



16 January 2026

(26-0406)

Page: 1/7

Original: English

**INDIA – MEASURES CONCERNING TRADE IN THE AUTOMOTIVE
AND RENEWABLE ENERGY TECHNOLOGY SECTORS**

REQUEST FOR THE ESTABLISHMENT OF A PANEL BY CHINA

The following communication, dated 15 January 2026, from the delegation of China to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

On 15 October 2025, China requested consultations with the Government of India ("India") under Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"), Article XXIII of the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), Articles 4 and 30 of the Agreement on Subsidies and Countervailing Measures ("SCM Agreement"), and Article 8 of the Agreement on Trade-Related Investment Measures ("TRIMs Agreement"), concerning certain measures adopted by India that condition the conferral of incentives in the automotive and renewable energy technology sectors upon the use of domestic over imported goods or otherwise discriminate against goods of Chinese origin.¹

Consultations were held on 25 November 2025 and 6 January 2026 with a view to reaching a mutually agreed solution. Unfortunately, those consultations failed to resolve the dispute.

Accordingly, China submits the following request for the establishment of a panel pursuant to Articles 4.7 and 6 of the DSU, Article XXIII of the GATT 1994, Articles 4.4 and 30 of the SCM Agreement, and Article 8 of the TRIMs Agreement.

I. Background

1. This request concerns certain measures maintained by India that affect trade in the automotive and renewable energy technology sectors. Specifically, it relates to certain requirements that condition eligibility for, and the disbursement of, incentives under the following programmes:

- (i) **Production Linked Incentive, National Programme on Advanced Chemistry Cell (ACC) Battery Storage** ("PLI ACC Scheme"). This programme aims to incentivize the establishment of giga-scale manufacturing facilities for ACC batteries in India, with an emphasis on achieving maximum domestic value addition ("DVA").² ACC batteries refer to a new generation of energy storage technologies that store electric energy as electrochemical or chemical energy and convert it back to electricity when needed. These batteries are critical for applications such as electric vehicles and renewable energy storage systems. Through the PLI ACC Scheme, India seeks to reduce reliance on imports, promote DVA, and support the development of high-performance, quality battery technologies within a defined timeframe.³
- (ii) **Production Linked Incentive Scheme for Automobile and Auto Component Industry** ("PLI Auto Scheme"). This programme aims to boost domestic manufacturing

¹ WT/DS642/1.

² Gazette of India, S.O. 2208(E), 9 June 2021, p. 6, para. 1.3.

³ See Government of India, PLI ACC Portal, available at: <https://pliacc.in/>

of Advanced Automotive Technology ("AAT") products, including both vehicles and components.⁴

(iii) **Scheme to Promote Manufacturing of Electric Passenger Cars in India** ("EV Passenger Cars Scheme"). The EV Passenger Cars Scheme aims to attract investment from global EV manufacturers and promote India as a manufacturing destination for EVs.⁵

2. All three programmes are in furtherance of the "Make in India" initiative, which was first introduced by India in 2014.⁶ The primary objectives of this initiative are to attract investments from across the globe and strengthen India's manufacturing sector, with a view to transforming India's industrial landscape and shaping India's position as a global manufacturing hub.
3. Against this shared background, incentives provided by India under each of the three programmes referred to above are conditioned upon compliance with certain requirements, including DVA requirements. Among other things, these requirements link the eligibility for incentives, and, in some instances, the amount awarded, to the use of domestic over imported goods.

