	44,769.5	44,179.1	45,455.5	44,577.8	44,762.7	17,566.8	16,373.9
1200	Tobacco products	47,534.6	47,246.6	47,077.8	50,051.8	51,025.7	43,661.2	50,402.4
1311	Preparation and spinning of textile fibres	7,226.7	6,886.3	6,458.4	5,412.3	6,198.7	3,305.1	3,087.5
1312	Weaving of textiles	13,368.8	13,296.7	12,826.0	12,307.4	13,214.8	781.3	772.2
1313	Finishing of textiles	7,309.8	7,628.4	7,431.7	6,589.3	7,107.6	5,302.0	5,093.2
1392	Made-up textile articles, except apparel	3,798.5	3,622.7	3,707.7	3,454.9	3,808.8	3,561.5	3,591.7
1393	Carpets and rugs	9,940.7	9,232.9	8,664.7	8,136.5	9,099.3	4,155.8	4,247.7
1394	Cordage, rope, twine and netting	1,509.5	1,670.3	1,660.0	1,496.9	1,778.0	766.4	742.5
1399	Other textiles n.e.c.	7,735.0	8,132.9	8,666.9	8,023.3	9,012.5	9,741.4	9,099.8
1410	Wearing apparel, except fur apparel	9,195.3	8,559.4	8,910.6	7,444.4	8,435.0	4,233.2	2,890.5
1430	Knitted and crocheted apparel	1,212.5	1,180.9	1,094.9	916.6	975.9	651.1	308.8

Activity Code	Activity	2017	2018	2019	2020	2021	*2022	*2023
1511	Tanning/dressing of leather; dressing of fur	1,510.9	1,270.8	1,140.6	893.8	1,205.0	449.2	352.7
1512	Luggage,handbags,etc.;saddlery/harness	1,541.5	1,561.7	1,547.2	1,605.8	1,904.3	1,925.8	1,572.4
1520	Footwear	1,756.1	1,768.8	1,844.1	1,513.3	1,636.3	1,115.5	1,084.2
1610	Sawmilling and planing of wood	32,769.1	34,996.6	30,554.5	37,335.8	47,775.9	17,840.5	14,127.2
1621	Veneer sheets and wood-based panels	24,749.1	25,287.9	23,156.8	25,401.7	37,154.6	13,817.8	9,636.8
1622	Builders' carpentry and joinery	25,600.4	26,670.2	26,240.4	28,015.7	34,527.5	38,917.9	31,509.5
1623	Wooden containers	9,507.1	10,154.2	10,438.2	10,158.3	13,744.1	5,060.6	4,256.0
1629	Other wood products;articles of cork,straw	14,980.9	17,104.5	16,197.3	16,928.7	21,553.7	10,418.1	9,308.9
1701	Pulp, paper and paperboard	77,272.1	77,886.6	76,862.7	68,609.9	75,347.4	21,678.4	16,406.5
1702	Corrugated paper and paperboard	85,654.9	90,901.6	90,264.6	88,742.0	97,489.8	42,710.0	39,985.6
1709	Other articles of paper and paperboard	21,660.0	22,626.7	24,663.1	24,476.8	25,420.4	36,733.4	36,825.9
1811	Printing	77,827.8	80,394.8	78,161.9	71,603.5	75,300.8	18,746.4	18,018.2
1812	Service activities related to printing	3,073.0	2,915.6	2,816.1	2,616.7	2,750.3	2,010.3	2,088.2
1910	Coke oven products	548,122.6	672,627.0	599,709.9	357,765.8	610,354.9	1,527.6	1,459.2
2011	Basic chemicals	214,177.5	230,686.3	206,299.3	178,752.4	252,755.8	81,587.3	48,288.9
2012	Fertilizers and nitrogen compounds	16,850.9	17,982.5	20,256.0	20,366.8	26,155.7	29,693.0	27,006.0
2013	Plastics and synthetic rubber in primary forms	105,325.4	109,692.8	97,028.3	87,865.9	113,056.2	52,116.0	52,970.8
2021	Pesticides and other agrochemical products	14,597.8	14,607.5	13,353.2	14,260.5	16,167.2	11,423.2	11,222.8
2022	Paints,varnishes;printing ink and mastics	31,934.3	32,030.9	30,871.3	30,405.9	33,551.1	24,895.9	23,130.7
2023	Soap,cleaning and cosmetic preparations	81,824.7	85,185.7	86,611.8	79,149.2	81,118.0	46,524.0	44,035.8
2029	Other chemical products n.e.c.	58,399.2	58,621.2	56,004.0	53,085.4	61,035.7	39,590.3	22,635.5
2100	Pharmaceuticals,medicinal chemicals, etc.	233,298.9	209,256.5	221,183.4	228,363.1	248,437.6	183,839.1	179,787.6
2211	Rubber tyres and tubes	19,274.0	22,378.4	21,305.8	17,043.6	20,820.3	5,780.3	5,510.6
2219	Other rubber products	23,180.4	24,647.4	24,272.7	21,560.3	24,078.5	17,981.9	17,678.8
2220	Plastics products	195,001.0	204,595.3	203,685.1	195,716.3	228,427.9	94,712.3	86,876.8
2310	Glass and glass products	26,067.5	27,649.1	27,572.2	26,187.5	26,419.0	20,900.1	20,636.3
2391	Refractory products	5,872.3	5,930.1	5,738.0	5,131.5	6,145.1	1,374.3	1,402.5

