

Trade Facilitation Problems of Indian Exporters

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Executive Summary

This is a report on the study of trade facilitation problems faced by Indian exporters in selected destination countries. The study was commissioned jointly by Government of India, UNCTAD and DFID/UK, and addresses, inter alia, the following issues: -

- Whether rules and regulations in destination countries are transparent;
- Whether fulfilment of phytosanitary requirements and other health related procedures in the trading countries adversely affect the clearance of goods of Indian traders;
- Whether documents asked for and data needed for clearance in trading countries are excessive;
- Whether losses are suffered due to sudden changes in laws, rules & regulations and policies in the destination countries;
- Whether goods are frequently subjected to inspection before clearance; whether fees & charges collected in relation to clearance of goods at borders are high;
- Whether problems are faced of transit of goods through an intermediate country and
- Whether more problems are faced by small & medium enterprises in clearance of goods in destination countries.

Methodology:

For the purposes of this study, the following products/categories were short listed jointly with UNCTAD: Apparel/Clothing, Textiles (including Handloom fabric), Agricultural commodities (Food products – raw/fresh, Food products – processed and Spices), Handicrafts (Wooden and metal products, Leather goods and Carpets), Chemicals and Petrochemicals, Drugs and Pharmaceuticals, Engineering goods, (including Auto components and other light engineering goods).

Countries/regions selected for the study, in consultation with UNCTAD are: USA, EU, Japan, Middle East and South East Asia.

The study included extensive literature survey, and a primary survey of 278 Indian exporters in 13 cities, and also a visit to two EU ports for a first hand observation of trade procedures. Discussions were also held with 22 apex bodies dealing with export development, 47 Trade intermediaries (logistics companies), SME Clusters in Jodhpur (handicrafts), Tirupur (garments) and Moradabad (metal handicrafts). Through

interviews with key players, 11 case studies of actual problems faced by Indian exporters were analysed in detail.

Transit Trade Issues with Neighbour countries: Information was solicited from trade associations and Chambers of commerce in Nepal and Bangladesh (through e-mail and telephonic interviews), on specific trade and transit issues with India.

Summary of Findings:

The findings of the primary survey are summarised below:

		Highest	Lowest
Incidence of trade-related problems		USA (36%)	Japan (12%)
Types of problems faced	Cause	Rules & Regulations (18%)	Demurrage/ Detentions (2 – 5%)
	Country/region	USA and EU	Japan, South-east Asia
Rules & Regulations	Cause	Complicated Rules (8%) Frequent Changes in Rules (8%)	Access to information regarding Rules and Regulations (4%)
	Country/region	EU & USA	Japan
Clearance of Goods	Cause	Certification facilities in India (9%)	Recognition of Indian certification (3%)
	Country/region	EU	South-East Asia
Documentation/Data requirements for clearance of goods	Cause	Excessive (8%)	Language problem (2%)
	Country/region	EU	Japan
Inspection requirements in destination countries	Cause	Multiplicity (8%)	Discriminatory (4%)
	Country/region	EU	South East Asia
Fees and Charges for Clearance of Goods	Cause	Frequent changes (5%) High (5%)	Non-transparent (2%)
	Country/region	EU	Japan
Losses suffered	Cause	Demurrage (8%)	Conditional clearance (4%)
	Country/region	EU	Japan
Disputes Handling	Cause	No formal mechanism (4-5%)	Expensive (0 – 4%)
	Country/region	USA	South East Asia

Note: Figures represent the percentage of respondents

Incidence of Problems:

Indian exporters face some trade facilitation problems in destination countries. The principal problems related to Article V, VIII and X, are:

- Inadequate dissemination of regulations and procedures
- Lack of clarity and process descriptions followed in inspection
- Variations in procedures under the same regulations
- Lack of appeal mechanisms and confirmatory procedures
- Use of discretionary and unprescribed actions in disposal of products

The impact of these problems is felt in terms of additional costs or as irrecoverable losses. Nearly 28% of the primary survey respondents reported problems in destination countries. The US, EU and Middle East were identified as the most problematic destinations for exports. Agriculture and food products, especially fish and fish products, and miscellaneous handicraft goods were found to be the most difficult export sectors in terms of problems.

Complicated and difficult-to-understand rules, frequent changes in rules and procedures, and difficulties in inspection procedures were reported as the most significant problems faced in export destinations.

Findings of the surveys were grouped under destination specific and sector-specific issues that need to be addressed for negotiations.

Destination-specific assessments:

US: The problems encountered in the US primarily deal with the new found security concerns, and involve a substantial cost of compliance for traders, while representing an additional revenues and profits for some operators (shipping, logistics companies). Regulations and procedures are well laid out, easy to access, follow and are transparent, providing for appeal and confirmatory assessments. However, security-related detention details are not communicated effectively, which cause anxiety to exporters and importers, especially LCL shipments, which being part of the same container face the same procedures as suspect consignments in the same container.

EU: EU related problems are closely related to health and sanitary concerns. The major problems encountered in the EU primarily relate to the overlap of jurisdictions between member state internal regulations and the common EU legislation covering the same subject, which results in a subjective and differential treatment of the goods under different member state regulations. Customs procedures are very simple in general and easy to understand. However, detention and inspection methods are not accessible easily. Further, while the import rules and procedures are clear, the

procedures for inspection, detention and disposal are not well laid out at the import point.

Japan/South East Asia: There are very few problems relating to detention and disposal of goods, and the information is easily available. However, the amount of information readily available is limited, and English translations of regulations are not easily interpretable, which causes ambiguity in case of disagreement over provisions or grounds for detention.

West Asia/Africa/Latin America: Non-transparency in procedures and excessive charges are the key issues characterising trade facilitation experiences in these markets. Collusion between customs officials and importers poses financial risks for shippers and exporters in some destinations.

Sector-specific assessments

Problems at export destinations tend to be concentrated most in agricultural, meat and food products, and to an extent, in textiles/garments and miscellaneous handicraft products.

These arise due to the absence of harmonisation and equivalence in national technical standards and procedures in case of agriculture, meat and food products, and errors in tariff classification for the other products, especially when imported under preferential terms.

There are practically no sector-specific problems reported in some sectors such as leather and automotive components.

Impacts on small enterprises

The survey contradicts the popular hypothesis that trade facilitation costs are proportionately higher for smaller players. The finding is that small enterprises take fewer export risks than larger players. Therefore, they do not suffer losses on shipments on account of clearance procedures, detentions or claims that are contestable as non-transparent.

On the other hand, trade facilitation costs are proportionately higher for the more organised players, especially larger exporters that are part of global supply chains. For larger players, it is imperative to comply with the legal requirements that enjoin their regular customers to implement various regulations such as CT PAT, or risk losing their large and regular customers.

Preponderance of border-in aspects

Invariably all respondents, including the industry associations met in the study, stated that the larger issues in trade facilitation are domestic and not international. More

than 65% of the survey respondents perceived that problems inside India were greater compared to those in the export destinations.

Several respondents mentioned that the costs associated with inter state transit of goods, excessive documentation, frequent changes in regulations and notifications, pre-shipment certification, queuing time at customs, speed money payments for getting minor amendments, delays/harassment for obtaining export incentives such as duty drawback, etc. are much more significant than problems encountered after the export of goods.

Negotiation Proposals

Based on the issues reported in the study, India can consider supporting the following proposals made by other WTO members:

TN/TF/W/17- Japan & Mongolia, TN/TF/W/20 - Canada, TN/TF/W/22 -UGANDA & United states, TN/TF/W/24- New Zealand, TN/TF/W/25 -Taiwan, Penghu, Kinmen & Matsu, TN/TF/W/26 -China, TN/TF/W/32 -Hong Kong & China, TN/TF/W/36- New Zealand, Norway & Switzerland, G/C/W/434 -Canada, European Communities, Japan Korea, TN/TF/W/6 -European Communities, TN/TF/W/7 -Korea, TN/TF/W/8- Japan, Mongolia, Taiwan, Penghu, Kinmen & Matsu, TN/TF/W/9- Canada, and TN/TF/W/13 -United States.

Besides the above, there is scope for fresh proposals along following lines:

- Uniform application of procedures by sub national authorities, and use of common minimum standards
- Follow similar procedures for disseminating trade alerts and remedial measures/ rectifications (single EU authorisation)
- Introduce recommended normative tariffs/ ceilings for charges levied by private operators providing services for import/export clearances
- Create trade enquiry points at the sector level
- Establish procedures for confirmatory tests in case of detention with internationally approved agencies

Section 1. Introduction

This report pertains to the survey of Trade Facilitation problems faced by Indian exporters in destination countries. The survey has been jointly supported by Government of India, UNCTAD and DFID/UK.

The following sequence of actions was followed:

1.1 Revision and Finalisation of Terms of Reference

Based on the presentations and discussions at the time of selection of consultants, the following changes were made to the terms of reference:

- Inclusion of an international survey of two port destinations to understand the ground level situation in import clearance procedures, dissemination of regulations, and mechanisms for representation and appeal.
- Inclusion of (substantially desk-based but also through interviews with trade associations) study of transit related issues with India's neighbouring countries, especially Nepal, Bhutan and Bangladesh
- Coverage of SME clusters such as Moradabad (brass), Agra (leather footwear), Jodhpur (handicraft), and Tirupur (knit garments) to assess problems faced by SMEs in these clusters
- Inclusion of literature survey covering Trade Policy Reviews and other submissions on trade facilitation, especially by India's principal trade partners (EU, US and Japan).

The consultants have accepted these amendments and the work plans include coverage of these aspects.

1.2 Finalisation of products/sectors and geographical areas for the survey

Prioritization of trade sectors constituting bulk of India's exports was done by identifying the 25 most important product categories (at 2 digit level) from India's export statistics compiled by DGCIS. Within each of these top 25 categories, the top 3-5 products (at 4 and 8 digit level) were identified, to generate a list of about 100 top exports of India (**Appendix 1**).

This list was discussed with UNCTAD and the following products/categories were jointly short listed for focus of this study:

- Apparel/Clothing
- Textiles (including Handloom fabric)
- Agricultural commodities

- Food products – raw/fresh
- Food products – processed
- Spices
- Handicrafts
 - Wooden and metal products
 - Leather goods
 - Carpets
- Chemicals and Petrochemicals
- Drugs and Pharmaceuticals
- Engineering goods, including
 - Auto components
 - Other light engineering goods

Besides the contribution to Indian exports (in value terms), the other factors taken into account while selecting the above products for the study, were:

- Extent of engagement of SME and unorganised sector
- Products/sectors which experience higher degree of trade facilitation problems

Prioritization of most important markets (individual countries and/or regions) for India's exports was done by identifying the 25 most destination countries from India's export statistics compiled by DGCIS (**Appendix 2**). Accordingly, the following countries/regions were selected for the study, in consultation with UNCTAD:

- USA
- EU
- Japan
- Middle East
- South East Asia

1.3 Literature Survey

Several documents relevant to the subject have been reviewed to provide a conceptual framework as well as to understand the approaches being taken by India's trade partners. This includes documents published by the following organisations:

- WTO (texts of submissions in 2002 and 2004)
- UNCTAD studies on trade facilitation
- OECD documents on costs and benefits analyses and analyses on Article V, VIII and X
- WCO documents on technical assistance in customs related procedures and benchmarking of trade facilitation indicators
- World Bank studies and reports on trade facilitation costs
- EU documents relating to internal harmonisation, Customs Plan 2007 and security initiatives

- US documents including USCBP website documents on procedures under Advance Cargo Declarations, CSI, Bioterrorism Act and C-TPAT
- Trade Policy Reviews of several WTO members including EU and US
- Websites of several customs administrations including EU, US, Japan, Singapore, Saudi Arabia, UAE, and other destinations, for nature and content of information provided (purposes of Article X review)

1.4 Primary Survey

1.4.1 Exporters

- Field survey:

A primary survey of exporters was carried out in 13 cities (Delhi, Mumbai, Chennai, Bangalore, Hyderabad, Kolkata, Ahmedabad, Vishakapatnam, Kanpur, Agra, Moradabad and Jodhpur), covering a total of 278 exporters (as against the 125 agreed) in the selected products/sectors (list at **Appendix 5**).

Region	City	No. of Exporters met	Sector	No. of Exporters met*
North	Delhi	38	Apparel/Clothing and Textiles	93
	Moradabad	7		
	Agra	3	Agricultural Commodities (Food products: raw/fresh as well as processed)	79
	Karnal / Rohtak	2		
	Ludhiana	4		
	Kanpur	7		
West	Mumbai	63	Handicrafts (wood, metal, leather goods and carpets)	84
	Ahmedabad	11		
	Jodhpur	9		
	Indore	2	Chemicals/	21
South	Chennai/Coimbatore	39	Petrochemicals, Drugs and Pharmaceuticals	
	Tirupur	11	Engineering goods (including automotive components)	20
	Hyderabad/Bhimavaram	8		
	Vishakapatnam	6		
	Cochin/Ernakulam	30		
	Bangalore/Mangalore	16	* total more than 278 as some exporters deal in more than one category	
East	Kolkata	22		
Total		278		

- E-mail survey:

Besides the field survey, an e-mail survey has been carried out to disseminate the study among the business community. Questionnaires were administered by e-mail to over 3000 exporters in the selected sectors, directly and/or through apex industry

bodies, namely ACMA, FIEO, GJEPC, and MPEDA, who agreed to upload the questionnaires on their websites, in order to solicit replies from members for this study, and also for future feedback (as these questions remain valid perpetually).

Responses to the email survey have been expectedly dismal. However, leading exporters and sector export councils have been met for each of the chosen products, to obtain in-depth views on the nature of problems being faced in principal destinations. Therefore, the responses polled in this study can be considered highly representative of the issues being deliberated upon.

1.4.2 Apex bodies - Sector Export Promotion Councils/Trade Associations

In all, twenty-two apex bodies dealing with export development have been met during the survey. These are:

- (i) Apparel Export Promotion Council, New Delhi
- (ii) Handloom Export Promotion Council, Chennai
- (iii) Carpet Export Promotion Council, New Delhi
- (iv) Chemicals and Allied Products Export Promotion Council, New Delhi
- (v) Council for Leather Exports, Chennai
- (vi) Agriculture Products Export Development Authority, New Delhi
- (vii) Marine Products Export Development Authority, Kochi
- (viii) Spices Board, Kochi
- (ix) All India Spices Federation, Kochi
- (x) Cashew Export Promotion Council, Kochi
- (xi) All India Rice Exporters' Association, New Delhi
- (xii) Engineering Exports Promotion Council, New Delhi
- (xiii) Federation of Indian Export Organisations, New Delhi
- (xiv) Automotive Component Manufacturers' Association, New Delhi
- (xv) Export Promotion Council for Handicrafts, New Delhi
- (xvi) Jodhpur Handicrafts Exporters' Association, Jodhpur
- (xvii) TEXPROCIL, Mumbai
- (xviii) Gems and Jewellery Exports Promotion Council, Mumbai
- (xix) Indian Drug Manufacturers Association, Mumbai
- (xx) Pharmaceuticals Export Promotion Council, Mumbai
- (xxi) The Brass Art Ware Manufacturers (Exporters) Association, Moradabad
- (xxii) Export Promotion Council for Handicrafts, Jodhpur

1.4.3 Trade intermediaries (Logistics companies)

Trade intermediaries play an important facilitating role in India's exports, given the composition, dispersion and size of exporter enterprises. They also act as the interface between the exporters and the authorities at destination countries, and are the first to be informed of trade regulations, as well as detentions or discrepancies in export documentation. As a result, their perceptions are considered very important to this study.

The primary survey covered **forty seven** freight forwarders, consolidators, custom handling agents, and shipping lines in Delhi (7), Mumbai (8), Kolkata (6) Ahmedabad (5), Chennai (10), Ludhiana (1), Cochin (6) and Jodhpur (4), to understand their experiences with export-related trade facilitation issues both at Indian ports as well as destination ports. (listed in **Appendix 5**).

1.5 SME Cluster visits

Surveys of select SME clusters were undertaken to understand the preparedness of SMEs to deal with trade facilitation issues at destinations. Cluster visits included Jodhpur (handicrafts), Agra (leather goods), Tirupur (garments) and Moradabad (metal handicrafts).

Summaries of discussions with exporters and other related organisations in SME clusters in Jodhpur and Moradabad are attached as **Appendix 3** and **Appendix 4** respectively.

1.6 International visits

The study included visits to three locations in EU, namely Brussels, Antwerp Port and Le Havre Port in France. Meetings were held with officials in the European Commission (DG TAXUD, DG TRADE) at Brussels on 18th May 2005, and with customs licensed brokers and forwarding agents, including a guided visit to Antwerp port on 19th May 2005 and then a visit to Paris on 20th May 2005, followed by a visit to Le Havre Port. Customs laboratories as well as inspection and storage facilities were seen first hand in Antwerp, but could not be seen in Le Havre due to a flash strike of port unions. Import clearance documents, and filing of the bill of entry under the Single Administrative Document were witnessed in person.

1.7 Transit Trade Issues with Neighbour countries

Information was solicited from trade associations and Chambers of commerce in Nepal and Bangladesh, on specific trade and transit issues with India. Email questionnaires were sent to nearly 20 entities and telephonic interviews were conducted with the representatives of the SAARC Chambers of Commerce and Industry in these countries.

Useful qualitative information on transit related issues has been provided by the SAARC Chamber of Commerce, the Bangladesh Chambers of Commerce and Industry and also by the ADB office in Nepal.

Section 2. Compilation of Issues

2.1 Compilation of Destination-specific issues:

Exporters as well as trade intermediaries prefer to classify destinations into five groups in terms of shipping/trade routes as well as trade characteristics: Americas, Europe, Africa/ Middle East, Japan/Far East, and others. Observations on trade practices and procedures tend to be aggregated and characterised for these destinations.

2.1.1 United States of America:

Key Issues: Security concern, Advanced Cargo Declaration and CT-PAT registration

Container Security Initiative:

Following perceptions of high security threats from import cargoes, the US amended its trade regulations in 2002 (US Trade Act 2002). These regulations have a considerable impact on shipments destined for US ports, whether for consumption in the US or transit to other parts of North America.