II. Measures at Issue

4. The measures at issue are described in further detail below.

A. PLI ACC Scheme

5. India adopted the PLI ACC Scheme in June 2021, with a budgetary outlay of ₹18,100 crore.⁷ The scheme aims to reduce imports and incentivize indigenous ACC manufacturing facilities and DVA. It targets the establishment of a cumulative domestic manufacturing capacity of 50 gigawatt-hours ("GWh") for ACC batteries, with an additional 5 GWh reserved for niche, higher-performance ACC technologies with a minimum threshold capacity of 500 mega-watt hours ("MWh"). Beneficiary firms must commit to setting up at least 5 GWh of manufacturing capacity. They are selected through a bidding process and are allocated production capacity within the cumulative target under the programme.⁸
6. To qualify for incentives, beneficiary firms must commission their manufacturing facilities within two years of allocation and meet phased DVA targets. Specifically, firms must achieve at least a 25 per cent DVA and incur a mandatory investment of ₹225 crore per GWh within two years at the Mother Unit level. This must be increased to 60 per cent within five years, either at the unit level (in the case of an integrated facility) or at the project level, in the case of a hub-and-spoke structure.⁹
7. DVA is calculated as the ratio of actual value added to the net sale value of ACCs, excluding indirect taxes. Actual value added is determined by deducting the cost of raw materials, packing materials, fuel, and foreign currency expenses (e.g., royalties or technical know-how) from the net sale value, and adding the value contributed by ancillary units or domestic manufacturers. A change in the Harmonized System of Nomenclature ("HSN") code at the six-digit level and final manufacturing in India are also required to qualify as DVA.¹⁰
8. Payments under the PLI ACC Scheme are disbursed over a five-year period following the commissioning of manufacturing facilities. The total annual subsidy per beneficiary firm is capped at the equivalent of 20 GWh of production, regardless of actual sales volume. The

⁴ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 11-12.

⁵ Gazette of India, S.O. 1363(E), 15 March 2024, pp. 9-10.

⁶ See Press Information Bureau of Government of India, *10 Years of Make in India: Transforming India into a Global Manufacturing Powerhouse*, available at: <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=153203&ModuleId=3>

⁷ Gazette of India, S.O. 2208(E), 9 June 2021, p. 8, para. 6.1.

⁸ Gazette of India, S.O. 2208(E), 9 June 2021, p. 7, paras. 3.1 and 3.2.

⁹ Gazette of India, S.O. 2208(E), 9 June 2021, p. 7, para. 3.5.

¹⁰ Gazette of India, S.O. 2208(E), 9 June 2021, pp. 8-9, para. 8.3.

amount of subsidy to be disbursed is calculated by multiplying three elements: (i) the applicable subsidy rate per kilowatt-hour ("kWh") of ACC sold, (ii) the percentage of DVA achieved during the relevant period, and (iii) the actual volume of ACCs sold, measured in kWh. Disbursement begins once the beneficiary firm has commenced sales and met the initial DVA threshold. Subsidies are paid on a quarterly basis and are subject to verification through statutory audit mechanisms.¹¹

9. The PLI ACC Scheme is authorized and/or reflected in *inter alia*:

- i. Gazette of India, *Notification of PLI ACC Scheme*, S.O. 2208(E), 9 June 2021;¹²
- ii. Government of India, *Request for Proposal for Selection of Manufacturers for Setting Up Manufacturing Capacities for Advance Chemistry Cell (ACC) under the Production Linked Incentive (PLI) Scheme*, 22 October 2021;¹³
- iii. Government of India, *Request for Proposal Addendum No. 1*, 17 December 2021;¹⁴
- iv. Government of India, *Request for Proposal Addendum No. 2*, 22 December 2021;¹⁵
- v. Government of India, *Request for Proposal Addendum No. 3*, 6 January 2022;¹⁶
- vi. Government of India, *Request for Proposal Addendum No. 4*, 7 January 2022;¹⁷
- vii. Government of India, *Programme Agreement for Implementation of National Programme on ACC Battery Storage under the Production Linked Incentive (PLI) Scheme*;¹⁸
- viii. Government of India, *Tripartite Agreement for Implementation of National Programme on ACC Battery Storage under the Production Linked Incentive (PLI) Scheme*.¹⁹

B. PLI Auto Scheme

10. India adopted the PLI Auto Scheme in September 2021, with a budgetary outlay of ₹25,938 crore over a five-year period. The scheme seeks to boost domestic automobile manufacturing and targets two categories of beneficiaries: (i) existing automotive original equipment manufacturers ("OEMs") and component manufacturers, and (ii) new non-automotive investors entering the sector. Eligibility criteria are divided into two types: general criteria, which define the types of entities eligible to apply (including minimum capital commitments), and specific compliance criteria that approved applicants must meet to receive incentives. These include thresholds for global revenue, investment levels, and net worth, with additional requirements for new entrants. Beneficiaries are selected through an application process and must commit to minimum cumulative domestic investments over a five-year period.²⁰

¹¹ Gazette of India, S.O. 2208(E), 9 June 2021, pp. 7-8, paras. 5.1-5.4.