Activity Code	Activity	2017	2018	2019	2020	2021	*2022	*2023
2393	Other porcelain and ceramic products	2,435.5	2,444.1	2,456.1	2,278.1	2,730.4	934.9	912.8
2394	Cement, lime and plaster	8,289.0	8,429.5	7,881.8	8,172.4	9,584.4	11,227.1	10,120.6
2395	Articles of concrete, cement and plaster	59,122.5	61,478.8	62,159.5	64,659.7	69,519.6	39,747.0	44,204.2
2396	Cutting, shaping and finishing of stone	25,472.7	24,221.3	27,694.0	26,809.7	29,834.5	4,529.5	4,200.7
2410	Basic iron and steel	110,306.0	129,931.2	118,449.4	98,433.6	150,724.5	61,286.4	49,092.0
2420	Basic precious and other non-ferrous metals	81,282.5	92,043.1	88,060.7	79,270.2	102,565.4	35,414.4	29,479.5
2431	Casting of iron and steel	16,307.5	18,130.2	17,620.4	14,978.4	16,816.4	16,178.2	14,953.4
2432	Casting of non-ferrous metals	13,061.8	13,242.4	12,307.3	9,723.0	10,714.4	7,041.6	7,642.8
2511	Structural metal products	89,193.1	97,709.7	100,726.3	96,417.0	113,645.9	41,537.6	40,681.8
2512	Tanks, reservoirs and containers of metal	33,166.1	36,409.6	37,432.3	34,902.5	38,280.5	5,107.2	4,973.2
2591	Forging,pressing,stamping,roll-forming of metal	31,558.9	33,553.8	32,718.1	26,873.9	31,626.5	25,734.8	24,964.8
2592	Treatment and coating of metals; machining	25,872.8	28,269.3	28,466.1	24,563.4	29,555.9	48,788.7	49,073.6
2593	Cutlery, hand tools and general hardware	9,626.1	9,996.7	9,963.6	9,380.8	10,423.5	22,192.5	20,798.9
2599	Other fabricated metal products n.e.c.	155,325.8	166,929.2	166,459.0	154,246.5	169,747.9	81,130.0	77,792.1
2610	Electronic components and boards	96,538.1	100,502.0	99,890.0	99,042.5	108,000.5	58,925.3	56,504.4
2620	Computers and peripheral equipment	23,154.9	21,123.2	20,183.1	17,451.5	18,601.8	7,990.8	7,385.2
2630	Communication equipment	35,344.3	35,320.1	35,726.8	32,701.0	33,536.4	8,197.0	7,312.0
2640	Consumer electronics	2,985.9	3,201.8	3,152.2	3,822.5	4,510.4	2,778.1	2,556.3
2651	Measuring/testing/navigating equipment,etc.	110,512.1	111,444.6	111,825.2	110,703.4	114,212.4	77,275.0	83,709.8
2660	Irradiation/electromedical equipment,etc.	39,836.6	42,553.1	45,209.2	43,757.0	43,839.2	29,681.8	31,714.3
2670	Optical instruments and photographic equipment	6,162.7	6,170.6	5,928.0	6,173.7	7,178.2	2,860.9	378.7
2680	Magnetic and optical media	1,790.3	1,696.0	1,213.3	1,001.5	1,610.4	412.8	180.7
2710	Electric motors,generators,transformers,etc.	37,770.8	40,073.2	41,666.7	40,256.0	44,194.7	21,981.9	13,272.7
2720	Batteries and accumulators	9,525.3	10,046.4	9,614.6	8,508.7	10,130.9	33,727.4	17,677.9
2731	Fibre optic cables	2,884.4	2,901.2	3,228.7	2,890.8	3,201.3	1,714.9	1,751.7
2732	Other electronic and electric wires and cables	8,238.6	8,341.0	8,513.7	8,486.0	10,455.3	10,667.2	9,650.0
2733	Wiring devices	15,184.8	14,674.8	13,708.2	13,869.1	14,997.3	10,491.7	9,446.4