The most important implications of these US requirements are observed in the following:

Advance Cargo Declaration:

- From December 2003, all exports to the US are declared at least 24 hours in advance of the vessel sailing date, in order to obtain a US registration number for each cargo loaded. The ACD form is simple, however, the key requirement is that the descriptions should contain specific details of each packet (number of pieces, weight, etc.) in the consignment and not just the gross quantities.
- In some products-handicrafts, engineering goods, etc, export cargoes are usually LCL (less than container loads), which means that assorted shipments are batched into a full container. The ACD filed by the vessel would consolidate the cargo descriptions of all consignments in the container and forward them to the US authorities. The inadequate knowledge and capacities of SME exporters, even consolidators, in remote areas often lead to improper or inadequate documentation for US requirements.
- US Customs and Border Protection authorities examine nearly 20% of all incoming shipments for potential security threats. This takes up to 12 days in the ports. While this detention does not involve port charges, the procedures for notification are inadequate and incomplete. Usually, the exporter informs the sailing date of the vessel, which can then be tracked by the importer.

However, if the cargo is detained under the mandatory 20% scan, no information is communicated to the importer/consignee by US Customs. Only the shipping line offices in the jurisdiction of the US port are informed of the detention. Thus, the tracing of the consignment follows a circuitous route- US importer - Indian exporter- forwarder- shipping liner Indian office-shipping liner US office-US importer.

- Discrepancies in documentation can lead to detention of the entire container, and necessitate inspection of all consignments, which affects even those exporters that have filed the details correctly.
- These regulations do not provide for common events such as cargoes getting inadvertently offloaded in transshipment points, human errors in filing on line declarations, or special transactions such as high seas sales, in which case the original consignee is not the party to be notified of arrival of shipments, nor the owner or claimant of the goods at the time goods arrive into the US.
- Discrepant containers can be held indefinitely (40 days in Houston in one case), until the exporters are traced, documents confirmed and rectified. In case exporters are not traceable in a reasonable period of time, the container is destuffed and the cargo is held in custody. Despite a freight pre-paid bill of lading, shipping lines do not release the delivery order for goods to the importer unless they are paid for the container detention time, which is not caused by importer.
- In case of discrepancies, there are heavy penalties/charges, ranging from US\$80 for minor amendments to \$5000 for incorrect descriptions of details like number of packages, etc. Shipping lines obtain carte blanche indemnity undertakings from exporters to reimburse all penalties imposed on them by US Customs for document discrepancies.

US FDA registration:

- Under the Bio terrorism Act 2002, the US Food and Drug Administration (FDA) has made it mandatory for all entities exporting edible products to the US to register with the US FDA. Registration can be online, and the FDA provides an e-mail assistance facility to all exporters. However, the registration procedures require nomination of a US agent whose details must be made available with the FDA. For each exporter to find a US agent is not only difficult, but also costly, given the legal implications of detention or enquiries under the Bio Terrorism Act. Some export organisations (Cashew Export Promotion Council), have collectively appointed US agents and share the costs through a pool account or through membership service charges.
- Under the Act, the FDA is to be informed of all food shipments to the US not later than one day before arrival, and also not sooner than 5 days before expected arrival of the vessel. The exporter or his US agent can file this information with the FDA, but the exact arrival details of vessels are not easily disclosed to exporters by shipping lines or their agents, especially in case of

transshipment vessels. This makes it difficult to honour the two-way deadlines stipulated by FDA, which appears to be based purely on the FDA's administrative convenience and not based on security concerns. Some exporters submit that the compulsory Advance Cargo Declaration requirements for US ports also provides nearly the same information and there should be no need for filing pre arrival declarations with the US FDA separately.

- Indian exporters usually experience problems in declaring ethnic products under the FDA code, which often may not have matching descriptions for such products. As a result, even after complying with the requirements, there are possibilities of detention for improper declaration of product codes. This is reported for Indian sweetmeats like 'rasagolla' which are milk based sweets, but do not find appropriate descriptions in the US FDA product codes.
- Ayurvedic medicinal preparations are another example of incorrect classification. The US regulations do not recognize ayurvedic/herbal products as medicines, and they are to be classified under food products. Several products defy appropriate descriptions under food classifications. Dabur's exports of Spirulina (a cultured blue-green algae) as a weight loss agent were detained in the US for more than 20 days, on this ground.

Although procedural requirements have increased, the FDA has offered its assistance on line for enquiries and clarifications, and the web site has comprehensive details on all aspects of registration and declarations under the Bio terrorism Act.

C-TPAT Registration:

The US Customs has introduced a supply chain security initiative, called the Customs-Trade Partnership against Terrorism (C-TPAT) to ensure that the terrorism threat is minimised across the global supply chain. Under this arrangement, the US Customs invites shipping agents, freight forwarders and other logistics providers to register themselves under CTPAT. CTPAT members are given the following benefits:

- A reduced number of inspections (reduced border times)
- An assigned account manager (if one is not already assigned)
- Access to the C-TPAT membership list
- Eligibility for account-based processes (bimonthly/monthly payments, e. g.)

C-TPAT enjoins members to inspect the premises of their counterparts in other countries, to ensure that appropriate safeguards were maintained to prevent any security lapse leading to arrival of threat cargoes into the US. Indian freight forwarders report having been audited regularly by their counterparts in US, and have been asked to install extra security measures in their godowns, in order to qualify as business associates. They are also required to undergo basic training on security measures and regularly update themselves of security issues in the US. These

requirements add to the establishment costs of the Indian logistics providers, but do compensate the initiative through improved margins. Exporters are not concerned with these issues, as they do not relate to Indian conditions in any manner. As a result, C-TPAT benefits US operators while it increases costs for Indian operators.

Air Cargo Cooling period:

Airline security requirements imposed after the 9/11 events by the Federal Aviation Authority made it mandatory for all air cargo to be screened, or observe a 24-hour cooling period at airports. The inadequacy of screening equipment at many ports resulted in undue detentions at airports. These new regulations affected Indian meat exports to the Middle East and South East Asia, because there were inordinate delays in the screening process during which the cargo is exposed to higher temperatures, and there were no arrangements in the Indian airports to keep frozen/chilled meat in good condition during the cooling period.

The US and some other countries (Malaysia for instance) gradually relaxed this rule by creating a facility for 'known shippers', i.e. shippers whose details are available on an international airline database. Known shippers' consignments were also permitted on passenger flights, on a point-to-point basis, without any consolidation of cargoes. However, the definition of known shippers has varied among airlines: the United Airlines specifies 3 shipments in the past 6 months as the qualifying criterion, while other airlines specify 24 shipments in the past 12 months. As a result, registration is required with multiple airlines, with different criteria.

On the other hand, the known shipper system does not help security much, in fact it facilitates unscrupulous elements to use the advantages given to 'known shippers' - it is easy to become a known shipper by sending 24 documents of 1 kg weight each, into the US over a period of one month.

Further, the Bureau of Civil Aviation Security (BCAS) made the regulation even stricter by disallowing the option of 24-hour cooling period. As of 2003, all international air cargo is required to be scanned by security personnel of the airport authority/airlines, duly certified by the BCAS. Cargo that cannot be scanned due to size or weight limits must be physically inspected and cleared. Airlines do not have enough staff to handle these requirements, but BCAS does not train or recognise staff of General Service Agents of airlines who are willing to provide this service to the airlines.

The time taken and costs for X-ray scanning are considerable, in India as well as in other destinations. X-ray scanning in New Delhi International Terminal can take 2.5

hours, and costs Rs 1.50/ kg (3 US cents per kg), while it can cost 10 US cents per kg in Europe and US, which adds up to 6% to 10% of the total logistics cost.¹

2.1.2 EU:

Key issues: Harmonisation of rules and procedures, health and phytosanitary issues, and emerging security concerns.

Indian exporters and trade intermediaries consider the basic EU customs administrative requirements to be very simple (a 1-page Single administrative document in eight copies along with supporting documents). However, there are other aspects of import processes and procedures, which require attention.

An important element unique to the EU is its own internal integration, with 25 members who have acceded to a common EU legal system still in the process of harmonising their internal regulations in alignment with the EU common system. The difference in the development levels of EU members, especially the new members, poses challenges in the pace of integration of trade infrastructure and systems within the EU, which have potential impact on the overall trade facilitation experiences with external partners.

Health, Sanitary and Phytosanitary regulations:

EU member states have independent jurisdiction on some areas such as public health and sanitation, which prevents a common EU framework for customs clearance regulations and procedures, for goods that require special approvals under sanitary and phytosanitary regulations. At the same time, there are no common EU standards for risk management, detentions and disposal, which cause enormous uncertainty in the resolution of issues. The local jurisdiction of member state health authorities in addition to EU common minimum standards creates subjectivity in the treatment of imports depending on the final destination of the goods, and lends to the possibility of detention at the point of sale even after normal clearance at EU point of entry. This absence of a common and harmonised regulatory environment in the EU is the underlying cause for a majority of rejections encountered by Indian (and other) exporters.

Confirmatory tests and appeal mechanisms:

Because each member state has its own procedures in respect of health and safety standards, there is no EU level mechanism accessible by exporters to carry out confirmatory tests and appeals against inspection decisions issued by EU customs laboratories. The only appeal procedure allowed for individual operators is through the courts in the member states, and EU level authorities can be petitioned only after the highest court in the member state has ruled. However, issues can be represented

¹ Bill Adams, Philips NV

collectively at the WTO, to which the response is the onus of the DG Trade at the EC. The structure of the EU government (also the Indian government) does not provide for sub-national trade points to represent issues of this nature. As a result, the scope for negotiation at the level of member states is practically missing. This lends to the possibility of highly discretionary treatment of products under local regulations, as most observed in marine products from India (see case studies).

The EU approach to improving its trade facilitation environment consists of the following elements:

- Integrated management of the external borders addressing security risks
- A paperless environment for Customs and Trade and
- Amendments to the Community Customs Code

A few important provisions of the new regulations under formulation are considered below.

Customs Security Program (CSP)

The Commission proposes a number of measures to tighten security around goods crossing international borders. The EU Customs Security Program (approved in Feb 2005 by EU parliament) covers activities supporting concepts underlying the new security-management model for the EU's external borders, such as a harmonised risk assessment system.

The CSP aims to:

- Introduce proper security controls to ensure the protection of the internal market and, in close cooperation with major trading partners in the world, secure the international supply chains; and
- Provide facilitation to those traders, which demonstrate compliant efforts to secure their part of the international supply chains (authorised economic operators)

The new Regulation proposes measures that will:

- Require traders to provide customs authorities with information on goods prior to import to or export from the European Union (Pre-arrival and Pre-departure declarations)
- Provide reliable traders (Authorized Economic Operators (AEO)) with trade facilitation measures; and
- Introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerised systems

Pre-arrival and Pre-departure declarations:

The new Regulation will require traders to supply customs authorities with advance information on goods brought into, or out of, the customs territory of the European Community. It is anticipated that a 24 hour deadline for prior declaration will apply

to goods brought into the customs territory of the EU by sea, where the voyage duration exceeds that period, but in most other cases, prior notification will probably need to be given just 2 hours, if electronic, or 4 hours if on paper, before the goods are brought into, or out of, the customs territory of the EU. For goods leaving the Community under a customs procedure the customs declaration itself will be used as the pre-departure advice, so as not to place an additional burden on Community exporters.

It is expected that these provisions shall come into force by mid 2006.

Authorized Economic Operator (AEO):

The new code provides that member states will be entitled to grant AEO-status to any economic operator that meets common criteria relating to the operators' control systems, financial solvency and compliance record. The code suggests that the status of the authorised economic operator granted by one Member State should be recognized by the other Member States, but does not confer the right to benefit automatically in the other Member States from simplifications provided for in the customs rules. In considering a request to use simplifications, the other Member States do not have to repeat the evaluation of the operator's control systems, financial solvency or compliance record, which will already have been completed by the Member State that granted the operator the 'status of authorised economic operator', but should ensure that any other specific requirements for use of the particular simplifications are met.

There are severe criticisms of the provisions being drafted for AEOs, which do not ensure equivalence among the member states. The texts proposed for the automatic recognition of AEOs in all member states are rather weak (should be, instead of shall be).

Customs Code Modernisation:

The European Commission has committed steps toward a simple and paperless environment for customs and trade, through its new Customs Code. The new Code aims at achieving that:

- Electronic declarations and electronic exchange of data become the rule;
- The existing customs procedures and other regimes are simplified and reduced;
- The scope and use of simplified procedures are extended;
- The roles of inland and frontier customs offices are redefined;
- The rights and responsibilities of traders and freight forwarders are redefined;
- New tools and methods are introduced in the customs legislation.

Such simplification of customs legislation would reduce the cost for business, increase legal certainty for citizens (better regulation), and allow traders to fully benefit from the possibilities offered by IT procedures and the single market.

The main reasons for simplifying customs legislation are: reducing costs to business by easier access to the rules and a more uniform application of them, creating a level playing field for economic operators throughout the EU, increasing legal certainty for citizens (better regulation), and allowing traders fully to benefit from the possibilities offered by IT procedures in the Single Market. These are planned through the Customs 2007 plan, a multi-annual strategic plan to implement EU customs in a harmonised and simplified manner throughout the EU. The plan consists of the following aspects: Legal adaptation and simplification, Operational convergence, and Computerisation of customs processes.

Implementation of the plan seems unlikely by the target date of 2007, given that IT systems in various member states are not compatible, and will require a complete overhaul of the information architecture to have an EU interlinked network for customs administration. This will limit the reach and penetration of the Single European Authorisation, a key element planned in the Customs Code. Also, some EU member states place restrictions on provision of services by operators from other EU states, and require local authorisation for trade services, which complicates clearance of goods on a door-to-door basis in some states.

However, the most concerning aspects of the Customs Code relate to the implementation modalities. Major concerns voiced by stakeholders are:

- Implementation procedures shall be decided using a Committee procedure, with 25 member state representatives (customs experts) and the DG TAXUD framing the Customs rules
- Jurisdiction of member states in framing risk management systems is not clearly specified. It is desirable that all such rules and systems be issued by the EC and adopted by all member states, to ensure harmonisation.
- The authorisation of licensed customs agents and brokers should be on a EU basis and not under respective member states as is presently the case.
- The specific exemptions and benefits to AEOs are not delineated, and EU-wide common criteria for recognition are not explicitly provided in the code.

Privatisation of services:

Article VIII addresses costs associated with charges associated with import procedures and prescribes principles for their fixation on a no-profit basis. However, there are practical constraints in implementing these principles, given that most of the port activities related to clearance and inspection of goods are privatised. The EU customs does not charge any fee for customs procedures or clearances. However, some activities including sampling, unloading/loading, temporary storage, and, at times, even testing and inspection are outsourced to private parties, which have their own norms for fixing charges, and these are based on commercial considerations. If Article

VIII were to be implemented, there would need to be official guidelines and ceilings on some of the charges associated with inspection and release of goods.

There are often private gains from public measures as most effectively illustrated in the security measures being followed in EU ports as a result of the Container Security Initiative partnership with US. Antwerp, the second busiest port in EU, handles 7 million containers a year, of which nearly 25% are destined for the US. The implementation of container security measures has been given to private terminal operators, who are licensed by the Antwerp Port Authority but operate and provide their services independently.

To cover the security related activities, port operators charge an International Ship and Port Facility Security (ISPS) charge ranging from US\$ 6 to 14 per container for all containers handled at the ports. This represents annual revenue of US\$ 42 million to 98 million (and significant profits) for the Antwerp port terminal operator alone from ISPS, occasioned by the US security regulations, but claimed and passed on to exporters and importers. The annual global cost of US security measures has been imputed at US\$ 39 billion, of which port terminal charges would be a major item. There are no prudential norms for such charges, and because private operators provide these services, there is no official recourse under Article VIII, which only enjoins governments.

New EU requirements:

It is expected that EU will enact new regulations such as: steam sterilisation of clothing and textiles, cleaning and fumigation of empty containers, and registration of new chemical products (REACH), as standard requirements under sanitary and environmental grounds. These will add to the costs of compliance for exports to EU, while remaining justified under WTO agreements and therefore unchallengeable at the WTO.

2.1.3 JAPAN

Key issues: Contractual obligation and Communication problem due to language

Japan is an important destination for Indian goods, but much smaller than EU and US. India's main exports to Japan are in commodities (metal concentrates, stone products, etc.), textiles and miscellaneous engineering goods. Japan is a conservative market and exports are built gradually through meticulous development of customer relationships. Also, the Japanese trading houses play a much larger role in exporting products from India to Japan, which makes comparisons with other destinations difficult.

In general, Indian exporters consider Japanese importers to be contractually driven, and thorough in details relating to the requirements. However, communication in

English is an issue that comes across as an impediment in marketing as well as understanding regulatory requirements, which are poorly translated in English. The Japanese regulations are transparent but very strict in some respects, and do not necessarily match with requirements of other markets. Other than these, exporters find Japan to be a comfortable destination for business.

Import regulations:

As a rule, most of the goods are freely authorized, to be imported. However, some products are subject to a license, especially the products that are restricted by quotas (rice, wheat, flour, leather, fish). Certain farm products like animals, plants, and perishable food are also subject to a license.

The procedure for adoption of products to Japanese standards are made difficult because of specific standards of Japan, often different from the internationally accepted standards, and English translations are rather inaccurate or not easily interpreted. Indian exporters of marine processed products, including joint venture companies with Japanese investors, have faced problems in understanding technical requirements under the planned import system. The problems related to translations of Japanese texts into English with a substantial alteration in meaning and scope of interpretation.

Documents to Be Submitted

An import (Customs duty payment) declaration form (Customs form C-5020) must be prepared in triplicate and submitted to Customs with the following documents:

- (a) Invoice
- (b) Bill of lading or Air Waybill
- (c) The certificate of origin (where a WTO rate is applicable)
- (d) Generalized system of preferences, certificates of origin (Form A) (where a preferential rate is applicable)
- (e) Packing lists, freight accounts, insurance certificates, etc. (where deemed necessary);
- (f) Licenses, certificates, etc. required by laws and regulations other than the Customs Law (when the import of certain goods is restricted under such laws and regulations);
- (g) Detailed statement on reductions of, or exemption from Customs duty and excise tax (when such reduction or exemption is applicable to the goods);
- (h) Customs duty payment slips (when goods are dutiable).

Certification system (Import inspection)

Importers of food must first notify the Minister of Health, Labour and Welfare on each occasion. The notification form is to be filed with a food import inspection office of the Quarantine Stations at 31 major seaports and airports. The Quarantine Stations

carefully examine imports, and when necessary take samples for testing in order to ensure food sanitation.

Procedures for the importation have been simplified with the Food Automated Import Notification and Inspection Network System (FAINS) under which notification for the importation can be made on-line with the Nippon Automated Cargo Clearance System.