¹² Available at:

<https://pliacc.in/docs/guidelines/Gazette%20Notification%20for%20PLI%20ACC%20dated%209June21.pdf>

¹³ Available at: https://pliacc.in/docs/guidelines/MHI-NITI%20Aayog_DHI_ACC%20RFP.pdf

¹⁴ Available at:

<https://pliacc.in/docs/guidelines/PLI%20ACC%20Addendum%20Final%2017122021and%202117Hrs637754533706123574.pdf>

¹⁵ Available at: https://pliacc.in/docs/guidelines/PLI%20ACC_Addendum%202_22122021.pdf

¹⁶ Available at: https://pliacc.in/docs/guidelines/PLI%20ACC_Addendum%203%20dt%2006-01-2022.pdf

¹⁷ Available at: https://pliacc.in/docs/guidelines/PLI%20ACC_Addendum%204%20dt%2007-01-2022637771843985904502.pdf

¹⁸ Available at: https://pliacc.in/docs/guidelines/MHI_Programme%20Agreement.pdf

¹⁹ Available at: https://pliacc.in/docs/guidelines/221021_Tripartite%20Agreement.pdf

²⁰ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 12-13.

11. The PLI Auto Scheme is structured around two components:

- (i) **Champion OEM Incentive Scheme**, which supports manufacturers of AAT vehicles, including battery electric vehicles ("BEVs"), hydrogen fuel cell vehicles, and other technologies as notified by the Ministry of Heavy Industries ("MHI").
- (ii) **Component Champion Incentive Scheme**, which supports manufacturers of advanced automotive technology components, Completely Knocked Down ("CKD")/Semi Knocked Down ("SKD") kits, and vehicle aggregates across all vehicle segments. Eligible products include components for, and vehicles in, the 2-wheeler, 3-wheeler, passenger vehicle, commercial vehicle, tractor, and military-use automobile segments.²¹

12. The list of eligible AAT vehicles and components is prescribed and may be amended by the MHI.²²

13. Under the PLI Auto Scheme, only sales of pre-approved eligible products that achieve at least 50 per cent DVA are eligible for incentives. DVA is defined as the proportion of manufacturing activity undertaken domestically and is calculated according to a formula that deducts from the product's *ex-factory* price the sum of the value of all imported components and materials. For verification purposes, applicants must submit detailed documentation to designated Testing Agencies ("TAs"), including bills of entry, supplier declarations, and part-level breakdowns.²³

14. Incentives under the PLI Auto programme are sales-linked and are calculated as a percentage of Determined Sales Value ("DSV"), i.e., incremental eligible sales over a base year. Disbursements are made annually over five years, beginning in Financial Year ("FY") 2023–2024, based on sales achieved in the preceding financial year.²⁴

15. The PLI Auto Scheme is authorized and/or reflected in *inter alia*:

- i. Gazette of India, S.O. 3946(E), *Notification of Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 23 September 2021;²⁵
- ii. Gazette of India, S.O. 3947(E), *Notification of Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 23 September 2021;²⁶
- iii. Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 1*, 8 October 2021;²⁷
- iv. Government of India, *Application Form for PLI Scheme for Automobile and Auto Components Industry*, 9 November 2021;²⁸
- v. Government of India, *List of Advanced Automotive Technology Products*, 10 November 2021;²⁹

²¹ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 13–16.

²² Gazette of India, S.O. 3946(E), 23 September 2021, pp. 14 and 15.

²³ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 14–15. See also Ministry of Heavy Industries, *Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry*, S.O. 3947(E), 23 September 2021, pp. 17 and 19.

²⁴ Gazette of India, S.O. 3946(E), 23 September 2021, pp. 13–15.