Activity Code	Activity	2017	2018	2019	2020	2021	*2022	*2023
2740	Electric lighting equipment	12,418.1	14,264.4	13,815.8	12,212.7	13,732.5	9,825.7	8,539.5
2750	Domestic appliances	22,487.3	23,383.5	24,596.5	25,127.3	27,923.6	13,526.7	13,430.8
2790	Other electrical equipment	13,850.3	16,034.8	17,054.8	17,425.6	18,649.8	22,218.9	13,777.2
2811	Engines/turbines,excl.aircraft,vehicle engines	36,452.8	39,543.5	36,988.2	29,804.5	33,896.6	12,550.2	14,077.5
2812	Fluid power equipment	11,185.1	12,203.5	11,795.8	10,182.9	11,082.1	7,779.9	7,798.2
2813	Other pumps, compressors, taps and valves	26,549.9	28,520.1	28,676.2	23,958.3	24,039.8	68,606.3	66,499.8
2814	Bearings, gears, gearing and driving elements	7,619.5	8,387.3	8,561.7	7,097.3	7,552.9	7,956.8	8,473.8
2815	Ovens, furnaces and furnace burners	2,527.7	2,652.6	2,730.8	2,373.8	2,560.6	12,842.6	12,746.4
2816	Lifting and handling equipment	30,086.6	32,462.1	33,120.3	30,605.2	35,335.9	19,369.1	20,893.6
2818	Power-driven hand tools	3,327.0	3,512.3	3,710.1	3,549.8	3,932.3	9,070.4	4,311.9
2819	Other general-purpose machinery	71,718.3	75,046.6	78,069.4	75,674.6	83,012.0	42,840.2	40,827.9
2821	Agricultural and forestry machinery	28,738.9	36,727.8	39,212.6	37,263.0	45,330.8	9,626.2	4,686.2
2823	Machinery for metallurgy	32,109.0	33,371.3	31,413.1	28,835.4	32,485.0	9,740.8	9,775.5
2824	Mining, quarrying and construction machinery	48,564.5	55,373.9	57,179.7	45,964.3	50,866.7	12,677.8	13,653.2
2825	Food/beverage/tobacco processing machinery	4,887.8	5,690.6	5,729.0	5,709.0	5,932.2	8,096.1	3,675.0
2829	Other special-purpose machinery	46,683.3	50,772.5	49,665.6	47,722.3	53,312.3	13,872.3	12,358.7
2910	Motor vehicles	338,548.0	347,588.9	343,959.5	301,643.9	320,054.4	110,070.8	54,167.5
2920	Automobile bodies, trailers and semi-trailers	47,858.7	50,808.6	51,347.1	44,636.8	59,560.7	36,045.6	31,018.4
2930	Parts and accessories for motor vehicles	259,625.3	270,159.1	260,451.2	223,782.0	240,786.4	28,847.2	30,283.7
3011	Building of ships and floating structures	34,956.8	36,373.6	37,074.3	38,667.2	41,716.5	20,097.8	20,699.6
3020	Railway locomotives and rolling stock	15,986.2	12,729.2	11,938.2	9,059.9	8,947.4	6,660.9	5,012.2
3030	Air and spacecraft and related machinery	243,956.2	251,069.1	212,307.2	180,406.7	185,283.1	95,466.7	110,771.5
3040	Military fighting vehicles	6,152.7	6,034.3	5,835.3	6,257.2	7,331.1	3,742.5	3,956.3
3091	Motorcycles	6,739.7	6,610.9	6,237.1	4,610.6	5,886.5	3,794.6	4,055.3
3099	Other transport equipment n.e.c.	8,109.2	8,607.5	8,836.1	7,791.8	9,129.2	4,949.1	4,101.6
3100	Furniture	74,469.1	77,755.9	74,857.7	70,726.3	75,706.8	55,639.0	51,055.0
3211	Jewellery and related articles	7,217.7	7,415.6	7,274.7	6,205.3	7,800.8	1,994.7	1,995.1