(a) Pre-certification System: Foods manufactured in foreign countries must register in advance under the Food Sanitation Law are registered with the Ministry of Health, Labour and Welfare. Certificate of notifications for importing foods, etc. is issued immediately after inspection.

(b) Planned Import System: If specially selected foods, etc. (foods subject to planned importation) are to be repeatedly imported, a one-year or three-year import plan is attached to Import Notification of Foods, etc. at the initial importation. As a result of an examination, if it is judged to have no problems, through this system notification at every importation may be omitted from the following time (limited to within the relevant period).

(c) Item Registration System: When the same foods, etc. are continuously imported, matters to be mentioned concerning foods, etc. to be imported are registered. If there are no problems in the mentioned matters, through this system matters mentioned and registered at the time of notification for import may be processed through a registration number for one year following.

(d) Minor errors on a notification for import: Minor errors such as typing mistakes related to mentioned matters on Import Notification of Foods, etc. are disregarded.

(e) Continuous Import System: When the same foods are repeatedly imported, if inspection results for the same foods conducted within a certain period are attached, through this system inspection at the time of importation within the effective period concerning the inspection items may be omitted.

(f) System of Foreign Official Laboratories: In the case of obtaining an inspection at the time of importation by recognised foreign official laboratories (a list of foreign official laboratories), through this system inspection of inspection items may be omitted.

(g) Prior Notification System: Notification for import is accepted for all foods, etc. seven days prior to the scheduled arrival of the imported cargo, if an on-the-spot inspection for import is judged to be unnecessary, through this system a certificate of notification for import of foods, etc. is issued before the arrival of the cargo or immediately after its arrival.

(h) Electronic Transmission of an Inspection Certificate: Although it is prohibited to import meat to Japan unless an inspection certificate issued by the governmental organization in the exporting country is attached, if matters to be mentioned on an inspection certificate are transmitted to the computer of the quarantine office from

the governmental organization of the exporting country and are recorded in a file provided by the said computer, this does not apply.

Electronic transmission of inspection certificates is implemented between Japan, New Zealand, Australia, and United States.

2.1.4 Other Destinations:

Besides the US, EU and Japan, there are more than 10 destinations, which import more than US\$ 1 billion each of Indian goods. Each of these has its own specific characteristics, which makes it difficult to generalise trade facilitation experiences for Indian exports. However, the principal underlying themes in these markets are: excessive charges and penalties associated with clearances, consular charges, and non-transparencies in import procedures and clearances.

Import requirements in a few markets have been summarised below.

- **SAUDI ARABIA**

Key issues: large volume of pre shipment certification, high consular charges for documents

Saudi Arabia is an important export market for Indian exporters of agriculture commodities, meat, processed food products, chemicals and engineering products. However, it is considered to have strict regulations, and a local agent is mandatory to be registered for all goods entering the market. Import procedures require legalisation of a large number of documents, compulsory pre- shipment inspections for specified products and product-specific additional information/certification.

An exporter interested in the Saudi Arabian market needs to comply with standards set by the Saudi Arabian Standards Organization (SASO). The Saudi Ministry of Commerce and Industry oversees the International Conformity Certification Program (ICCP), in coordination with SASO. The ICCP program is designed to comply with the rules and regulations of the World Trade Organization.

The SASO ICCP requires a Certificate of Conformity for every shipment of SASO-regulated products destined for the Kingdom. The program currently applies to 66 types of products under the categories of toys, electrical and electronic, automotive, and chemicals. Shipments arriving without a Certificate of Conformity will be rejected at the Saudi port of entry. SASO has appointed Country Offices and Regional Licensing Centres in locations throughout the world that perform a conformity verification on each shipment prior to its leaving the port of export, and issue SASO Type Approval Licenses.

Documentation Requirements

The documents required for all commercial shipments to the Kingdom of Saudi Arabia are required to be presented in this order: Commercial Invoice, Certificate of origin, Insurance certificate (if goods are insured by the exporter), Bill of lading (or airway bill), Steamship (or airline) company certificate, Packing list and any product specific documents. Additional documents may be required, depending on the type of goods being shipped, on certain requests from the Saudi importer or in the letter of credit (L/C), or according to a contract. The Export Information Sheet should accompany these documents but should not be stapled together with them.

Certification of Export Documents

The exporter is responsible for authenticating the certificate of origin, the commercial invoice, and any special documents. The documents must be certified in the following order:

- Certified by the designated authority in the exporting country
- Legalized by the Saudi Embassy or any Saudi Consulate in the exporting country.

All documents must be legalized as follows:

- Notarised by a Notary Public
- Certified by the County Clerk of the respective county where the Notary Public is commissioned
- Certified by the concerned department of the state where the documents originated
- Authenticated by the concerned Department of the country of origin and
- Legalized by a Saudi Consulate/Embassy

In addition, all exporters are required by the Saudi Government to submit an electronic Export Information Sheet (EIS) for each shipment. The electronic EIS form should be completed online first and a hard copy printed out for submission with the commercial invoice, certificate of origin, and other required shipping documents. The printed EIS form does not need to be authenticated.

The fee for the certification is \$15.00 per page for the original documents. Additional copies will be certified upon request for \$15.00 per page. The Saudi Arabian Embassy and Consulates charge \$8.00 per page for legalization of documents. Legalisation costs alone can be close to US\$ 240 for a container of basmati rice valued at US\$ 16000, i.e. 1.5% of product value, and much higher proportion for lower value products. Adding inspection charges and certification fees, this can be more than 7% of product value.

Additional Product Documents

Food Imports: In addition to general SASO standards, exporters of food and food products should comply with Mandatory Standards SSA 1/1984, whether for sample

demonstration or for commercial shipments, and must provide the following certificates:

1. *Food Manufacturer's Ingredients Certificate.*
2. *Health Certificate.*
3. *Price List.*

Meat Imports: Exporters must obtain Form 9060-5, Meat and Poultry Certificate of Wholesomeness from the Department of Agriculture's Food Safety and Inspection Service for all meat shipments. In addition, the following certificates must accompany shipments:

1. *Certificate of Islamic (Halal) Slaughter.* This certificate indicates that slaughtering has taken place in an officially licensed slaughterhouse according to Islamic procedures. It should include the date of slaughtering, the type and age of animal, and a note saying that it was examined by a veterinarian 12 hours before slaughter. The Halal Certificate should be legalized by a recognized Islamic Centre in the Country of origin.
2. *FSIS Letterhead Certificate.* This certificate indicates that animals were examined within twelve hours before being slaughtered, and directly after, by a licensed veterinarian, and were found free from pests and/or disease and suitable for human consumption. It states that the exporting country has been free of Foot and Mouth Disease since 1929. It also states that the animal has not been fed with fodder made from animal proteins, animal fats, or waste.
3. Frozen meat must arrive in the Kingdom within four months from the date of slaughter. Frozen poultry must arrive within 3 months from the time it was slaughtered.

Seed and Grain Imports: In addition to the general shipping documents, the exporter of seeds or grains must provide the following authenticated certificates:

1. Certificate of Inspection.
2. Phyto-sanitary Certificate.
3. Seed Analysis Certificate.
4. Certificate of Weight.

Vegetable and Fruit Imports: A vegetable and fruit health certificate must accompany all shipments of vegetables and fruits to the Kingdom certifying that such exports are free from pests, insects, and other agricultural diseases, and that they have not been exposed to ionizing radiation (but can be treated with aluminium phosphide). In addition to the general shipping documents, the shipment must include Certificate of Free Sale, Product Registration Certificate, Certificate of Analysis, and Product Safety Data Sheet.

Labelling regulations

Besides the usual labelling requirements followed in several countries, the following are specific to Saudi Arabia:

- Labels of pre-packaged foodstuffs and attached labelling must be in the Arabic language. When languages other than Arabic are used on the label, all information in the other language(s) must be the same as the information written in Arabic.
- A statement must be included on the label that Halal product has been slaughtered according to Islamic principles.
- A complete list of ingredients in descending order of proportion, including additives permitted for use according to Saudi or international standards and legislation, such as preservatives, colouring, etc. is required.
- Name and address of manufacturer, packer, distributor, importer, exporter or vendor is required.

Medicine and Pharmaceutical Imports

No medicine or pharmaceutical products are admitted into the Kingdom unless a prior registration is made with the Ministry of Health. The Ministry examines only those applications supported by the required certificates and legalized by a Saudi Consulate in country of origin. Saudi imports of pharmaceuticals and medicinal products are required to have a Certificate of Free Sale, issued by the Department of Health and Human Services.

- **NIGERIA**

Key issues: mandatory pre-shipment inspections, non-transparency

Import Documentation

All persons intending to import physical goods into Nigeria are required in the first instance, to process their Form “M” through any bank, irrespective of the value and whether payment is involved or not. All supporting documents should be clearly marked, “VALID FOR FOREX OR NOT VALID FOR FOREX” depending on whether or not foreign exchange is involved.

Documents required for imports into Nigeria include among other things

1. Bill of entry
2. Bill of lading
3. Signed and attested invoices
4. Certificate of origin
5. Certificate of value (declaration by the importer of the true value of goods)
6. Packing list
7. Clean Report of Findings
8. Import Duty Report
9. Custom duty bank receipt
10. Insurance certificate and
11. Registered Modified Form ‘M, which is valid for six months but may be extended to one year in some cases.

Additional documents are required for clearance of food, beverages, tobacco, drugs, chemicals, cosmetics and medical devices that are subject to specific technical regulations for health, safety, sanitary or phytosanitary purposes. Temporary imports for example, for purpose of trade fairs and imports of samples and advertising materials are also subject to specific documentary requirements as, is the case for goods entered for transshipment to other destinations.

Manufactured goods and materials are subject to Standard Organisation of Nigeria (SON) certification, in accordance with provisions of its enabling law. All electronic equipment/items and instruments must carry Instructional manual, Safety information and/or safety signs, Guarantee/warranty of at least six months. Phytosanitary regulations apply to import of planting materials and food products.

Import Examination

All imports are assessed for duty at the average rate of exchange prevailing at the time of issuance of the Clean Report of Inspection (CRI) of the goods, as submitted to the agents by the Central bank of Nigeria. It is the duty of the importer's bank or the bank which processed the Form 'M' to issue a bank draft in respect of the amount stated on (CRI) to the customer who shall pay same to any of the designated banks.

All commercial imports into Nigeria are expected to be accompanied by a final invoice bearing the CRI number with adequate description of the goods, packing list, transportation document (B/L/AWB/Way Bill) and manufactures' certificate of the analysis (where applicable). The CRI number is to be stated on the Bill of Landing and also written against each item on the cargo manifest.

Importers are to pay a CISS Administrative charge of 1% Free On Board (F.O.B) value of all imports assessed based on the average rate of exchange prevailing time of inspection of the goods as submitted by the Central Bank of Nigeria.

Pre-Shipment Inspection

All imports are subject to pre-shipment inspection, which was restored in 1999. Guidelines for imports stipulate that all imports to Nigeria regardless of value are subject to pre-shipment inspection to verify quality and quantity, value for customs purposes, customs classification, and import eligibility. The pre-shipment inspection order is valid for six months for general goods and one year for machinery.

The seller or the supplier of the goods shall be required to arrange for the physical inspection of goods with the appointed inspection agent and shall give at least three working days notice prior to the expected date of inspection. The seller shall make the necessary arrangements for handling and presentation, of the goods for the purpose of inspection and any expenses incurred thereof are borne by him. The seller

is expected to provide the appointed inspection agent with a copy of the packing list, final invoices and any other documents as would be requested by the inspection agents. Importers of cargoes in excess of the declaration on the manifest are liable to penalty according to the provisions of the law.

All imports into Nigeria must carry a Clean Report of Finding (CRF), which verifies the quantity, quality and price of shipments imported, and an Import Duty Report (IDR) issued by the pre-shipment inspection agency, for goods to be cleared through customs. Goods valued over US\$ 1000 and not accompanied by these documents are impounded.

There have been cases in supply of bulk drugs where suppliers obtained all the pre shipment certifications but goods were detained in customs inordinately. According to exporters, a crash in market price made it unviable for importers to clear the goods from customs. More than ten registered Indian suppliers were disqualified by Nigeria even after their products were tested successfully under the SON pre-shipment system.

- **MEXICO**

Key issues: extensive inspections without risk-assessment systems, non-transparency

Import of second hand vehicles is prohibited. Import licences are required for items like Petroleum, Petrochemical products, Pharmaceutical products, Motorcars, Second hand products and Weapons, ammunitions, explosives. These non-transferable licences are issued by the Secretariat of Economy, are valid for a period of 9 months and can be extended for 3 months.

All imports have to pass through a custom broker. A statement of import must be presented to the Mexican Customs, along with the following documents:

- Commercial invoice,
- Bill of Lading (or airway bill)
- Certificate of Origin, with a certificate giving proof of eligibility for preferential treatment.

There are number of procedures for checking the imported goods. About 10 % of the goods are checked in detail. Compliance with Mexican official standards is compulsory. In the sectors of motor cars, chemicals, pharmaceutical products, metallurgy and farm products, about 75% of goods are checked in detail upon arrival. There is no risk management system that provides for selective examination of cargos based on intelligence networks.

- **BRAZIL**

Key issues: Excessive penalties for minor and inadvertent deviations, absence of banking controls on title of goods

Brazil's entire import process became computerized in 1997 through a system called SISCOMEX.

Exports to Brazil can be made only after obtaining a license from SECEX (Secretariat of Foreign Trade). Import licenses are valid for 30 to 60 days starting from the date of despatch of the goods or from the date of applying for the license. All the imports should be accompanied at least with 2 copies of the commercial invoice and the B/L. If they do not match the legal requirements of the country, Customs are entitled to levy heavy fines, which may go even up to 100 % of the usual customs duties.

Import of Second hand vehicles and consumer goods are prohibited, while Second hand equipment, Chemicals and Motorcars require special Licenses. The import of second-hand industrial material is authorized under restricted conditions.

Import/Export Documentation

The imported goods are often blocked in customs because of documentary problems. Documents required by Brazilian laws and regulations for cargo shipments to Brazil are the commercial invoice and bill of lading (or air waybill). Inspection or sanitary certificates are also required for shipments of certain goods. These documents must carry the number of the SECEX-issued import permit.

Commercial Invoice – The commercial invoice must include the full address of the shipper, seller, and consignee, if other than seller; the import permit number; other reference numbers; date of the order; shipping date; delivery and payment terms; a complete description of the merchandise; and export markings.

Declaration of Origin - A declaration of origin that is combined with a declaration of correct prices should be made on the commercial invoice, which in turn should be certified by the foreign exporter or local chamber of commerce. For a letter of credit or other contractual agreement, chamber of commerce certification is not required, but may be requested.

A notarized declaration of the veracity of information provided should be made on the extra copy of the commercial invoice, which the exporter or the chamber of commerce retains. Legalized commercial invoices are not required.

Bill of Lading - When shipments originate abroad and are cleared through the United States in transit to Brazil, an authentic copy of the "through" bill of lading issued by the foreign carrier for the voyage from port of origin to the United States must be attached to one copy of the invoice, prior to shipment from the United States. Bills of lading and air waybills no longer require the carrier's signature.

Freight charges with full breakups must also be clearly indicated in words and numbers. Noncompliance with this regulation will prevent the importer from closing or liquidating foreign exchange contracts, and failure to detail information on import licensing will result in considerable delays.

Special Documentation - Various special documents are required on shipments of certain commodities. These special documents include sanitary certificates from the Ministry of Agriculture for shipments of live plants or parts thereof; health certificates for shipments of live animals and animal products capable of transmitting disease; inspection certificates for shipment of used merchandise, machinery, and equipment; and Ministry of the Army authorization for armament shipments. Industry-specific import and documentation requirements are detailed under 'Sector Specific Controls'.

Exact weight and quantity of goods, including parts and accessories for machines and apparatus in general, must be accurately and completely supplied by the exporter to the importer on the pro forma invoice, the commercial invoice, or the price list. The import license must contain the accurate weight and quantity specifications. Documentation must be complete and correct in all requirements in order to avoid heavy fines and penalties.

A key problem reported in Brazil is that importers are able to get possession of goods from shipping lines without presenting bank endorsed documents, as a result of which the transfer of ownership does not take place as required under the international codes for documentary credit. This affects payments to exporters from the corresponding banks especially in non-L/C transactions.

- **CHINA**

Key issues: language, non-transparency, and poor banking controls on titles to goods

Only companies or institutions authorized by the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) are allowed to carry out international operations. More than half of the imports to China are subject to import licenses. The initial license is issued by various organizations according to the product, but the final license is delivered by the MOFTEC. The Chinese currency (RMB) is still not completely convertible: this implies limitations in the system of exchanges. In order to obtain licenses, the importer must hold an exact reserve of exchange and prove that the importation is necessary.

Import quotas also exist for more than 400 products, such as cars, textiles, sugar, cotton and cereals. The criteria of establishment of these quotas are not public and it is extremely difficult to get information on this matter.

Most imported goods in China are subject to inspection. Either a preliminary inspection takes place in the exporting country for some products (notably textiles),

or there is inspection in the port or in the airport of arrival to check that products meet the Chinese standards. These controls are led directly and exclusively by the Chinese Authorities.

Indian exporters have faced problems such as payment deductions and financial losses linked with the banking system in China, without adequate explanation of the basis of these deductions.

- **SOUTH ASIA (BANGLADESH, NEPAL)**

India's land border customs points with Bangladesh and Nepal are fraught with severe physical infrastructure bottlenecks and procedural delays, which impairs both transit and border trade. A detailed assessment of issues appears in section 6. However, the procedural requirements are summarised below.

