



UPSC &amp; STATE PCS CURRENT AFFAIRS · UJIYARI.COM

**DAILY CURRENT AFFAIRS**

# USTR Special 301 Report 2026 — India Retained on Priority Watch List

4 May 2026 · IR · GS2

CURATED &amp; WRITTEN BY

**Bharat Choudhary**

UPSC Educator &amp; Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)**ALSO FROM THE CREATOR****BharatNotes**Free UPSC notes, MCQs, PYQ analysis. **100% Free.**[bharatnotes.com](http://bharatnotes.com) →**ADVERTISE****Advertise with Ujiyari**

Reach thousands of UPSC aspirants daily.

[epicbharat@gmail.com](mailto:epicbharat@gmail.com)

# USTR Special 301 Report 2026 — India Retained on Priority Watch List

4 May 2026 · 4 min read · 1 tag

## WHY IN NEWS

The **Office of the United States Trade Representative (USTR)** released the **38th annual Special 301 Report** — placing **India on the Priority Watch List** for the 34th consecutive year. In the 2026 report, **Vietnam** was elevated to **Priority Foreign Country (PFC)** status — the most serious designation — for the first time since 2013, opening the door to a formal Section 301 investigation. The **European Union** was added to the Priority Watch List over concerns about Geographical Indications (GI) and pharmaceutical patent linkage.

## WHAT IS THE SPECIAL 301 REPORT?

The Special 301 Report is published annually by the **USTR** under **Section 182 of the Trade Act of 1974** (as amended by the Omnibus Trade and Competitiveness Act of 1988). It identifies countries whose intellectual property (IP) laws, practices, and enforcement mechanisms are considered inadequate or unfair by the United States.

## Three Designation Tiers

TIER	SEVERITY	CURRENT EXAMPLES (2026)
<b>Priority Foreign Country (PFC)</b>	Most serious — may trigger Section 301 investigation	Vietnam
<b>Priority Watch List (PWL)</b>	Significant IP concerns; close monitoring	India, China, Chile, Indonesia, Russia, Venezuela, EU
<b>Watch List</b>	Moderate concerns; monitored	Algeria, Argentina, Bolivia, Brazil, Colombia, etc.

**Section 301 Investigation:** A formal inquiry that can lead to US trade sanctions, increased tariffs, or removal of trade preferences.

## INDIA'S IP CONCERNS — USTR'S FINDINGS (2026)

### 1. Pharmaceutical Patent Linkage

- India's drug regulator (CDSCO) approves generic drugs without checking whether originator patents are still active
- US wants a "patent linkage" system where regulatory approval is linked to patent status
- India opposes this as it would delay affordable generics — a public health concern

### 2. Section 3(d) of the Indian Patents Act

- India's **Section 3(d)** (Patents Act, 1970, amended 2005) prevents "evergreening" — patenting of minor modifications of existing molecules
- USTR considers this an undue restriction on pharmaceutical patent protection
- India defends it as essential for access to affordable medicines

### 3. Copyright Enforcement

- USTR flags inadequate action against online piracy, cable signal theft, and digital copyright infringement
- Delays in criminal prosecution of IP infringement

### 4. Trade Secret Protection

- India lacks dedicated trade secret legislation (unlike the US Defend Trade Secrets Act, 2016)
- Trade secret protection is fragmented across contract law and common law

### 5. Enforcement Delays

- Lengthy court proceedings for IP infringement cases
- Inconsistent application of IP laws across states

## INDIA'S POSITION

India has consistently rejected the Special 301 methodology as:

- 1 **Unilateral** — the US acts as both judge and complainant
- 2 **Incompatible with TRIPS** — India's IP regime is WTO-compliant under the TRIPS Agreement (Trade-Related Aspects of Intellectual Property Rights)

- ③ **Biased against access to medicines** — Section 3(d) is a deliberate public health safeguard, upheld by Indian courts
- ④ **Economically motivated** — protects US pharmaceutical companies' profits, not global IP norms

India has challenged US IP pressures at the WTO and in bilateral trade negotiations.