Activity Code	Activity	2017	2018	2019	2020	2021	*2022	*2023
3220	Musical instruments	1,990.0	2,133.7	2,151.3	1,942.7	2,418.0	3,590.1	3,574.2
3230	Sports goods	9,971.8	10,312.9	10,816.8	10,196.9	12,436.3	1,504.3	1,443.6
3240	Games and toys	1,724.8	1,524.7	1,390.1	1,342.2	1,715.7	2,404.0	2,350.9
3250	Medical and dental instruments and supplies	88,256.4	92,023.4	90,894.1	86,190.4	94,889.4	48,536.8	48,715.5
3290	Other manufacturing n.e.c.	39,252.4	40,330.9	40,668.8	37,970.4	41,982.1	11,507.5	10,645.5
Total		**5,587,964.3**	**5,890,662.9**	**5,734,459.5**	**5,203,861.5**	**6,079,602.2**	**2,697,765.5**	**2,470,517.7**

Sources: United Nations Industrial Development Organization (UNIDO), *INDSTAT Revision 4*, accessed Sep. 18, 2026, which reports data from U.S. Census Economic Census and U.S. Census Annual Integrated Economic Survey, in ISIC Rev. 4 nomenclature. UNIDO data for the United States run through 2021, so U.S. Census data for 2022-2023 were used to supplement. U.S. Census use NAICS codes, not ISIC Rev. 4.
*2022 data source is U.S. Census, *Economic Census,* https://data.census.gov/table/ECNBASIC2022.EC2231BASIC?q=EC2231BASIC, accessed on September 30, 2026, and is reported in NAICS 2022 under 2-digit codes 31-33.
*2023 data source is U.S. Census, *Annual Integrated Economic Survey* (AIES), the successor to ASM, accessed at https://data.census.gov/table/AIESBASIC2023.AIES31BASIC01?q=AIES&y=2023&d=ECNSVY+Annual+Integrated+Economic+Survey+Summary+Statistics, on September 30, 2026. AIES data are reported in NAICS 2017 codes under 2-digit codes 31-33.