Border documentation in South Asia

India to Bangladesh	For India Customs- Customs Export Declaration, Bill of Lading, Invoices, Packing Lists, Letter of Credit For Bangladesh Customs – Import Permit, Bill of Lading, Packing List, Letter of Credit, Consignment Insurance Cover, Certificate of Registration (VAT), Importer pass Book, and for goods for EPZ (bonded warehouse licenses, Value bonded Forum, Risk and Duty Bond
Nepal to India	For Nepal customs- Customs Transit Declaration, Customs Export Declaration, Duty Insurance Certificate, Invoice, Packing List, certificate of Origin, Certificates of Registration (income tax, VAT, company), Letter of Credit For India Customs- Customs Transit Document, Duty Insurance, Invoice, Packing List, Letter of Credit, Certificate of Origin
Bangladesh to Nepal	For Bangladesh Customs- Export Registration Certificate, Invoice, Letter of Credit, Packing List, Certificate of Origin, Truck receipt. For Nepal Customs- Customs Import Declaration, Invoice, Packing List, Certificate of Origin, Import License. Letter of Credit, Health Quarantine Certificate and Equipment Interchange Receipt and Duty Insurance Coverage for Containers.
Bangladesh Ports	Exports- Export Bill of Entry, Invoice, Packing List, Export Permit, Undertaking by Export of Company of Outpass Statement on Letterhead, Risk Bond
Indian Ports	Imports- Customs Transit Declaration, Bill of Lading, Invoice, Packing List, Certificate of Origin, Import License, Letter of Credit, Health/Quarantine Certificate, Equipment Interchange Receipt and Duty Insurance Coverage for Containers Exports- Customs Transit Document

Source: Uma Subramanian, WB

2.1.5 Accessibility of Regulatory Information

For this study, the customs websites of several countries were accessed to obtain relevant information. The content and user-friendliness of these websites varies enormously, and this has implications with respect to Article X. Several countries do not update their information regularly; in some cases, information available on the site pertained to year 2001. From the viewpoint of Indian exporters, an analysis of information content available on specific country sites was attempted. The results can be summarised as follows:

Country	Content depth	Clarity in English	Links to other sites	Updates
US	US site has detailed contents including reviews and impact assessments of various measures	Very well explained with FAQs	Yes	Very Regular
EU	EU sites has a substantial volume of materials (EC as well as member state sites)	Very well explained, with Trader Manuals and FAQs	To several member states	Regular
Japan	Site contains all essential information on procedures, but procedures make references to several laws about which no content or links are available	Translation is not easy to comprehend, especially in technical documents	Few	Moderately regular
Others	Varying levels of content and quality	Average	Seldom	Infrequent, many sites are outdated and some under construction.

2.2 Compilation of Sector-specific issues

The study covers the following product groups: Textiles (including Mill sector, Handlooms), Apparel/Clothing, Agricultural commodities (including raw/fresh, processed, spices), Handicrafts, Leather goods, Carpets, Engineering goods (automotive components, and other light engineering manufactures), Chemicals & Petrochemicals, Drugs & Pharmaceuticals.

The preliminary inference is that trade facilitation experiences vary enormously among these product groups.

Sporadic sector-specific problems are reported in apparel/clothing, carpets, leather goods, automotive components and electronic goods. These relate to valuations based on declarations of products under special quota, tariff or special regulations.

However, problems have been noticed regularly in agriculture commodities, food products, and marine products.

The principal problems related to Article V, VIII and X are:

- Inadequate dissemination of regulations and procedures
- Lack of clarity and process descriptions followed in inspection
- Variations in procedures under the same regulations
- Lack of appeal mechanisms and confirmatory procedures
- Use of discretionary and unprescribed actions in disposal of products

2.2.1 Apparel/Clothing

India's apparel exports were close to 12 billion US Dollars in 2004-05. The EU and US are the major export destinations for apparel/clothing. Generally, garment exporters mention both (although the US is perceived as easier than EU) as hassle-free destinations for exports, for the following reasons:

- Garments do not require special import permissions on health and technical grounds.
- Until January 2005, the certification of products under specific quotas was the main procedural requirement, but this has ceased to apply after the repeal of the quota regime.
- The majority of exports are to buying houses or large department stores like Wal Mart in the US, and C&A in EU, which have well-delineated systems for export documentation, and effective internal controls. As a result, they keep Indian exporters fully updated of all trade regulations and requirements.
- The US has a fast-track clearance arrangement for large importers, and qualified importers get the facility of self-declaration and automatic

clearances, under a post-verification scheme. This facilitates the expeditious clearance of cargoes with minimum detention at US ports.

- Clearance of cargoes inside the US is primarily the responsibility of the importers. Most garment exporters were not aware of the new security measures practiced at US ports and did not state any difficulties with respect to detention of containers and delays in clearances arising from the same.

However, some respondents reported the following types of problems:

- Wrong classification of quota category: Customs authorities classify products under categories other than those under which declared and treated under the quotas allotted. In the US, 'ladies tops' have been classified as 'chemisoles', which attract a higher duty rate, and also have fewer quotas than tops. In such a case, exporters are required to represent the matter through their buyers, and seek rectification of the entries and replenishment of the quotas on a retrospective basis. At times, buyers do not have the time or resources to file for appeals, and pay the additional duties as demanded, and reclaim these costs from future orders, thus passing the entire burden on to the Indian exporters.
- Large buyers such as Wal Mart have special arrangements for expeditious clearance of cargoes from US customs, on the understanding that they shall be liable for incorrect declarations and discrepant shipments. To avail of these advantages, buyers seek advance copies of all documents from the suppliers, and ensure that these are fully compliant with US requirements, which eliminates their risks due to incorrect declarations or documentation. However, every few months, exporters receive a bill for screening charges, which can be as high as US\$ 0.50 per piece, citing the costs of complying with strict US customs regulations. While the procedures were not compulsory in the first place and were sought voluntarily by the importers, passing on the costs to exporters is not a fair treatment.
- Periodically, US and EU authorities refer certificates of origin and other documentation furnished by exporters (arising as a random check or on specific doubt) for authentication by the appropriate issuing authorities. These requests are forwarded to the Ministry of Commerce or other line ministries, and in some cases through the Indian embassies/ councils. The channel is known to take its own time in forwarding these queries, and replies to these enquiries are very slow, in some cases taking six months. Meanwhile, in some cases, subsequent cargoes sent by these shippers concerned are placed under watch and often subjected to detailed inspection, for no fault of theirs. It is important to have trade focal points at the level of the export promotion council, which actually does the investigation, rather than at the apex level.
- New issues relating to labour standards are becoming important in export negotiations. Exporters are required to furnish declarations that their products do not use child labour, and that the working conditions in the factories are as per Indian Factories Act, or as specifically required by labour laws in the state.

- Buyers also have the right to conduct random inspections of garment factories to ascertain the veracity of such declarations. However, these requirements are contractual and are not imposed by regulatory authorities.
- It is understood from trade sources (but unconfirmed) that EU and US are considering new hygiene regulations in respect of readymade apparel, given that these involve substantial manual processing. There is a likelihood of imposing requirements of sterilisation or fumigation of all textile products entering these countries, on grounds that the fabrics are handled by hand in hot and humid conditions, and are likely to have bacterial contamination. While this will not affect exports of apparel, which undergo a washing and steam pressing process in the last stage, carpets, upholstery and furnishing fabrics may require additional processing to meet these regulations. Due consultation should be initiated before such regulations are brought into force.
 - Intellectual property rights are becoming important in trade. In textiles and clothing, designs are considered proprietary rights, as they are distinctive features, which have a marketable value. It is also known that designs developed at considerable costs in some countries are copied in other countries with weaker IPR regimes. While international enforcement of IPR rights will remain weak for some time, countries can exercise some leverage by detaining or not admitting shipments of IPR violators into their territory. Textile and apparel industry bodies in EU are proposing such measures against Chinese and in some cases, Indian suppliers as well.

2.2.2 Handloom fabrics

India has a large handloom sector, present in several states, and employing close to 4 million persons, including a large number of womenfolk. Indian traditional handloom textiles have been also recognised as special folklore products under bilateral treaties especially with the EU and US. As a result, handloom products have enjoyed special privileges such as non-quota status and special tariff concessions in destinations.

- By and large, exporters have reported no border-out problems in exporting to these destinations. Certification provided by the Development Commissioner (Handicrafts) is the main document to be provided for duty-free clearance of handloom goods.
- There have been incidents of misclassification (power loom products getting declared and endorsed as handloom products), which have created problems in destination countries. These incidents were more rampant in the quota regime, but continue to exist in view of the tariff difference (10% in some products) between handloom and mill made products.
- Handloom exporters report problems in new EU member countries with respect to identification of products. Inspecting officials in these countries do not have adequate experience in differentiating between mill made and handloom fabrics,

and at times handloom consignments are detained for confirmation and verification of declarations.

- Similarly, combination forms using different yarns and fabrics, are subject to greater scrutiny in some countries than in others. Again, the lack of experience in dealing with handloom goods is observed in new EU member countries.
- Exporters observe greater issues relating to trade facilitation within the borders, and feel that export related costs are 20 to 25% higher than neighbouring countries like China, Pakistan, Nepal and Bangladesh. Excessive documentation, clearance time at customs, and physical bottlenecks at ports are the main causes of higher costs.
- New regulations such as sterilisation of products on SPS grounds are on the anvil in EU, and these are expected to increase costs for exporters in form of additional requirements in processes and equipment

2.2.3 Agriculture commodities:

Agriculture commodities constitute a significant share of India's exports (11.5% in 2003-04 and 10% in 2004-05), although this share is declining because of export diversification. Principal commodities featuring in exports are: spices; coffee and tea; cashew nut; and rice. India is among the world's top five exporters of rice and coffee, and the leading export in spices, tea and cashew nut.

In recent years, export of agriculture commodities have come under the purview of strict import requirements imposed by destination countries under their national health, sanitary and phytosanitary regulations. As a result, exporters are required to comply with the regulations of each destination market, and these can be considerably different from one another and also different from Indian national standards for the same products.

Indian exporters cite several difficulties in exports, especially to the EU, but also to other destinations such as US, Japan, South East Asia and Middle East. These difficulties arise from non-compliance with import country standards and regulations, on account of:

- Ever-increasing body of technical and health-related regulations and standards
- Registration and pre-qualification by importing countries
- Inadequate information of all the compliance requirements of importing countries, some with local jurisdiction
- Inadequate notice in dissemination of changes in import regulations, especially to international suppliers
- Ambiguous and unclear specifications that can be subject to interpretation
- Differences in testing and inspection methods, and calibration of testing equipment used in exporting and importing countries
- Discretionary treatment of goods under detention and lack of clear procedures for detention and disposal

- Lack of mutual recognition arrangements for testing and certification leading to inadequate pre-shipment inspection controls

These issues are noticed most in case of spices, where new requirements for products to be free from aflatoxins and pesticide residues not only require changes to cropping practices in the long term but also necessitate periodic investments by certification agencies in testing to increasingly stricter levels (at the ppb level) which differ among various importing countries. For instance, the acceptable limits for aflatoxins and pesticide residues in EU are thrice the limits acceptable in the US for the same products. However, these requirements are justified under the SPS agreements and therefore cannot be challenged, even though exporters submit that the basis on which higher levels than relevant international standards (Codex Alimentaris) are necessitated are not transparent and do not provide enough consultation with exporters.

Exporters submit that sometimes, India's apex bodies incorporate these high standards as the mandatory benchmark for all export destinations, mandatory compliance for all destinations, which is considered to be an overkill for less sensitive markets. Exports to these markets, which are smaller than the EU, US and Japan, face the costs associated with additional tests, even if they are not mandatory in those importing countries. This applies in the case of exports of spices and rice to West Asia and Africa. Export promotion agencies such as Spices Board and All India Rice Exporters Association believe that incorporating high standards on a voluntary basis is necessary to protect and preserve the high quality image of India, even though others may consider some of these requirements unreasonable or unnecessary.

2.2.4 Marine products:

With exports of 1.3 billion dollars in 2004-05, marine products are among the top five export sectors for India. India exports nearly 0.4 million tonnes of marine products, notably frozen marine fish and shrimp to EU, Japan and the US. Kerala is the main export hub for marine exports. The Marine Products Export Development Authority is the apex body in charge of export promotion for the sector.

In recent years, exports of marine products have faced several detentions, particularly in the EU, on the issue of non-compliance with EU foods regulations. This is particularly significant because marine products exports to the EU can take place only from units pre-approved by EU authorities, and all export shipments require compulsory prior inspection by the Export Inspection Council, which is the EU authorised agency for a number of food and agriculture products. The volume of EU detentions despite these stringent pre-shipment requirements warrants specific attention to EU procedures at the point of entry.

The major issue responsible for the detentions in EU is the overlap in jurisdiction of the EU and member states on health regulations, and the absence of internal harmonisation in these regulations and procedures. Other key issues are the absence of clearly laid out procedures for detention and disposal of consignments, and inadequate coordination among member state agencies in notification and de-notification of suppliers placed under alerts, following detentions. There are interesting inputs from the cases studied in this sector to support proposals under Articles VIII and X. These are explained in detail in the case study no. in Chapter 3.

2.2.5 Handicraft items:

India exports a wide range of handicrafts- wood handicraft, metal ware, embroidered goods, etc. These products derive their identity from traditional folklore, and are innate to Indian culture and heritage. Exports amounted to US\$ 500 million in 2003-04 and US\$ 344 million in 2004-05, with US and EU being the major destinations. Handicrafts also have non-quota status and enjoy considerable tariff concessions under the EU's GSP system.

In general, the handicraft sector (wooden handicraft clusters in Jodhpur and metal ware in Moradabad were visited) does not face hurdles in destination markets. A major reason is the presence of active industry associations such as Jodhpur Handicrafts Exporters Association, which keeps its members regularly updated of all regulatory and procedural changes in India as well as in destination countries. However, some specific instances have been reported:

- Wooden handicraft exports have been detained in EU ports citing the absence of a CITES declaration in respect of the wood species used. On the other hand, export regulations do not specifically mandate these declarations, because India has prohibited the use of all wood species falling under the CITES convention (EXIM Policy).
- Instances of detention of wooden handicraft articles have also been reported under provisions of child safety. Some wooden articles can be easily classified as toys, in which case, the use of chemicals (paint) and presence of sharp edges, etc. can be grounds for detention. The fact that these are not intended as toys becomes disputable in case of detention.
- Indian musical instruments (flutes) made from bamboo have been detained in some ports due to lack of knowledge of their usage (until physical demonstration), and subsequently on phytosanitary grounds
- Imprecise descriptions and classifications result in treating some products under the loose category of 'others', and increase the discretionary element in procedures, including application of the most extreme measures.

The nature of problems in the handicraft sector has more to do the large and loose description of the term handicrafts, which can be easily classified differently, and, to a lesser extent, with imprecise specifications on part of buyers/importers, which do not

take into account national regulations in the destination countries. It is considered in the interest of exporters to publish an exhaustive official catalogue of Indian handicrafts, identify clusters from where these products originate, and also specify usage limitations (whether child safe or not, etc...) and make it available to trade points in important destinations, to avoid ambiguity.

2.2.6 Leather goods:

India is among the world's top five exporters of leather and leather goods. Leather exports touched US\$ 2.16 billion and US\$ 2.29 billion in 2003-04 and 2004-05 respectively, main item being leather footwear. Principal destinations are the US and EU (Germany). The Council for Leather Exports (CLE) is the apex body dealing with export promotion, and is considered by exporters to be highly responsive to members' needs, and pro-active in export-related issues.

According to the CLE, there are no specific problems associated with trade procedures and regulations that concern the scope of Article V, VIII and X. Exporters are well aware of all the requirements relating to leather goods in various importing countries. For instance, AVT Leather, one of India's largest exporters (exports over Rs. 100 crore) has not had a single problem with import procedures in the 25 years it has been in business.

The most important requirements specific to the sector concern use of permissible tanning materials, and declarations under CITES to the effect that no skins from endangered species have been used in the products. In some cases, shipments have been subject to protests by PETA (People for Ethical Treatment of Animals), but these have had more to do with importers rather than the Indian exporters.

A few large exporters reported having experienced random detentions of air cargo under the Container Security Initiative in the US, but cargoes were released in three days after completion of the inspection formalities. In some cases, there were detentions because labels were not present on some packages, which led to inspection of a part of the consignment, which was carried out for nearly seven days, while the remaining cargo was delivered to the consignee. The only issues in these instances were that due notification was not provided to the shippers and in several cases, the consignees themselves.

On the other hand, exporters feel that there is a lot to be done within the border to reduce trade facilitation costs. Chennai, the major export port for leather goods, faces problems in respect of port labour unrest, congestions (also created by the reduction in vessel draft after the Tsunami), cumbersome customs procedures for minor amendments such as vessel details, discretionary export inspections and valuations, and inadequacies in implementing EDI even three years after its initiation.

2.2.7 Carpets:

- India is a major exporter of traditional hand-made carpets. Badohi in Uttar Pradesh, and Jammu & Kashmir, are the most important clusters for carpet making. The traditional carpet sector in Jammu & Kashmir has been on a decline for several years, due to the disturbances in the state. Carpet exports from India have remained stagnant around US\$ 500 million for nearly past five years, mainly because of recession in the world markets as well as competition from machine-made carpets. The major destinations are the US and EU, especially Germany.
- Even though the carpet industry employs thousands of weavers, exports are concentrated in the hands of a few large operators. Several operators have their own branches to facilitate imports and onward distribution. Therefore, there are no issues specifically applying to SME enterprises.
- Exports of carpets take place by sea as well as by air. Mumbai (JNPT) is the main port of lading for exports by sea.
- There are no sector/product-specific regulations in import destinations that could be cited as trade barriers:
 - The US requires no export certification for carpets, not even in respect of child labour. In fact, the use of child labour in carpets is a myth: children are known to spoil the carpets due to impatience.
 - EU regulations required declarations and tests to show absence of azo dyes in all textile goods. Carpets have been exempted from this requirement for the time being.
- The major challenges to the sector are in the nature of financial barriers. Latin American countries are emerging as new markets. However, the banking regulations for negotiation of documents, repatriation of proceeds, and bankruptcy laws are not transparent in some of these countries. As a result, exporters do not undertake business transactions directly and prefer to route their business through intermediaries in the US. A large share of the profits gets retained with the intermediaries.
- Competition for handmade carpets is increasing from China and from machine-made carpets in general. Origin branding of carpets from India would be necessary to protect the heritage and traditional identity of handmade carpets.

2.2.8 Engineering goods:

In 2004, India's engineering goods exports stood at US\$ 10.5 billion in 2003-04 and US\$ 14.6 billion in 2004-05, with the EU as the principal destination. Export products include automobile components, castings and forgings, machinery parts, and secondary iron and steel (rods, coils and sheets), and miscellaneous articles made from metals. Automotive components exports have shown a consistent, rising trend in recent years. On the other hand, exports of secondary iron and steel goods tend to be highly price sensitive and are based on short-term or spot opportunities, rather than a strategic approach as in case of automotive components.

According to the industry associations and export councils involved with the sector, there have been practically no trade facilitation problems in destination countries, in terms of import procedures and practices. Export experiences to US, EU, Japan, and Korea have reported virtually no problems. However, Mercosur, Iran and Turkey, which are emerging as interesting markets, are generally considered to be more difficult than other destinations.