## VIETNAM AS PRIORITY FOREIGN COUNTRY

**Vietnam's PFC designation (2026)** reflects:

- Inadequate copyright protection for digital content
- Weak pharmaceutical IP enforcement
- Large-scale piracy of US software, films, and music
- Last designated PFC in 2013; restored in 2026 due to persistent non-compliance
- Potential outcome: USTR could initiate a **Section 301 investigation** leading to tariffs on Vietnamese imports

## INDIA-US TRADE RELATIONS CONTEXT

AREA	STATUS
Bilateral trade (2025)	~\$130 billion
US GSP for India	Withdrawn in 2019; not restored
India-US Trade Policy Forum (TPF)	Ongoing; IP is a recurring agenda item
India-US iCET	Initiative on Critical and Emerging Technology — separate from trade disputes
Mini trade deal	Discussions ongoing; IP remains a sticking point

## UPSC RELEVANCE

PAPER	ANGLE
GS2 — International Relations	India–US bilateral, trade disputes, WTO, IP
GS3 — Economy	IPR, pharmaceutical sector, TRIPS, generic medicines
GS2 — Governance	Patents Act 1970, Section 3(d), CDSCO

**Mains Keywords:** USTR Special 301 Report, Priority Watch List, Priority Foreign Country, Section 301, TRIPS Agreement, Section 3(d) Patents Act, pharmaceutical patent linkage, evergreening, India–US trade relations, IP enforcement, WTO compatibility

### Prelims Facts Corner

ITEM	FACT
Special 301 Report	Annual USTR report; under Section 182, Trade Act 1974
2026 edition	38th annual edition
India's status 2026	Priority Watch List (34th consecutive year)
Priority Watch List (2026)	India, China, Chile, Indonesia, Russia, Venezuela, EU
Priority Foreign Country (2026)	Vietnam (first since 2013)
Section 301	Can trigger US trade sanctions / Section 301 investigation
Section 3(d)	Indian Patents Act — prevents evergreening of pharmaceutical patents
TRIPS	WTO Agreement on Trade-Related Aspects of Intellectual Property Rights
CDSCO	Central Drugs Standard Control Organisation — India's drug regulator

← **NEWER ARTICLE**

**Sikkim — India's First Fully Paperless State Judiciary**

**OLDER ARTICLE** →

**Santa Marta Climate Conference — 50+ Nations Develop Fossil...**

## RELATED EDITORIALS

---

THE HINDU

[Japan's Defence Export Pivot — Strategic Opportunity and Structural Constraints for India](#)

25 Apr

---

THE HINDU

[India at the SCO Table — Bishkek Meeting and the Limits of Multilateral Diplomacy with Pakistan](#)

25 Apr

---

THE HINDU

[Beyond Trade Deals to Building a New Architecture](#)

23 Apr

---

THE HINDU

[Common Concerns — On India-South Korea Ties](#)

23 Apr

---

## RELATED KEY TERMS

---

KEY TERM

[Act East Policy](#)

India's strategic foreign policy framework prioritising active...

---

KEY TERM

[BBNJ Treaty](#)

The first legally binding international agreement for conservation and...

---

KEY TERM

[Bilateral Swap Arrangement](#)

A reciprocal agreement between two central banks to exchange specified...

---

KEY TERM

[Carbon Border Adjustment Mechanism \(CBAM\)](#)

A trade measure that imposes a carbon price on imports from countries...

---



CURATED &amp; WRITTEN BY

## Bharat Choudhary

UPSC Educator &amp; Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujyari](#) →<https://ujyari.com/daily/2026/05/04/ustr-special-301-report-2026-india-priority-watch-list/>

### ALSO FROM THE CREATOR

## BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing](https://bharatnotes.com) → [bharatnotes.com](https://bharatnotes.com)

### 📌 OPPORTUNITY

## Advertise with Ujyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

**Ideal for:** Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · [ujyari.com](https://ujyari.com) · [bharatnotes.com](https://bharatnotes.com)