Notes: UNIDO ISIC Rev. 4 Activity Code C (Manufacturing) encompasses ISIC 2-digit Codes 10-33. UNIDO ISIC Rev. 4 data pulled its data for 2017 to 2021 from the Annual Survey on Manufactures (ASM) and the Economic Censuses. The total values given in the UNIDO data for 2017-2021 are substantially higher than the total values given in the U.S. Census data for 2022-2023; the reason for the disparity is unclear.

NAICS codes may correspond to one or more ISIC Rev. 4 codes, which led to double counting of NAICS codes for a single ISIC Rev. 4 code, and thereby inflating production data. The data were de-duplicated by evenly distributing production data across corresponding NAICS codes. Furthermore, NAICS 2017 codes do not perfectly correspond to NAICS 2022 codes, leading to double counting of NAICS 2017 and NAICS 2022 codes in both directions, and thereby inflating production data. This double count was removed by dividing values equally among double counted NAICS codes.

Figure 20. Top 5 Imports of Gross Fixed Capital Formation and Intermediate Goods for India from China vs. U.S. Production

India Imports from China: Top 5 Gross Fixed Capital Formation Goods from Sectors Exhibiting Structural Excess Capacity and Production (SECP) in China (Mn$)

	Goods Description	China SECP Sector	HS Code	2021	2022	2023	2024	2025
1	**Automatic data processing machines; portable, weighing not more than 10kg, consisting of at least a central processing unit, a keyboard and a display**	Consumer Electronics	847130	5,383.3	5,091.6	4,102.9	4,710.0	4,629.9
2	**Electrical static converters**	Power Equipment	850440	939.1	946.5	869.7	1,076.2	1,199.5
3	**Electric motors and generators; parts suitable for use solely or principally with the machines of heading no. 8501 or 8502**	Power Equipment	850300	325.2	545.3	389.6	473.2	968.7
4	**Weaving machines (looms); for weaving fabrics of a width exceeding 30cm, shuttleless type**	Textiles	844630	237.4	373.0	376.2	329.5	761.7
5	**Machines; for making gimped yarn, tulle, lace, embroidery, trimmings, braid or net and machines for tufting**	Textiles	844790	100.7	199.3	213.5	337.1	606.6

Source: Trade Data Monitor, U.S. Census.

India Imports from China: Top 5 Intermediate Goods from Sectors Exhibiting SECP in China (Mn$)

	Goods Description	China SECP Sector	HS Code	2021	2022	2023	2024	2025
1	**Communication apparatus; parts, other than aerials and aerial reflectors of all kinds**	Telecommunications	851779	0.0	3,197.2	4,041.8	6,890.3	9,210.6
2	**Electronic integrated circuits; processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits**	Semiconductors	854231	3,610.0	4,268.5	3,195.8	4,570.6	3,949.9
3	**Electric accumulators; lithium-ion, including separators, whether or not rectangular (including square)**	Batteries	850760	987.5	1,869.5	2,367.6	2,127.0	3,273.1
4	**Electronic integrated circuits; n.e.c. in heading no. 8542**	Semiconductors	854239	439.8	442.1	1,069.3	1,430.9	2,310.8
5	**Electrical apparatus; photosensitive semiconductor devices, photovoltaic cells not assembled in modules or made up into panels**	Batteries	854142	0.0	325.8	1,006.1	1,250.4	1,958.1

Source: Trade Data Monitor, U.S. Census.

U.S. Production Values for India Top 5 Gross Fixed Capital Formation Goods from Sectors Exhibiting SECP in China (Mn$)

	NAICS Industry	China SECP Sector	HS Code	2021	2022	2023	2024	2025
1	**Computer and peripheral equipment**	Consumer Electronics	847130	17,039.9	18,371.8	20,103.4	20,132.1	20,991.6
2	**Electrical equipment**	Power Equipment	850440	40,334.6	44,746.5	51,270.9	53,966.5	54,843.5
3	**Electrical equipment**	Power Equipment	850300	40,334.6	44,746.5	51,270.9	53,966.5	54,843.5
4	**Industrial machinery**	Textiles	844630	37,090.4	39,264.4	40,393.0	39,460.3	39,942.2
5	**Industrial machinery**	Textiles	844790	37,090.4	39,264.4	40,393.0	39,460.3	39,942.2

Source: U.S. Census, accessed September 23, 2026; U.S. Bureau of Labor Statistics, *Annual total factor productivity and related measures: detailed industries*, https://www.bls.gov/productivity/tables/, accessed Sep. 18, 2026.