A specific case mentioned in Turkey was the export of food processing machinery and parts, which was held up due to insistence under national regulations that only food grade steel should be used. The specific grades mentioned in the regulations are not produced in India and the shipment was detained. However, this cannot be seen as a case of trade facilitation problems for the purposes of this study, as the requirements were known and unambiguous.

By and large, the four key issues reported by the industry are:

- Customs classification codes are not uniform across countries, and lend to influence of discretion in valuation/ tariff classifications
- Lack of knowledge of procedures for technical approvals, which is very important in engineering goods, and
- Inadequate access to information on customs information and notifications in some countries, especially in English language
- Absence of mutual/reciprocal arrangements for certification of Indian products under destination country regulations, leading to higher costs of certification (all tests and paperwork is to be done outside India)

There are several actions under way toward harmonisation of technical standards in the automotive sector, and India is expected to join the WTO working party 29 dealing with the subject, and several of the above issues would be addressed by these actions.

Meanwhile, intellectual property is becoming an important issue in engineering exports, following the large-scale counterfeit and unlicensed products being manufactured in countries such as China. This is resulting in a closed-loop distribution structure for after-sales parts, including restrictions by OEMs on use of non-licensed products in authorised service centres. However, these do not reflect in any way in import procedures or undue detentions of Indian products.

In general, industry observes that the domestic issues in trade facilitation merit greater priority and attention by government. In practice, India itself is not a common market, given the numerous and cumbersome inter-state border bottlenecks in movement of goods. Resolving the internal border issues would save more than 25% of freight costs for a large range of engineering goods. Export procedures,

especially the claim of financial incentives involve substantial time and costs, and are sometimes even forfeited by exporters.

2.2.9. Chemicals/Petrochemicals, Drugs and Pharmaceuticals:

India's exports of basic chemicals, drugs and pharmaceuticals stood at about US\$ 4.5 billion in 2003-04 and US\$ 6.7 billion in 2004-05. India is emerging as a major player in the global trade in medicinal preparations and pharmaceutical products, with the increasing preference for generic drugs in countries having state-sponsored health care systems. Pharmaceutical exports have risen by 15% per annum in the past five years, and three Indian companies are among the world's top 25 manufacturers of drugs. A similar trend is observed in performance chemicals. On the other hand, exports of bulk chemicals (petrochemical products are the major export items) have fluctuated, as they are subject to spot prices, currency movements and other short-term factors, akin to commodities.

The most significant import procedures specifically affecting Indian exports of chemicals, drugs and pharmaceuticals are:

- Security procedures applying to packing, storage and transportation of hazardous chemicals
- Prior registration and marketing permissions of drugs and formulations under national pharmaceutical authorities, including bio-equivalence studies
- Arbitrary classification of alternative medicines rather than under appropriate or equivalent tariff headings, based on use

However, in hazardous chemicals as well as in drugs & pharmaceuticals, procedures and codes are rather well laid down and follow international common standards. For instance, many ports have specialised jetties for bulk chemical cargoes, and well-laid out procedures for prior information on all chemical cargos entering these ports. Similarly, exporters of pharmaceutical products observe that registration procedures in developed markets involve substantial time and costs, but these apply in a non-discriminatory manner to domestic as well as foreign applicants.

On the other hand, alternative medicinal products (ayurveda, etc.) face problems arising from their non-recognition or non-equivalence as formal prescription products. Exporters of herbal preparations have reported problems relating to classification, with products being often classified under Chapter 99 'Others', because they are not considered for classification even as food products. As a result, these products attract the highest tariffs as well as the maximum discretion in import detention procedures. This is an issue relating to need for harmonisation of classifications, and the need for inclusion of country-specific items that have not any international nomenclature, and is appropriate under Article VIII, considering that the global trade in alternative medicines is close to 2.4 billion US dollars.

The EU is bringing in new legislation (REACH) for the registration of new chemical products, which require the inventors to obtain prior registration before the introduction of the products into the EU. There has been extensive consultation on this regulation, and various stakeholders in the EU observe that this regulation involves costs up to 100,000 euro for obtaining registrations. Indian exporters and even the product associations seemed unaware of REACH, which will come into force soon.

2.2.10 Gems and Jewellery:

Although not included in the short listed sectors for this study, Gems and Jewellery sector is covered as it is India's premier export sector, accounting for more than US\$ 10.573 billion in 2003-04 and US\$ 13.705 billion in 2004-05. India processes close to 90% of the world's rough diamond caratage and 50% of value. The major destinations for exports are the EU and US. Antwerp, Belgium is the world's leading centre for diamond trade, and business in Antwerp is dominated by the generations-old ethnic Indian community (Gujaratis).

Trade facilitation is not as problematic in this sector due to the nature of business in this sector:

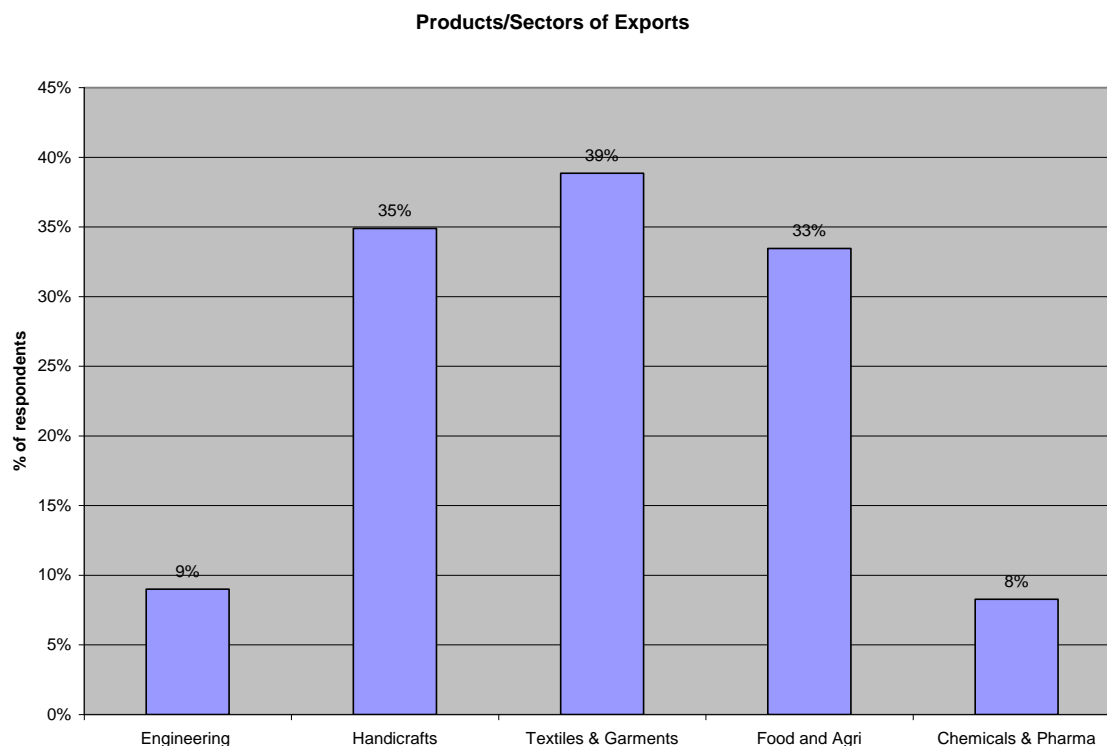
- The jewellery trade is highly personalised and is based on familial connections across the value chain.
- Most business is transacted personally and a large percentage of exports take place as accompanied baggage, including under international ATA CARNET and other protocols, which allow easy and duty-free transit. As a result, there are practically no commercial issues in exports and imports.
- International certification and valuation systems are well established in the sector, given the high value of products transacted. Also, in general, customs tariffs on jewellery tend to be very low (in India as well: 0% for rough diamonds and 5% for gold bars). As a result, customs procedures involve practically no detention on value declarations.

Section 3. Findings of the Primary Survey

3.1 Profile of Exporting organisations surveyed

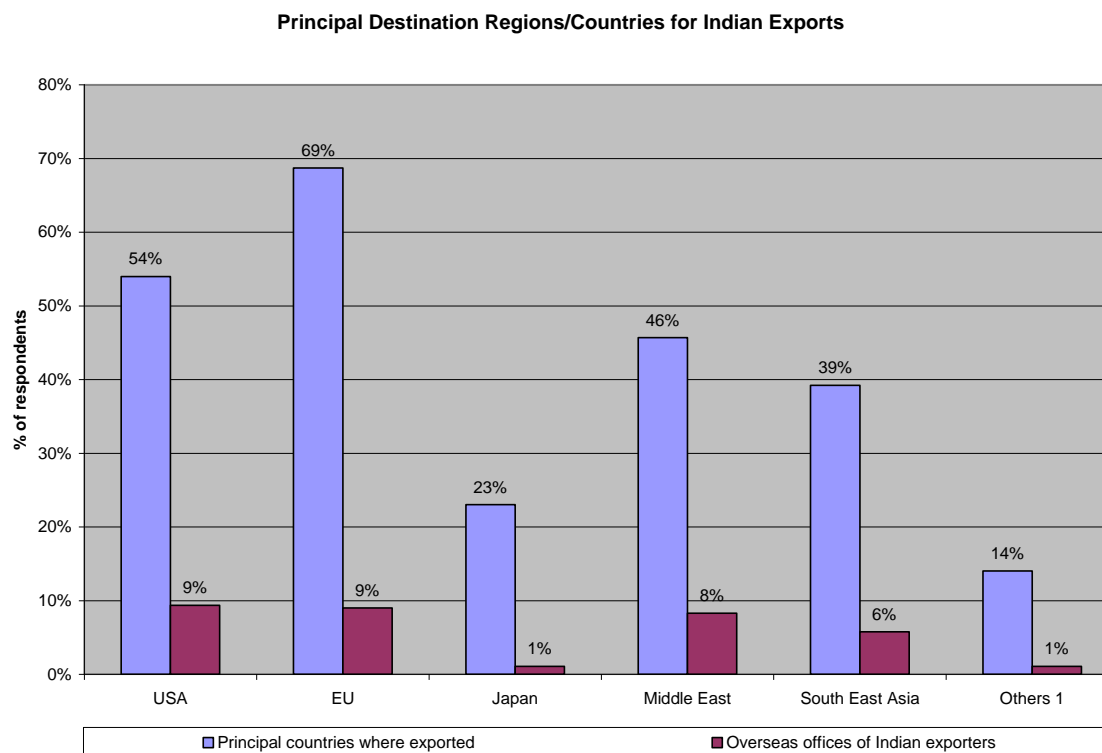
- Total Sample Size: 278
- Geographical distribution: North: 61, West 85, South: 110, East: 22.
- SMEs share in sample: 89%
- 63% of the respondents are manufacturer-cum-exporters while 37% are merchant-exporters
- 86% of the exporters are exporting their goods directly to the destination countries. However 22% exporters are trans-shipping their consignments through intermediate countries.

3.2 Types of goods exported



39% of the exporters deal in Textiles and Garments, while 35% export Handicrafts (including carpets and leather goods) 33% export Food products (raw and processed) respectively, 8-9% export Chemicals, drugs & pharmaceuticals, and Engineering goods (iron & steel, auto components etc.). Only 16% of the respondents export more than one category of goods.

3.3 Principal destination countries/regions for Exports



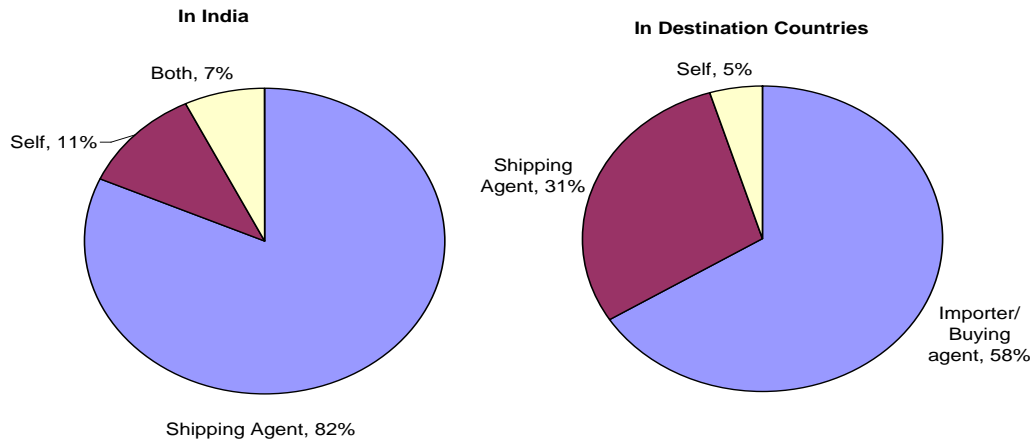
A large majority of Indian exporters cater to the markets in EU and USA, followed by Middle East and South East Asia. Most exporters either do not feel the need or are not big enough to have offices / affiliates/ representatives in other countries.

Compared to the exporters, a much higher proportion of the service providers in the area of trade logistics have overseas presence. 44% of the trade logistics service providers have offices/affiliates in USA, Middle East and South-East Asia, while 39% have a presence in the EU.

3.4 Handling of Customs clearances

Majority of Indian exporters rely on Shipping Agents for handling custom clearances in India (82%) as they are too small to have specialised staff to handle the formalities. Further, as most Indian exports are on CIF basis, the custom clearances in the destination countries are handled by the Importers or the Buying Agents themselves.

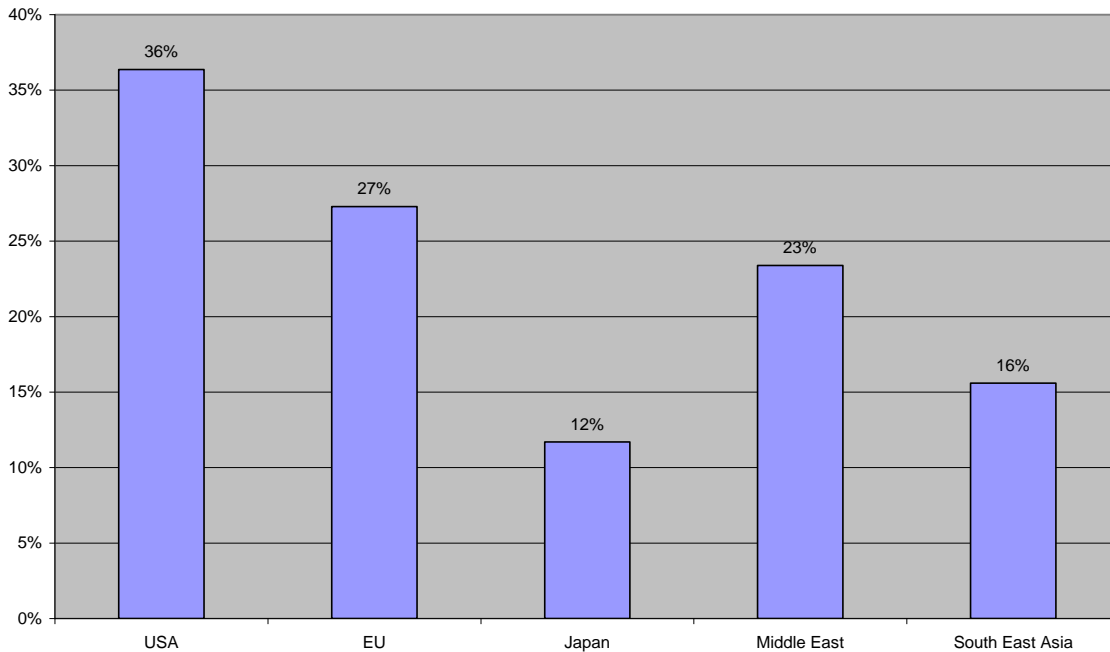
Handling of Customs Clearances



3.5 Country-wise incidence of problems faced

Although EU is the principal export destination, the highest number of problems is faced by Indian exporters to USA. The extent of problems faced in the EU and Middle East is comparable.

**Country-wise Incidence of Problems Faced by Indian Exporters
(of the 28% who said they faced problems)**



Handicrafts exporters: 44% and 36% respondents faced problems in USA and EU respectively.

Engineering goods exporters: Much higher incidence of problems in USA (46%) than in the EU (15%)

Textiles and Garments – Respondents facing problems – 28% in USA, 24% in Middle East, and 21% in EU.

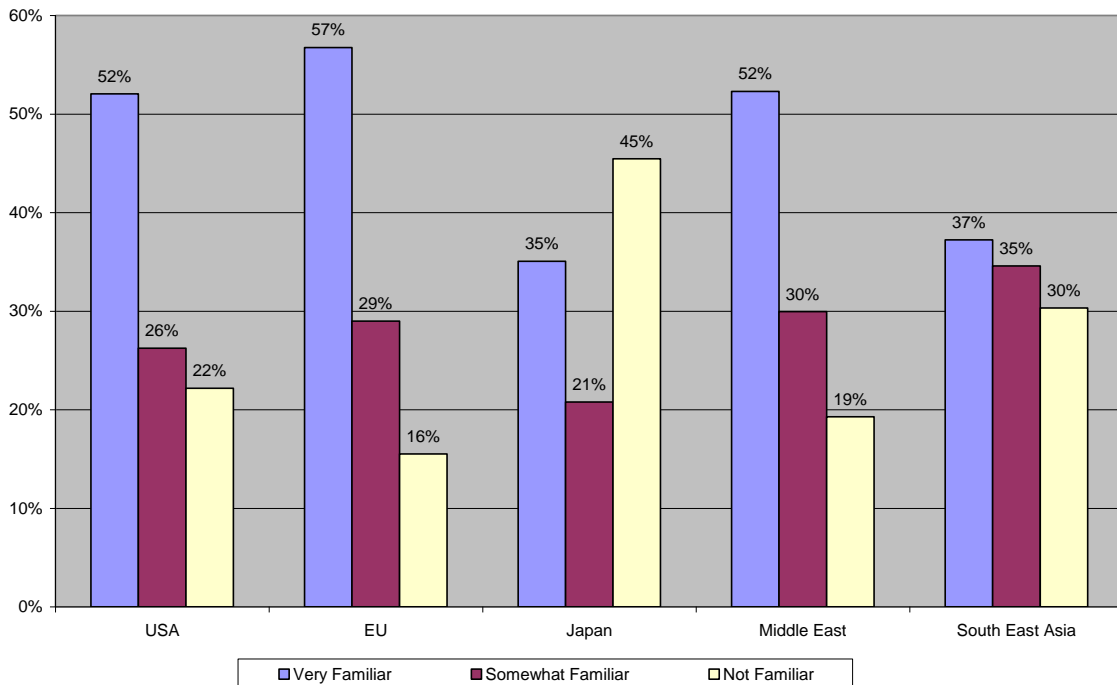
Food products – Indian exporters of food products faced maximum problems in Japan (27%), Middle East (25%) and EU (21%). However, in case of marine products, exports to EU have the highest incidence of problems.