²⁵ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PLI-Auto-Scheme.pdf>

²⁶ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PLI%20Auto%20Guidelines.pdf>

²⁷ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/MHI-FAQs-PLI%20Scheme%20for%20Automobile%20and%20Auto%20components-eng.pdf>

²⁸ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/MHI-PLI-Application%20Form%2010112011.pdf>

²⁹ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/Application%20Form%20and%20List%20of%20AAT%20Products.pdf>

- vi. Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 2*, 22 December 2021;³⁰
- vii. Ministry of Heavy Industries, Press Release on Approval of Applicants under Champion OEM Incentive Scheme of the PLI Scheme for Automobile and Auto Component Industry, 11 February 2022;³¹
- viii. Ministry of Heavy Industries, Press Release on Approval of Applicants under Component Champion Incentive Scheme, 15 March 2022;³²
- ix. Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 3*, 11 May 2022;³³
- x. Ministry of Heavy Industries, Press Release on Automated Online Data Transfer for Capturing Critical Data Related to Domestic Value Addition (DVA) from the PLI Applicant's ERP System to PLI Auto Portal, 11 August 2022;³⁴
- xi. Government of India, *Frequently Asked Questions for PLI Scheme for Automobile and Auto Components Industry No. 4*, 2 November 2022;³⁵
- xii. Gazette of India, S.O. 3857(E), *Notification of Amendment to the Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry*, 31 August 2023;³⁶
- xiii. Gazette of India, S.O. 5486(E), *Notification of Partial Amendment of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 29 December 2023;³⁷
- xiv. Gazette of India, S.O. 5487(E), *Notification of Partial Amendment of the Guidelines for the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 29 December 2023;³⁸
- xv. Gazette of India, S.O. 3862(E), *Notification of Partial Amendment of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 6 September 2024;³⁹
- xvi. Gazette of India, S.O. 3863(E), *Notification of Partial Amendment of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components Industry*, 6 September 2024;⁴⁰

³⁰ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/FAQ%20fameII.pdf>

³¹ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PRESS%20RELEASE%20ON%20PLI%2011%2002%202022.pdf>

³² Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PRESS%20RELEASE%20ENGLISH%2015%2003%202022.pdf>

³³ Available at: https://pliauto.in/docs/guidelines/2022-05-11_FAQIII.PDF

³⁴ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/PIB1850892%281%29.pdf>

³⁵ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/FAQ%20IV%202112022%20RS.pdf>

³⁶ Available at: <https://heavyindustries.gov.in/sites/default/files/2023-09/Gazette-Notification-dt-amendment.pdf>

³⁷ Available at: https://heavyindustries.gov.in/sites/default/files/2024-01/notification-pli_auto-amendment-in-scheme-29-12-2023.pdf

³⁸ Available at: https://heavyindustries.gov.in/sites/default/files/2024-01/notification-pli_auto-amendment-in-guidelines-29-12-2023.pdf

³⁹ Available at: https://heavyindustries.gov.in/sites/default/files/2024-09/notification_on_pmp_in_pli_auto_06092024.pdf

⁴⁰ Available at: https://heavyindustries.gov.in/sites/default/files/2024-09/notification_on_pmp_in_pli_auto_06092024.pdf

- xvii. Government of India, *List of all PLI Manufacturers who have Achieved the Minimum 50% DVA under the Production Linked Incentive Scheme for Automobile and Auto Components Industry*, last revised on 19 July 2024.⁴¹