U.S. Production Values for India Top 5 Intermediate Goods from Sectors Exhibiting SECP in China (Mn$)

	NAICS Industry	China SECP Sector	HS Code	2021	2022	2023	2024	2025
1	**Communications equipment**	Telecommunications	851779	31,444.1	38,864.1	36,393.7	38,314.8	39,290.4
2	**Semiconductors and other electronic components**	Semiconductors	854231	89,090.7	96,976.1	95,937.6	97,714.0	101,354.2
3	**Other electrical equipment and components**	Batteries	850760	55,339.9	79,123.3	66,628.9	70,805.2	72,021.3
4	**Semiconductors and other electronic components**	Semiconductors	854239	89,090.7	96,976.1	95,937.6	97,714.0	101,354.2
5	**Semiconductors and other electronic components**	Batteries	854142	89,090.7	96,976.1	95,937.6	97,714.0	101,354.2

Source: U.S. Census, accessed September 23, 2026; U.S. Bureau of Labor Statistics, *Annual total factor productivity and related measures: detailed industries*, https://www.bls.gov/productivity/tables/, accessed Sep. 18, 2026.

Figure 21. Table of Sources

Economy Name	Ministry/ Agency Name	Name of Database/Source	URL	Short Citation
Global	Asian Development Bank	ADB Multiregional Input-Output Tables at current prices	https://kidb.adb.org/globalization/current	
Global	International Monetary Fund	World Economic Outlook (WEO)	https://data.imf.org/en/datasets/IMF.RES:WEO	IMF World Economic Outlook (WEO)
Global	Organization for Economic Co-operation and Development	National Accounts at a Glance (NAAG), Chapter 3: Expenditure	https://data-explorer.oecd.org/vis?lc=en&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_NAAG%40DF_NAAG_III&df[ag]=OECD.SDD.NAD&df[vs]=1.0&dq=A.AUS%2BAUT%2BBEL%2BCAN%2BCHL%2BCOL%2BCRI%2BCZE%2BDNK%2BEST%2BFIN%2BFRA%2BDEU%2BGRC%2BHUN%2BISL%2BIRL%2BISR%2BITA%2BJPN%2BKOR%2BLVA%2BLTU%2BLUX%2BMEX%2BNLD%2BNZL%2BNOR%2BPOL%2BPRT%2BSVK%2BSVN%2BESP%2BSWE%2BCHE%2BTUR%2BGBR%2BUSA.P3S1M_GR..&pd=2000%2C&to[TIME_PERIOD]=false	OECD National Accounts at a Glance, Chapter 3
Global	Organization for Economic Co-operation and Development	National Accounts at a Glance (NAAG), Chapter 4: Production	https://data-explorer.oecd.org/vis?fs[0]=Topic.0%7CEconomy%23ECO%23&pg=0&fc=Topic&bp=true&snb=284&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_NAAG_IV%40DF_NAAG_IV&df[ag]=OECD.SDD.NAD&df[vs]=1.0&dq=A.AUS%2BAUT%2BBEL%2BCAN%2BCHL%2BCOL%2BCRI%2BCZE%2BDNK%2BEST%2BFIN%2BFRA%2BDEU%2BGRC%2BHUN%2BISL%2BIRL%2BISR%2BITA%2BJPN%2BKOR%2BLVA%2BLTU%2BLUX%2BMEX%2BNLD%2BNZL%2BNOR%2BPOL%2BPRT%2BSVK%2BSVN%2BESP%2BSWE%2BCHE%2BTUR%2BGBR%2BUSA.B1G_GR._T..&pd=2000.&to[TIME_PERIOD]=false	OECD National Accounts at a Glance, Chapter 4
Global	Organization for Economic Co-operation	Trade in Value Added (TiVA) 2025 edition: Origin of value added in gross exports	https://data-explorer.oecd.org/vis?lc=en&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_TIVA_EXGRVA%40DF_EXGRVA&df[ag]=	OECD TiVA 2025 edition