3.6 Familiarity with Import Procedures

A very high proportion (86%) of the exporters to EU and 84% of the exporters to Middle East are at least somewhat familiar with the import requirements of the respective regions.

Interestingly, while Japan is the destination where least number of Indian exporters have faced problems, nearly 45% of the exporters to Japan say they are not familiar with the country’s import requirements.

Familiarity with Import Requirements in Destination Countries

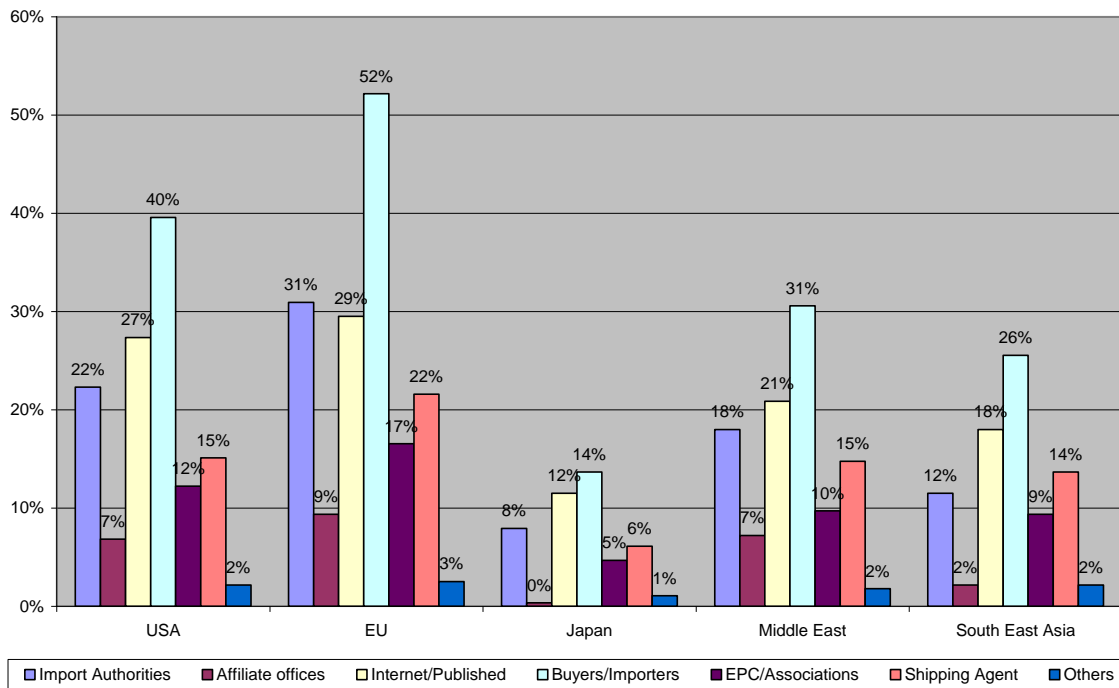


3.7 Sources of Information

Even though most of exporters do not handle the clearances and other formalities in the destination countries, nearly 77% respondents say they seek procedures related information. Buyers / Importers are the most important source of information for Indian exporters regarding import requirements, procedures and documents in the respective countries. Internet and published sources are the next most important sources of information, which is expected in the present context of information technology. The fact that overseas offices/affiliates are not an important source of information indicates that these offices/affiliations are set up primarily for marketing rather than for logistics support.

A significant finding is that exporters do not regard Export Promotion Councils/industry associations as an important source of such information, which is actually an important part of their mandate.

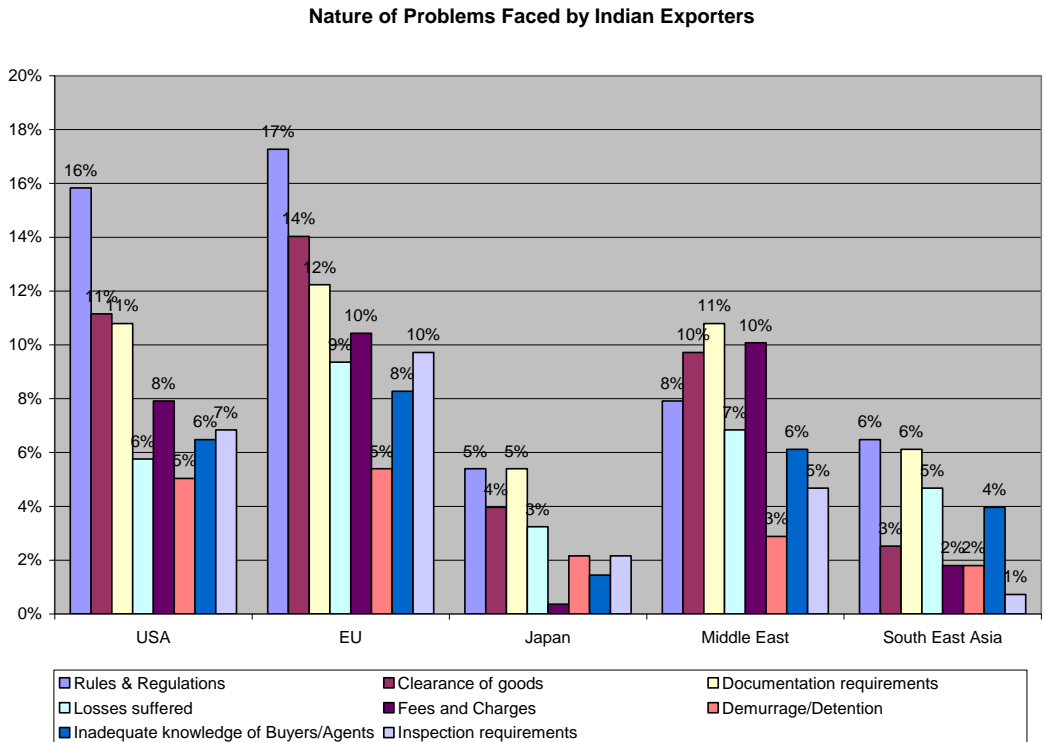
Sources of Information on Import Requirements



Handicrafts: Shipping agents play a very important facilitating role for more than 25% exporters.

3.8 Types of problems faced by Indian Exporters

The exporters cite Rules & Regulations related problems as the most common in all countries/regions except in the Middle East and Japan, where Documentation requirements are the major cause of problems faced. In the Middle East, Fees and Charges are also an issue.

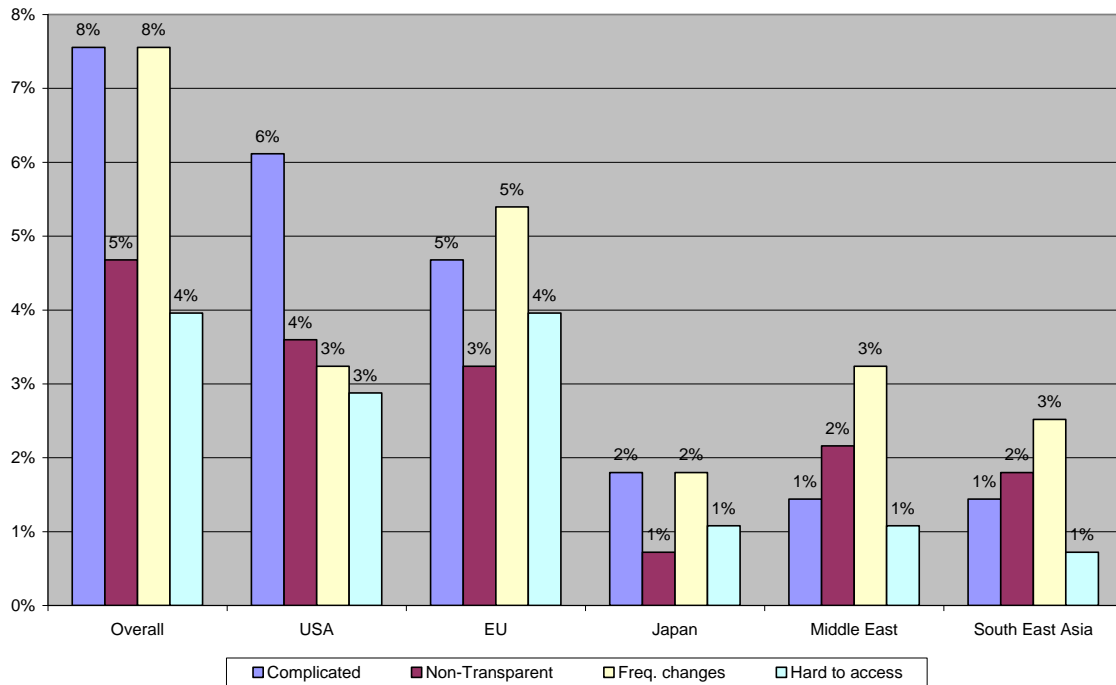


Exporters' problems are classifiable in the following categories:

3.8.1 Rules and Regulations related problems:

Overall 8% exporters have encountered trade related problems due to complicated rules/regulations and frequent changes in the same. Frequent changes in rules and regulations have caused maximum problems for Indian exporters in EU, Middle East, South East Asia and Japan. However, 6% of the exporters to USA have faced problems due to complicated rules and regulations.

Incidence of Problems related to Rules & Regulations



Handicrafts exporters consider ‘non-transparency’ of rules and regulations as the most common cause for the trade related problems.

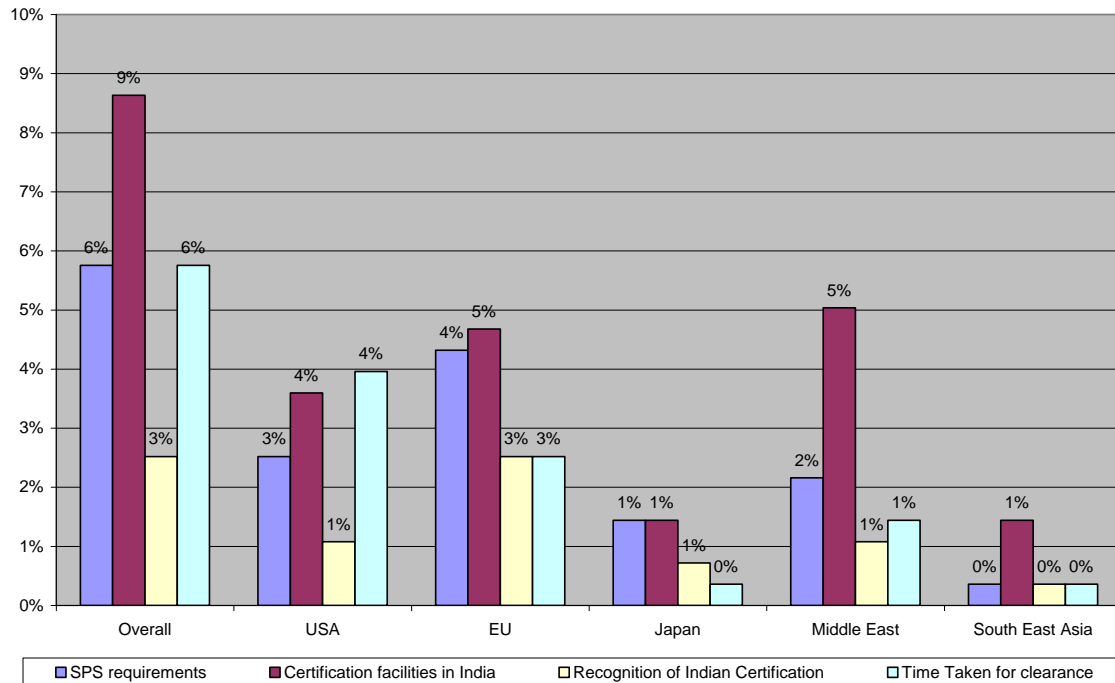
Food products exporters site frequent changes in rules (15%) and complicated rules (9%) as major causes of problems. The incidence is highest in EU and lowest in USA.

Service providers – 12% of the respondents find that the rules are complicated and undergo frequent changes.

3.8.2 Clearance of Goods

Overall 9% of exporters have faced problems in clearance of their consignments in destination countries, due to lack of adequate certification facilities within India. In USA time taken for clearance by custom authorities is the prime cause of problems for Indian exporters.

Incidence of Problems related to Clearance of Goods



For exporters of handicrafts, inadequate certification facilities in India is by far the major cause of problems faced in clearance of goods.

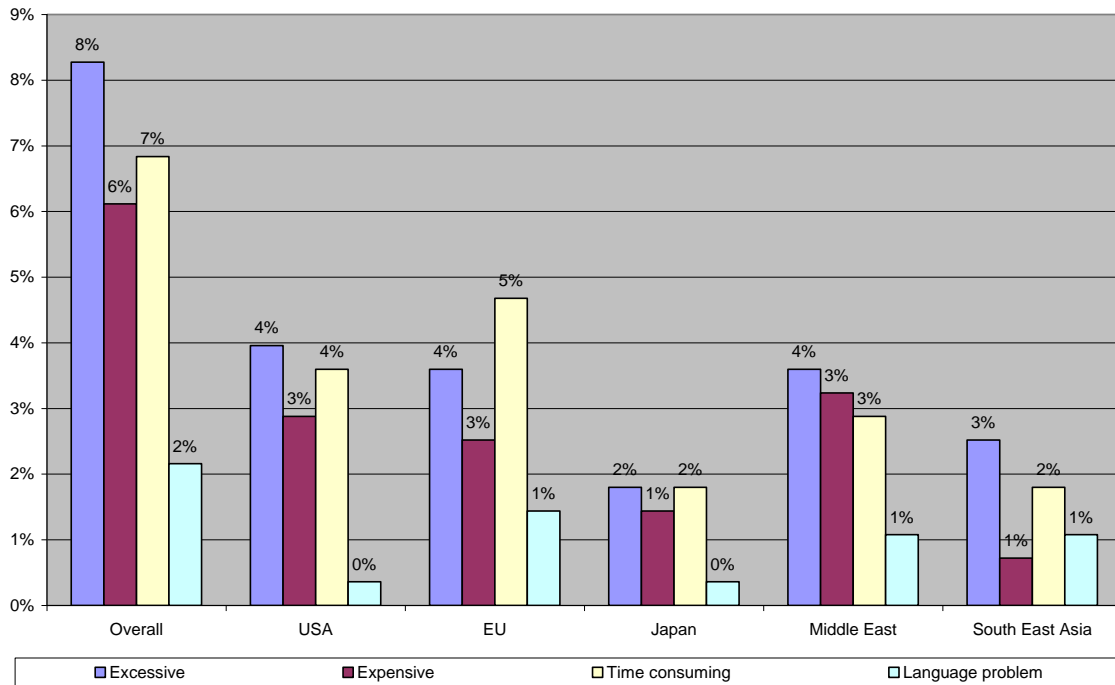
11% exporters of food products have faced SPS related problems (Overall and in EU).

Service providers – 22% state that Indian exports face clearance problems due to certification facilities in India (highest in Middle East and South East Asia).

3.8.3 Documentation/Data requirements for clearance of goods:

8% of exporters have faced problems due to excessive documentation/data requirements for clearance of goods in the destination countries. For exporters to EU, the time taken for compliance with documentation and data requirements is the biggest source of problems.

Incidence of Problems related to Documentation / Data requirements for clearance

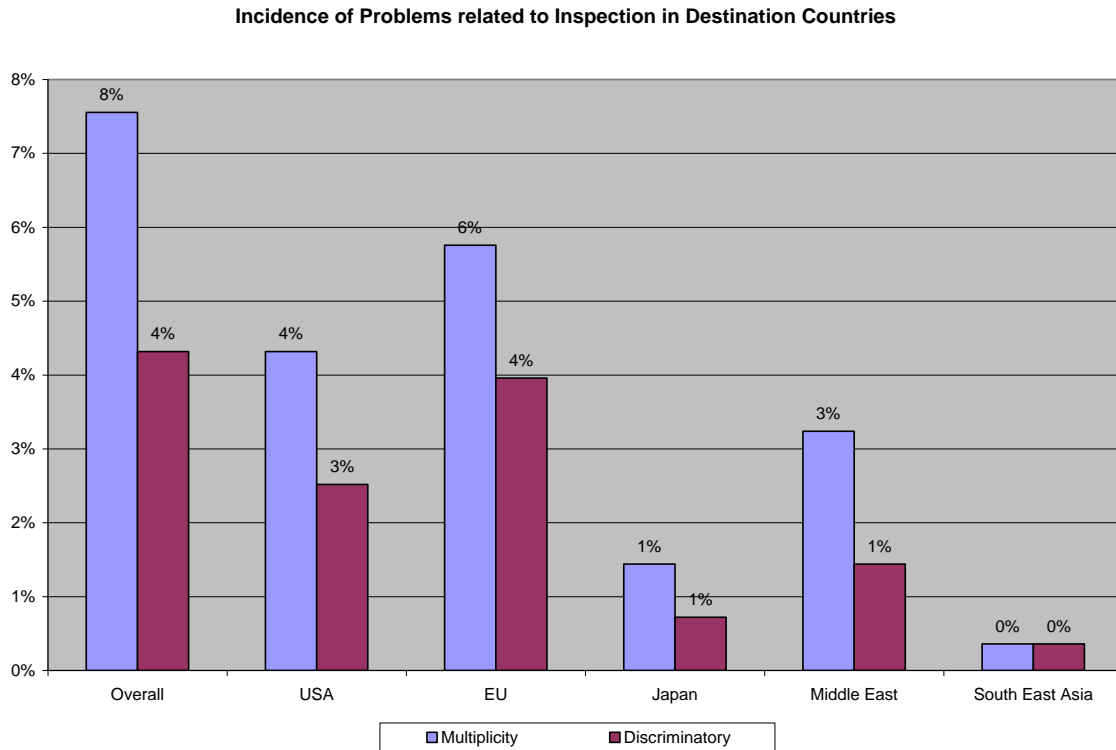


Handicrafts exporters, which are mostly small and cottage scale enterprises, find meeting documentation/data requirements very time consuming.