C. EV Passenger Cars Scheme

16. India adopted the EV Passenger Cars Scheme in March 2024 to attract global EV manufacturing investment and support the establishment of domestic manufacturing facilities for electric four-wheelers ("e-4W") by providing limited and conditional access to reduced customs duties on imports of fully assembled e-4Ws.⁴²
17. Specifically, the scheme allows approved applicants to import completely built electric passenger cars at a reduced customs duty rate of 15 per cent for a period of up to five years from the date of approval. An EV must have a minimum cost, insurance and freight ("CIF") price of USD 35,000 to qualify. There is an annual cap of 80,000 cars per beneficiary, with carry-forward of unused quotas permitted. The total duty foregone is also capped at the lower of ₹6,484 crore or the applicant's committed investment.⁴³
18. Approved applicants must establish manufacturing facilities in India within three years of approval, with a minimum investment of ₹4,150 crore.⁴⁴ For vehicles manufactured in India, the scheme prescribes DVA milestones of at least 25 per cent by year three and 50 per cent by year five.⁴⁵ DVA is defined, calculated and certified in the same manner as under the PLI Auto Scheme described in Section II.B above.⁴⁶ Specifically, DVA is defined as the proportion of manufacturing activity undertaken domestically, and is calculated according to a formula that deducts from the product's *ex-factory* price the sum of the value of all imported components and materials.⁴⁷
19. Compliance with the minimum investment and DVA thresholds is secured through a bank guarantee equal to the higher of total duty foregone or ₹4,150 crore. This guarantee may be invoked in the event of non-achievement. Return of the guarantee is contingent upon meeting both the minimum investment and the 50 per cent DVA milestone.⁴⁸
20. The EV Passenger Cars Scheme is authorized and/or reflected in *inter alia*:
 - i. Gazette of India, S.O. 1363(E), *Notification of Scheme to Promote Manufacturing of Electric Passenger Cars in India*, 15 March 2024;⁴⁹
 - ii. Gazette of India, S.O. 2450(E), *Notification of Guidelines for the Scheme to Promote Manufacturing of Electric Passenger Cars in India*, 2 June 2025;⁵⁰
 - iii. Ministry of Heavy Industries, *Notice Inviting Applications under the Scheme to Promote Manufacturing of Electric Passenger Cars in India*, 24 June 2025.⁵¹
21. This request also covers, in any form, any amendments, supplements, extensions, replacements, renewals, implementing measures, or any other related measures.

⁴¹ Available at: https://heavyindustries.gov.in/sites/default/files/2025-05/list_of_all_pli_manufacturers_of_pli-auto.pdf

⁴² Gazette of India, S.O. 1363(E), 15 March 2024, pp. 10-11.

⁴³ Gazette of India, S.O. 1363(E), 15 March 2024, pp. 10-11.

⁴⁴ Gazette of India, S.O. 1363(E), 15 March 2024, p. 10.

⁴⁵ Gazette of India, S.O. 1363(E), 15 March 2024, p. 10.

⁴⁶ Gazette of India, S.O. 1363(E), 15 March 2024, p. 13.

⁴⁷ Ministry of Heavy Industries, *Guidelines for the Scheme to Promote Manufacturing of Electric Passenger Cars in India*, S.O. 2450(E), 2 June 2025, p. 42.

⁴⁸ Gazette of India, S.O. 1363(E), 15 March 2024, p. 11.

⁴⁹ Available at: https://heavyindustries.gov.in/sites/default/files/2024-04/gazette_notification_15.03.2024.pdf

⁵⁰ Available at: https://heavyindustries.gov.in/sites/default/files/2025-06/gazette_notification_spmepci.pdf

⁵¹ Available at: <https://heavyindustries.gov.in/sites/default/files/2025-06/20250623195539135.pdf>

III. Legal Basis of the Complaint

22. The measures at issue, as described in Section II, are inconsistent with India's obligations under:
- i. Articles 3.1(b) and 3.2 of the SCM Agreement, as they constitute subsidies within the meaning of Article 1.1 of the SCM Agreement that are contingent upon the use of domestic over imported goods insofar as they are conditioned upon DVA requirements;
 - ii. Article III:4 of the GATT 1994, as they constitute laws, regulations or requirements within the scope of that provision that accord less favorable treatment to imported goods than to like domestic goods by requiring, through their DVA requirements, the use of domestic over imported goods; and
 - iii. Article 2.1 of the TRIMs Agreement, as they constitute trade-related investment measures that are inconsistent with the national treatment obligation in Article III:4 of the GATT 1994 by according to imported goods, through their DVA requirements, treatment that is less favorable than that accorded to like domestic goods.
23. In addition, and as a consequence of the foregoing, the measures at issue appear to nullify or impair benefits accruing to China, directly or indirectly, under the cited agreements.
24. China therefore requests the Dispute Settlement Body to establish a panel to examine this matter with standard terms of reference, as set out in Article 7.1 of the DSU, pursuant to Articles 4.7 and 6 of the DSU, Article XXIII of the GATT 1994, Articles 4.4 and 30 of the SCM Agreement, and Article 8 of the TRIMS Agreement.
25. China also asks that this request be placed on the agenda of the next meeting of the Dispute Settlement Body, currently scheduled to be held on 27 January 2026.
-