Economy Name	Ministry/ Agency Name	Name of Database/Source	URL	Short Citation
	and Development		OECD.STI.PIE&dq=..T.OECD.T..A&pd=2015,&to[TIME_PERIOD]=false&vw=ov	
Global	United Nations Industrial Development Organization (UNIDO)	The UNIDO Industrial Statistics (INDSTAT) Revision 4 Database	https://stat.unido.org/data/table?dataset=indstat&revision=4#data-browser	UNIDO INDSTAT
Global	United Nations Statistics Division	GDP and its breakdown at constant 2020 prices in US Dollars	https://unstats.un.org/unsd/snaama/Downloads	United Nations Statistics Division, *GDP and its breakdown*
Global	World Bank	Macro Poverty Outlook	https://data360.worldbank.org/en/dataset/WB_MPO	World Bank Macro Poverty Outlook
Multiple	Multiple	Trade Data Monitor (TDM)	https://www.tdmlogin.com/	Data accessed via Trade Data Monitor (TDM)
Bulgaria	National Statistical Institute	INFOSTAT, GDP by Production approach – Total of economy	https://www.nsi.bg/en/statistical-data/141/432	Bulgaria National Statistical Institute
China	National Bureau of Statistics of China	Preliminary estimates Accounting Results of China's GDP for the Fourth Quarter and Full Year of 2025	https://www.stats.gov.cn/english/PressRelease/202601/t20260121_1962363.html	China National Bureau of Statistics
China	National Bureau of Statistics, via Ministry of Labor and Social Security	Haver Analytics		National Bureau of Statistics, via Ministry of Labor and Social Security, accessed via Haver Analytics
Cyprus	Statistical Service	Annual National Accounts, 1995-2025 (Updated Data)	https://library.cystat.gov.cy/NEW/NATIONAL_ACCOUNTS-A95_25-EN-200426.xls	Statistical Service of Cyprus
India	Ministry of Statistics & Programme	Press Note on Provisional Estimates of Annual Gross Domestic Product for 2025-	https://www.mospi.gov.in/uploads/latestreleasesfiles/1780656381622-	India Ministry of Statistics &