17% Service providers find the documentation/data requirements to be excessive, particularly in Middle East

3.8.4 Inspection requirements in destination countries

8% exporters cite multiplicity of inspection requirements as the cause of problems faced in destination countries. Significantly, 4% of exporters (overall and in EU) have faced discriminatory treatment during inspection of their consignments in destination countries.



Handicrafts exporters find multiplicity as well as discriminatory nature of inspections equally problematic.

Similarly exporters of food products (10%) think that there are too many inspections – overall and in EU

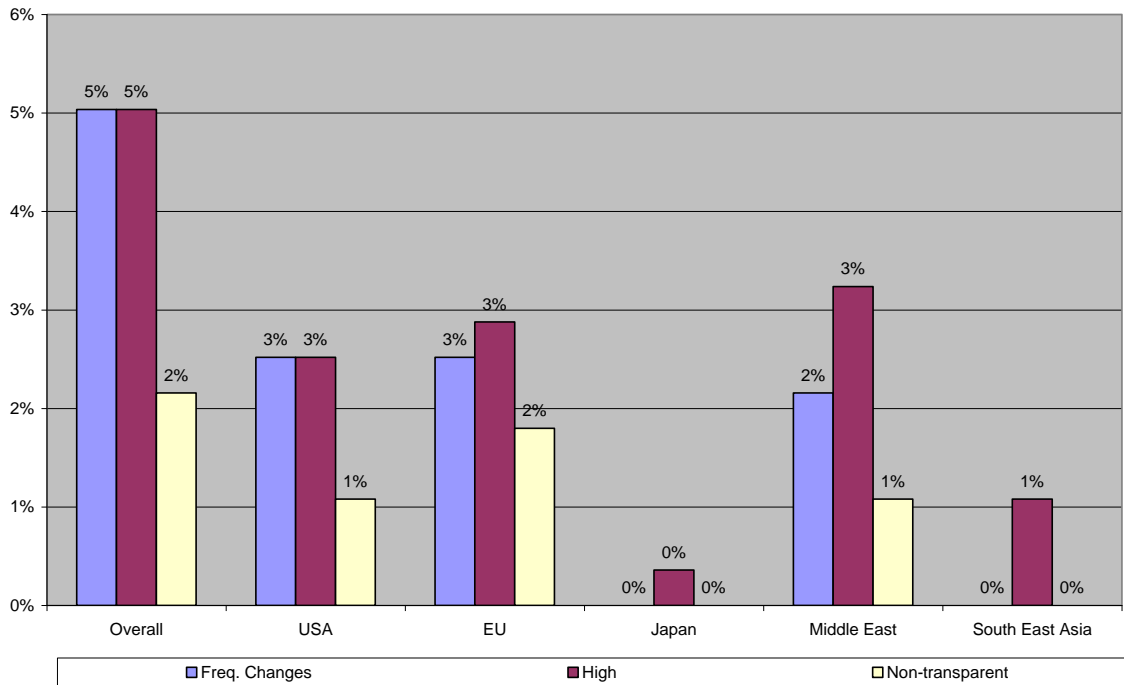
Textiles and Garments – 11% multiplicity

27% Service providers find the multiplicity of inspections a major cause for trade related problems faced by Indian exporters - highest in USA and EU

3.8.5 Fees and Charges for Clearance of Goods

5% exporters each have reported problems due to fees and charges being high and frequently changing.

Incidence of Problems related to Fees & Charges for Clearance of Goods

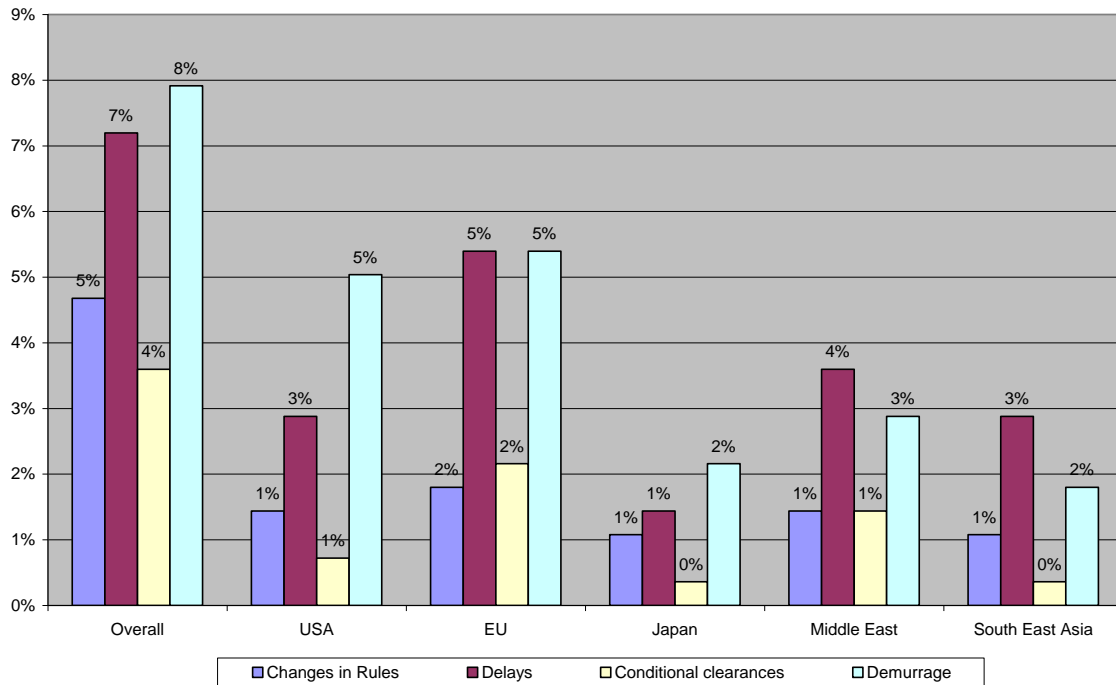


Textiles and Garments – due to 11% frequent changes

3.8.6 Losses suffered

Overall about 18-20% exporters have reported having suffered losses due to various reasons such as changes in rules, delays in clearance, demurrage etc. About 8% Indian exporters have suffered losses due to demurrage charges levied on their consignments.

Incidence of Problems related to Losses Suffered



Food: 10% respondents suffered losses due to frequent changes in rules

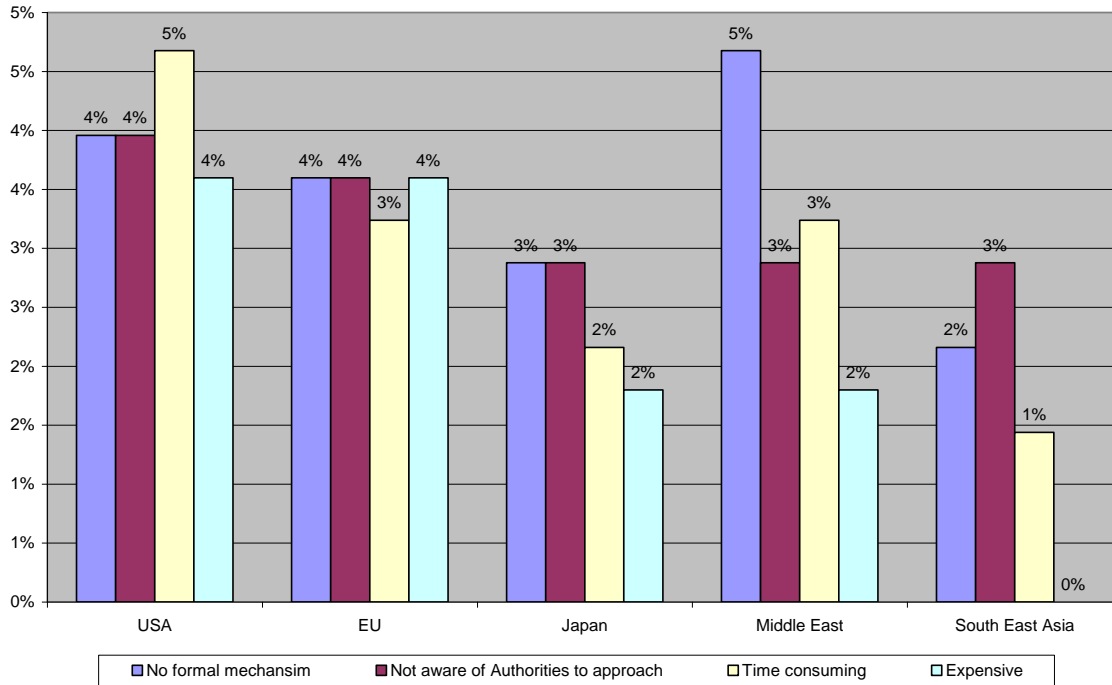
Textiles and Garments – 9% suffered losses due to delays – overall and in EU

Service providers – 20% exporters suffer losses due to delays, 17% due to conditional clearance and demurrage. The losses are highest in EU and Middle East.

3.8.7 Disputes Handling

Time consuming mechanism for handling of disputes has caused problems for 5% of exporters. However, the other aspects of disputes handling, namely lack of formal mechanism, lack of clarity about authority and high cost, are also equally significant.

Incidence of Problems related to Disputes Handling



Significantly, 12% to 15% of handicrafts exporters have reported having faced problems related to disputes handling.

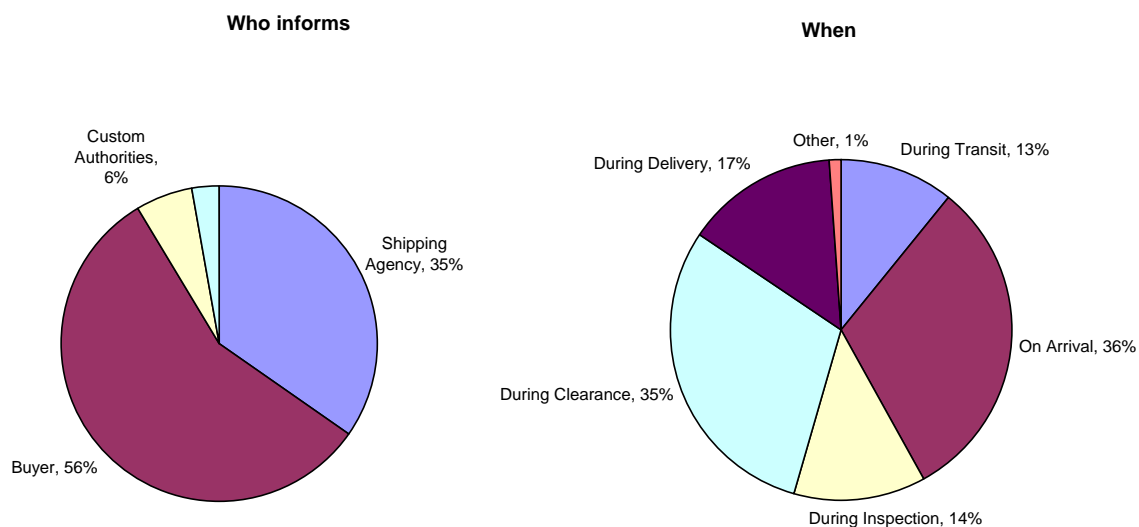
Food: 16% respondents blame time consuming systems for disputes settlement for problems, 16% also feel that there is no formal mechanism for disputes handling in Middle East.

Textiles and Garments – Disputes handling is an issue in USA (12-14% respondents) and EU (10-11%)

3.8.8 Intimation of the export-related problem

The Indian exporters get to know of the problem(s) mostly on arrival of the consignment in the destination country or during clearance. Usually the buyer or the shipping agency informs the exporter regarding the nature of the problem.

Intimation of Problem to Indian Exporter



3.8.9 Higher incidence of trade-facilitation problems within India

Indian exporters face more trade-related problems in India than in the destination countries (refer section 5.5).

	Within India	Outside India
All exporters	65%	35%
Handicrafts exporters	61%	39%
Engineering goods exporters	100%	0%
Food & Agri products exporters	58%	42%
Textiles and Garments	72%	28%
Service (Trade Logistics) Providers	62%	38%

In addition to the tabulation of responses regarding trade related problems faced by Indian exporters, a compilation of various problems reported by survey respondents is provided below. Some of these are not really problems or inputs for the purposes of this study but have been reported for transparency.

Listing of Problems in Destination Countries reported in the Primary Survey

Type & Description of problem	Nature of problem			
	Commercial	Procedures/ Documentation	Coordination	Destination Specific
Holding up of containers		Yes		USA
Introduction of ACD and screening of containers. Any discrepancy (mismatch in number, weight due to human error) between ACD, Packing List or BL leads to Heavy penalties (up to \$ 5000).		Yes		USA
Delays in getting payment. Banks release goods to buyers without clearing payment. Lack of mechanism for resolving this issue.	Yes			
No direct touch with the importers or destination authorities			Yes	
Poor response from buyers after the Pragati Maidan Fair organized by EPCH.			Yes	
Lack of screening of buyers to ascertain their business integrity.			Yes	
Customs clearance cumbersome & “fatiguing”, though procedures are easy, Lack of transparency		Yes		USA. EU
Language problem			Yes	EU, SE Asia
Lack of cooperation & heavy demurrage due to custom clearance		Yes	Yes	Brazil
Delay in trans-shipment		Yes		Africa
In spite of a certificate of “Shut		Yes		USA

Type & Description of problem	Nature of problem			
	Commercial	Procedures/ Documentation	Coordination	Destination Specific
out” given by the Customs authorities, US authorities insisted on a fresh invoice, leading to Demurrage & penalty.				
Detention of consignment as invoice showed embarkation from Mumbai, while the vessel left from Nava Sheva.		Yes		US
Unfair means adopted by Shipping line who asked the importer to pay charges from Port to his location, even though it was shipped on pre-paid door delivery basis.	Yes			EU
Requirement of legalization of documents by the Embassy after the Chamber of Commerce has stamped the documents (BL, Invoice & Packing list. It costs Rs. 8000 to 10000 and causes a delay of 10 to 15 days.		Yes		Saudi Arabia (sometime other Gulf countries and Mexico for textiles)
Requirement of cleaning of container exterior. Penalty of \$250 is levied, even if it becomes dirty in the vessel in transit.		Yes		Australia
Requirement of a Phytosanitary certificate for handicrafts.		Yes		Mexico
Fumigation by some shipping lines, even though the destination country does not want it. De-fumigation at destination costs \$ 300-400 or leads to returns or destruction of the consignment, causing huge losses.		Yes		EU Israel

Type & Description of problem	Nature of problem			
	Commercial	Procedures/ Documentation	Coordination	Destination Specific
Changes in cost/ port tariff, leading to disputes & retention.		Yes		
Disparity in charges between ports for hazardous material, including fumigation.		Yes		Gulf & Rotterdam.
Disparity in fumigation requirements		Yes		US – Wooden furniture, Australia & New Zealand – all items
Requirement of hazardous material to be physically escorted manually, which is very costly.		Yes		Spain
Problem in trans-shipment of pork, even if it is not unloaded.		Yes		Gulf
Sudden changes in the contents of the Health Certificate, leading to delays, heavy costs and loss of business		Yes		Turkey
Disparity in Plant Quarantine certificate given by Indian authorities and importer requirements.		Yes		
Disparity in requirements e.g. “Kosher” certificate, Radio-active material, Phyto-sanitary and legalization certificates		Yes		US
Lack of cooperation in understanding our procedures, documentation and certificates				US, EU
Sudden changes in Custom fees				US, EU
Too many inspections & time				Middle

Type & Description of problem	Nature of problem			
	Commercial	Procedures/ Documentation	Coordination	Destination Specific
consuming customs procedures, rules not clear and not easily accessible, prefer to work through agents				East, SE Asia
High tariffs in some countries forces customers to import via neighbouring countries				Africa & Latin America
Due to short Transit time, the documents do not reach in time				Middle East, Sri Lanka
GSP classification problem				EU

3.9 Salient findings from discussions with Industry / Trade Facilitation bodies:

The discussions with apex industry bodies and trade facilitation organisations provided useful insights into sector-specific issues and destination-specific issues. A few important observations are:

- In general, there is very low level of understanding among trade bodies and even sector councils, of the scope of trade facilitation, ranging from an all-inclusive to a very narrow interpretation.
- The majority of trade bodies perceive more problems and costs with trade facilitation within India than outside the country. As a result, trade facilitation is seen as a major domestic issue than an international issue, which has implications in terms of priority-setting for the Government of India.
- There is considerable overlap between trade issues relating to technical standards and issues relating to the scope of trade facilitation as set out in GATT Articles V, VIII and X. This suggests that while representations on technical standards can only be addressed under the SPS and TBT agreements, the processes through which they are notified and administered can actually be taken up under trade facilitation negotiations.
- There is a concentration of complaints and experiences in a few destinations (EU and Middle East) and sectors (marine and agriculture products), based on number of incidents and range of issues. Therefore, trade facilitation solutions will also have to be sector-specific and destination-specific rather than generalised.

Section 4. Trade Facilitation Experiences -Case Studies

The following select case studies, unearthed during this mission, reflect very specific issues to assist Govt of India in making proposals in the forthcoming discussions in July.

Several of these cases originate in/overlap with SPS/TBT issues. However, in this study, these cases have been analysed only from the perspective of trade facilitation as agreed for this study, i.e. they do not question or challenge the rationale of these measures (which are SPS/TBT related discussions), but only identify discrepancies with respect to application of Articles V, VIII and X in implementing these technical measures.

4.1 Case 1: Food shipments, New Delhi to UK

Shipper: A reputed Indian manufacturer of processed ethnic snacks and sweets, having export operations to several countries having ethnic Indian populations

Product: Indian sweets (mithai), in sealed and vacuum-packed boxes, for Xmas/New Year seasons, exported by air.

Case:

- (i) The airport customs authorities in UK could not identify the product from the stated description (Indian sweetmeats) with any of their classifications, and did not have any equivalent food standards for the same.
- (ii) Ethnic sweet shops exist in some districts of London (Ealing, South Hall), and these are governed under local municipal/health authorities.
- (iii) As a result, the importer was asked to furnish a copy of the municipal health certificate of the exporting company in India (HQ in Mumbai).
- (iv) Municipal authorities in India are responsible only for the hygienic conditions of the vending/sales outlets and not manufacturing premises, which may be in other states.
- (v) There are no EU categories for ethnic sweets, which loosely fall under the category of milk and dairy products. Therefore, the mandatory requirements of pre shipment certification by the Export Inspection Agency did not apply in this case (there was no standards to test against)
- (vi) The exporter's registration with APEDA, were neither understood nor accepted by the authority.