Economy Name	Ministry/ Agency Name	Name of Database/Source	URL	Short Citation
	Implementation	26, Quarterly Estimates of Gross Domestic Product for the Fourth Quarter (January-March) of 2025-26	Press%20Note%20on%20GDP%20Estimates%20for%20Q4%202025-26%20and%20PE%20FY%202025-26_F.pdf	Programme Implementation
Japan	Economic and Social Research Institute	GDP (Expenditure Approach) and Its Components, Nominal, Original Series	https://www.esri.cao.go.jp/jp/sna/data/data_list/sokuhou/files/2025/qe254_2/tables/gaku-mg2542.csv	Japan Economic and Social Research Institute, *GDP (Expenditure Approach) and Its Components*
Japan	Economic and Social Research Institute	Quarterly National Accounts for Value Added by Economic Activity (Reference series), Value Added by Economic Activity (Real, Seasonally Adjusted), Level	https://www.esri.cao.go.jp/jp/sna/data/data_list/seisanqna/files/tables/b2020/2025q4/gaku-jkf25q4.csv	Japan Economic and Social Research Institute, *Quarterly National Accounts for Value Added by Economic Activity*
Korea	Ministry of Data and Statistics	GDP and GNI by Economic Activities (not seasonally adjusted, current prices, quarterly & annual)	https://kosis.kr/statHtml/statHtml.do?sso=ok&returnurl=https%3A%2F%2Fkosis.kr%3A443%2FstatHtml%2FstatHtml.do%3Flist_id%3DL_301_A_A05_2_020%26obj_var_id%3D%26seqNo%3D%26tblId%3DDT_200Y105%26vw_cd%3DMT_ETITLE%26language%3Den%26orgId%3D301%26path%3D%252Feng%252FstatisticsList%252FstatisticsListIndex.do%26conn_path%3DMT_ETITLE%26itm_id%3D%26lang_mode%3Den%26scrId%3D%26	Korea Ministry of Data and Statistics, *GDP and GNI by Economic Activities*
Korea	Ministry of Data and Statistics	Gross Domestic Product and Expenditure (current prices, annual)	https://kosis.kr/statHtml/statHtml.do?sso=ok&returnurl=https%3A%2F%2Fkosis.kr%3A443%2FstatHtml%2FstatHtml.do%3Flist_id%3DL_301_A_A05_2_010%26obj_var_id%3D%26seqNo%3D%26tblId%3DDT_200Y101%26vw_cd%3DMT_ETITLE%26language%3Den%26orgId%3D301%26path%3D%252Feng%252FstatisticsList%252FstatisticsListIndex.do%26conn_path%3DMT_ETITLE%26itm_id%3D%26lang_mode%3Den%26scrId%3D%26	Korea Ministry of Data and Statistics, *Gross Domestic Product and Expenditure*
Malaysia	Department of Statistics	National Summary Data Page (NSDP), Real Sector	https://www.dosm.gov.my/portal-main/sub-category-nsdp?id=7	Department of Statistics Malaysia

Economy Name	Ministry/ Agency Name	Name of Database/Source	URL	Short Citation
Malta	National Statistics Office	Gross Domestic Product: Q4/2025, Table 7. GDP identity from the expenditure side at market prices by period	https://nso.gov.mt/wp-content/uploads/NR-033-2026_y7gGCbS2_Table7.xlsx	Malta National Statistics Office
Mexico	National Institute of Statistics and Geography	Quarterly Gross Domestic Product. Base year 2018	https://www.inegi.org.mx/app/tabulados/default.aspx?pr=20&vr=1&in=2&tp=20&wr=1&cno=1&idrt=3257&opc=p	Mexico National Institute of Statistics and Geography
Singapore	Department of Statistics	Expenditure On Gross Domestic Product At Current Prices	https://tablebuilder.singstat.gov.sg/table/TS/M014871	Singapore Department of Statistics
Taiwan	Directorate General of Budget, Accounting & Statistics	GDP: Preliminary Estimate for 2025Q4, and Outlook for 2026, Table 3-1 Expenditures on Gross Domestic Product: At Current Prices	https://ws.dgbas.gov.tw/001/Upload/464/relfile/10854/235721/t3-1e.xlsx	Taiwan Directorate General of Budget, Accounting & Statistics, *Expenditures on Gross Domestic Product*
Taiwan	Directorate General of Budget, Accounting & Statistics	GDP: Preliminary Estimate for 2025Q4, and Outlook for 2026, Table 4-1 Gross Domestic Product by Kind of Activity: At Current Prices	https://ws.dgbas.gov.tw/001/Upload/464/relfile/10854/235721/t4-1e.xlsx	Taiwan Directorate General of Budget, Accounting & Statistics, *Gross Domestic Product by Kind of Activity*
United States	U.S. Bureau of Economic Analysis (BEA)	GDP by Industry	https://www.bea.gov/itable/gdp-by-industry	U.S. BEA, GDP by Industry
United States	U.S. Bureau of Economic Analysis (BEA)	Gross Domestic Product, National GDP & Personal Income	https://www.bea.gov/itable/national-gdp-and-personal-income	U.S. BEA, Gross Domestic Product & Personal Income

Table organized first by Economy Name, then Ministry/Agency Name.