- (vii) The entire consignment lay in the airport for one week (Xmas week) and the contents were spoilt.

Analysis of case:

Negotiation scope: Article X (Dissemination of procedures and regulations, focal points, and right to appeal)

4.2 Case 2. Mango shipments to France

Shipper: An Indian exporter of seasonal tropical fruits

Product: Indian mangoes in cartons, by air, direct shipment.

Case:

- (i) The shipment had a valid phytosanitary certificate issued by an approved authority.
- (ii) The airport quarantine authorities in the said airport in France found mangoes wrapped in straw, inside air-cooled carton boxes.
- (iii) Straw being an agriculture waste, the entry into France was detained as the phytosanitary requirements address only the product and not the packaging.
- (iv) The consignment was subjected to fumigation under the supervision of quarantine authorities and then released.
- (v) The entire consignment had to be destroyed by the importer, because fumigation is not a specified treatment for fruits and vegetables, as it makes the products inedible.
- (vi) The exporter made a loss as the importer claimed damages.

Analysis of case:

This is a case of improper procedures followed by the quarantine authorities by fumigating the product, as well as improper or ambiguous shipping instructions given by importers, by not specifying the packing medium for the product.

To an extent, this also underscores the need for setting export packaging guidelines for agriculture or food exports, to avoid product rejections arising from the use of conventional, natural packing materials that are popularly used in India.

It would also have been appropriate for the French Quarantine authorities to seek from their Indian counterparts, information of alternative treatments that have the same effect without spoiling the products, instead of fumigating the consignment.

Negotiation scope: Article X (Dissemination of procedures and regulations, focal points, and right to appeal)

4.3 Case 3. Floriculture shipments to Netherlands:

Shipper: An exporter of cut flowers

Product: Rajnigandha in flower cartons, by air, direct shipment.

Case:

- (i) Rajnigandha, an Indian ethnic flower, was tested in EU markets as a new, unconventional export and positioned as a niche product.
- (ii) The shipments had valid phytosanitary certificate issued by an approved authority.
- (iii) The airport quarantine authorities in Netherlands mandate post-entry observations for a period of two to six days upon arrival. Usual cargoes, such as rose, gerbera, and tulips, have a useful shelf life of seven to ten days, even after the release from quarantine stations. However, rajnigandha is a short-shelf life flower, less than seven days.
- (iv) The consignment perished soon after release from quarantine procedures, and was returned from the retail shops.

Analysis of case:

This is a case of lack of adaptation of procedures followed by the quarantine authorities, as a result of which market access for new products is rendered more difficult.

This case underscores the need for disseminating quarantine testing practices by Indian authorities to assure counterparts that their SPS concerns can be fully addressed while accommodating product-specific procedures.

Negotiation scope: Article X (Dissemination of procedures and regulations, focal points, and right to appeal)

4.4 Case 4. Red Sudan in spice exports to EU:

Shippers: Indian exporters of Red Chillies in Andhra Pradesh

Product: Red Chillies exported by sea.

Case:

- (i) India produces 1.0 million MT of chillies annually, of which only 60,000 MT is exported.
- (ii) Red Sudan (three grades: 1,2 and 3) is a synthetic colourant used in the food industry several years ago but was banned by the EU in processed foods some years ago, on grounds of being potentially carcinogenic.
- (iii) In October 2003, EU specified the requirement of sudan-free certificates for all spices and notified appropriate agencies (Spices Board, EIC) in India, after finding traces in some export consignments.
- (iv) Spice processors in India do not use synthetic colourants in the processing plants. However, in line with export requirements, Spices Board laboratories tested all export consignments for Sudan and issued certificates of compliance.
- (v) Several consignments of red chilli powder continued to get rejected despite these actions. Upon detailed enquiry, it emerged that advanced EU equipment could detect traces at the ppb level where as the Indian equipment could detect traces at the ppm levels (internationally, colourants are tested at the ppm level)
- (vi) Spices Board invested Rs. 1.5 crore in modern GCMSMS equipment, which could provide the same level of accuracy as the EU equipment. Tested under this equipment, several consignments in India were not allowed to be exported, not being sudan-free at the ppb level.
- (vii) However, spice processors do not use colorants, and it was difficult to trace the origin of the problem for several months. Eventually it was established that chilli farmers in some belts of Andhra Pradesh added colourants to the dry chillies before sending them to the mandis, with prospects of getting higher prices. These lots mix up with the other lots coming into the wholesale markets, and it is practically impossible to trace their origin.
- (viii) The Spices Board contends that the EU's specification of sudan- free at the ppb level should have been communicated at the very beginning, and also that harmful levels of sudan can occur only at intake levels that are substantially higher than even countries like India, where chilli is a key daily ingredient. Such consumption levels are unforeseeable in Europe.

- (ix) Other large markets- Africa, South East Asia and Middle East- do not impose this requirement, and allow Indian chilli powder to be imported without sudan-free certificates.
- (x) Sudan tests cost Rs. 2000 per sample, and several samples are drawn from a container load. The costs of inspection are very high for a low value product like Red Chilli (inspection costs of Rs. 6000 for a cargo value of Rs. 2 lakhs i.e. 3% of CIF value). Large exporters are reported to be spending close to Rs. 50 lakhs per annum on testing charges alone.
- (xi) Testing for pesticide residues is very costly too, with each test costing Rs. 7,000, and 8 samples in a FCL, which means a cost of Rs. 56,000, or 1000 euro per container for raw material tests alone. This further adds to the costs and makes exports unprofitable.

Analysis of case:

This is a case of imprecise communication of technical requirements for export inspection procedures (Sudan-free is a subjective term depending on the sensitivity of the detecting equipment), as a result of which initially export consignments passed the tests in India but failed the same tests in EU.

This case also underscores the need for debating SPS concerns and challenging the over stringent requirements based on unrealistic apprehensions (but that is beyond the scope of trade facilitation as undertaken in this study)

Within India, the solution to this problem is beyond the control of trade agencies, and requires interventions by state departments of agriculture (extension services) to stop adulteration of fresh chillies by farmers.

Negotiation scope: Article X (Dissemination of procedures and regulations); Article VIII (testing procedures and fees)

4.5 Case 5. Seafood exports to EU:

Shippers: Leading Indian exporters in Kochi, Kerala

Product: Marine products

Cases:

- (i) India exports more than 0.4 million MT of marine products annually, mainly to the US, EU and Japan. The US is the major destination, followed by EU and Japan.
- (ii) Exports to the EU involve strict regulations:

- Prior registration/approval by EU authorities is needed of processing and cold storage facilities (there are more than 400 approved units).
 - Pre-shipment certification is mandatory for all shipments, to be issued by EIC or its approved laboratories, under EU guidelines as prescribed from time to time.
 - In case of rejections of export consignments, EU authorities issue a red alert notification for the processing units in which rejections occurred.
- (iii) In recent years, there have been several complaints relating to Indian products in recent years, mainly in respect of use of antibiotics and bacterial inhibitors.
- (iv) In the beginning, India did not have adequate facilities to check for antibiotic residues at the ppb level as required by EU, as a result, exporters had no way of knowing whether their products were conforming to EU standards. However, suitable equipment was procured in some laboratories and testing at the ppb level became possible. There were 50 complaints in 2002, 47 in 2003 and 11 in 2004, which indicates an improving compliance record.
- (v) However, detentions by different destinations have been on different grounds for the same or similar consignments. Specifically, it is noted that maximum detentions are observed in Italy and Spain (nearly 50% of all complaints in 2002 and 2003). Exporters submit that these rejection patterns coincide with the high season in the Mediterranean catch, leading to a drop in domestic prices. Both Italy and Spain have large domestic fisheries sectors, which depend on this catch for the tourist seasons.
- (vi) Almost all detentions in Italy have been for bacterial inhibitors and none for antibiotic residues, where as, in the same period, majority of detentions in Spain have been for antibiotic residues and none for bacterial inhibitors. This has been observed even in case of the same processing/exporting units.
- (vii) There are nearly 250 bacterial inhibitors, of which only less than 10 are banned substances. However, it has been observed that in some cases, complaints are filed by EU authorities on the mere presence of any of these 250 inhibitors, even if these are not specifically banned substances like nitrofurans and sulphamide. This is seen as an incorrect application of the EU regulations by the local health authorities, and taking advantage of ambiguities in the provisions.
- (viii) When the EU issues a red alert, the exporter involved faces a 100% inspection for a predetermined number of consignments following the alert. However, different member states in EU specify different number of shipments for the removal of the red alert notice. For instance, France requires 4 clear consecutive shipments; while Spain, Italy and Netherlands require 10 clear consignments. Member states do not inform the central authorities about the

- successful completion of the red alert notice period, which delays denotification by the EC.
- (ix) More important, when a red alert is issued in any of the EU members, it is immediately notified to all the other members, and the 100% check rule is applied by each of the member countries. This means that once a red alert is issued, an exporter must get denotified in each of the member countries, which means upto 200 consignments in all and a minimum number of consignments in each member state. This, in effect, means that the exporter could be permanently black listed.
 - (x) Denotification requires merely the same procedures used by the authorities as while issuing a red alert notice, but does not take place as speedily as the red alert notice. Indian exporters and apex bodies have represented this before the EU, but this country wise restriction has not yet been removed according to trade sources.
 - (xi) Testing methods used in various member countries at times distort results in inspection. For instance, the maximum permissible level of cadmium in seafood is 1 ppb (reduced from 2 ppb). Exports of shrimp can be in whole, headless or any other processed form, but the 1ppb rule does not specify the basis, whether it is applied on the entire weight or only the weight of the edible part, which can make an enormous difference in the result (edible parts being a small part of the shipped weight). The testing basis varies among laboratories and produces different results for the same product. *Following representation by exporters the EU has agreed that testing for cadmium will only be done on edible parts.*
 - (xii) Similarly, in the case of dehydrated or freeze-dried products, there is concentration of the product on account of loss of water. For instance, red chilli loses 60% of its weight (moisture) in the process, while shrimp loses 90% of its weight on freeze-drying. However, the testing basis in EU uses the same sensitivity criteria for testing wet and dry products, which is fallacious. There need to be appropriate allowances for this concentration of product in a normal manufacturing process, as in these two examples.
 - (xiii) The EU does not normally allow the facility of a confirmatory test, unlike the US. In one case of a consignment of India's largest exporter, it was found that the testing of the samples in Italy was done in a non-accredited laboratory and the consignment was rejected. The exporter arranged another test in an accredited laboratory, which reported that the consignment was acceptable under EU standards. Smaller exporters would find it difficult to take such actions to challenge the findings of inspection authorities. In any case, when EU insists on accreditation of Indian laboratories, it should follow similar rules for its domestic sector as well.

- (xiv) Norway's health authorities detained seafood consignments citing detection of vibrio-cholera, but the tests used were not based on international standards.
- (xv) The most damaging procedure followed in the EU was the destruction of rejected consignments without returning them or intimating the consignors. This was particularly frequent in France and Italy. The destruction was carried out on the grounds that consignments declared unfit for human consumption could not be salvaged. This is contrary to practices in India and several other developing countries, where when a sample fails, the entire consignment is segregated into smaller lots and each lot is examined in detail. The good lots are reshipped while the rejected lots are disposed of. The EU system resulted in a destruction of good cargo along with the bad, all at the cost of the exporters. *After representation, the EU has recently agreed to return rejected cargoes for reshipment to the origin.*
- (xvi) New EU requirements have been notified through EIC for testing of water as per EC standards 98/EC. However, the EIC itself does not have the necessary equipment to test and certify units under this standard, and requires authorisation and funds from the Ministry of Commerce to install the same.

The most important issue is that exporters find these problems occurring only in shipments to the EU, whereas there are practically no complaints reported in the US for the very same products and exporters.

Analysis of cases:

- EU standards and regulations are not applied uniformly among member states.
- There is a lack of transparency and discretion in inspection mechanisms, and appeal procedures do not exist at the points of detention, but need to be represented through the common EU authority.
- Decisions are taken arbitrarily, without consultations and often overturned when challenged strongly by exporters.

Negotiation scope: Article VIII (testing procedures and fees); Article X (Dissemination of procedures and regulations)

4.6 Case 6: Rice Exports to GCC countries:

Shippers: Leading Indian exporters in Punjab and Haryana

Product: Polished Basmati Rice

Case:

- (i) India's rice exports are more than Rs. 1200 crores annually, most of which is to the GCC area, especially UAE and Saudi Arabia. Basmati long grain rice commands a premium in the market, compared to other varieties.
- (ii) The major buyers are wholesale traders, who supply in bulk to rice packaging units for distribution to retail supermarket chains. Indian rice fetches a higher price but has competition from other origins such as Thailand, Vietnam and Pakistan.
- (iii) It is a common practice in rice imports to order a mix of basmati rice (high priced) and some inferior, look-alike grades of non-basmati rice, which have long grains, but not the aroma of basmati. These look alike grades, known as 'mucchal' or the 'moustached one', are grown in Punjab and Haryana, and are priced about 50% lower than basmati.
- (iv) Shipments are made as per the buyers' instructions, and certificates of origin obtained with the appropriate descriptions, describing basmati and non-basmati varieties separately.
- (v) The mixing of basmati and mucchal rice is done at the packaging plants in the destination country. The retail packs are branded as 'fine long grain Indian basmati rice'.
- (vi) Municipal inspection authorities in UAE and Saudi Arabia have seized packages with such declarations, and issued notices to importers, after detecting adulteration in basmati rice through DNA tests. It is difficult for Indian exporters to trace their consignments until the retail stage. As a result, Indian rice shipments are regularly subject to DNA testing, besides coming under price pressure. Importers and inspection authorities have begun asking for DNA analysis of basmati rice consignments from India.
- (vii) AIREA, in an attempt to salvage the reputation of Indian rice exports and to protect the basmati brand premium, is considering to ask all its members for voluntary genetic testing of all their export consignments. However, genetic testing is presently done only in a few centres in India and costs upto Rs. 5000 per sample. This will only add to the procedures and costs for exports, especially for smaller exporters.

Analysis of case:

- A commercial practice in the destination, to which Indian exporters are not a party, has resulted in additional certification requirements and costs for exporters.

Negotiation scope: Article VIII (testing procedures and fees)

4.7 Case 7. Shipments to West Africa

Products: Heavy engineering goods, machinery, steel, stone, and heavy parts

West Africa, especially Nigeria, is an export destination for heavy cargo such as machinery, steel and stones.

The following are some specific problems associated with these ports:

- (i) Shipping lines use two types of containers- normal and heavy duty. Normal containers have a maximum payload of 22 MT while heavy-duty containers can carry 36 MT of payload. These containers cannot be distinguished purely on external appearance, as they have the same dimensions.
- (ii) Heavy cargoes are normally stuffed into heavy-duty containers, on the request of the shipper or at the discretion of the container lessors.
- (iii) Equipment at some ports in West Africa have not been upgraded to accommodate heavy-duty containers, and incur frequent breakdowns, and resulting in congestion at ports.
- (iv) To reduce the incidence of down time, port authorities have prescribed cargo weight restrictions less than 20 MT for 20-foot containers. This has affected the freight costs for shipments to these ports, especially for heavy goods, even though they occupy less space in the containers.
- (v) Weight restrictions were introduced without advance notice, resulting in cargoes not being downloaded from vessels, without providing guarantees against breakdowns while downloading the cargo. Notices are also issued with retrospective effect, which is contrary to international principles.
- (vi) In general, container operators do not undertake shipments to Africa on a freight-collect basis, and without full insurance cover against damage and theft. This is because, in several cases, importers do not show up to clear the cargoes (various examples of vanished firms, fraudulent L/Cs, etc in Nigeria). Under such circumstances, containers are detained by customs and goods finally auctioned to recover customs and port charges. The container operators incur losses due to the late return or non-return of containers.
- (vii) Logistics providers are unwilling to undertake multimodal door-door delivery services in West Africa, as containers and goods get damaged on bad roads, and some times containers are stolen in villages and used as barracks. Also, land transport of containers requires an inland permit, which at times is refused to freight agents by the authorities. Therefore shipments to West Africa are only on CIF basis, freight-prepaid by shippers.

Analysis of case:

- Abrupt changes in regulations without taking cognizance of international standards, and inadequate security in land transportation, leading to additional freight costs for exporters.

Negotiation scope: Article VIII (testing procedures and fees), Article X (dissemination)

4.8 Case 8. Shipments to Brazil

Products: all general cargoes

Problems:

- (i) Shipments to Brazil are mostly transhipped through US ports.
- (ii) Brazil has very specific requirements for documentation, one of them being that the freight charges need to be mentioned specifically in the Bill of Lading.
- (iii) When cargoes are shipped on FOB basis, the shippers cannot possibly mention the freight. In such a case, customs valuation processes determine the freight break-ups in order to compute the customs duty. These values are often higher than the actual market rates.
- (iv) Even when shipments are on CIF basis, the international nomenclature for freight only includes the basic ocean freight. However, for customs valuation, Brazil authorities also include additional elements such as BAF and CAF, which are not known to shippers or freight forwarders. Again, duties are calculated based on these charges, and in some cases, penalties have been levied for under- declaration of CIF value.
- (v) Document discrepancies, even for minor details can entail fines of \$1000 in Brazil.

Negotiation scope: Article VIII (testing procedures and fees), Article X (dissemination)

4.9 Case 9. Bulk drug shipments to Bangladesh

Products: bulk drugs air freighted to Dhaka

Problems:

- (i) Some bulk drug exporters experienced tampering and pilferage in air shipments to Bangladesh.

- (ii) Pilferages continued even when materials were rerouted through other ports and other airlines, resulting in concerns that these exporters were deliberately targeted.
- (iii) In some cases, containers were cut open and contents replaced, during customs inspection at Dhaka airports, suggesting collusion and involvement of customs officials.
- (iv) Insurance claims processing becomes difficult when shippers in India do insurance and claims originate from the customers in Bangladesh, due to inadequate reciprocal arrangements between agencies in the two countries.

Negotiation scope: Article VIII, responsibility of cargoes during customs transit

4.10 Case 10. Marble and granite shipments to Canada

Problems:

- (i) Granite and marble slabs are polished only one side and have a rough lower surface.
- (ii) Exported slabs were inspected in Canada and found to contain dirt on the underside.
- (iii) Consignments were held under quarantine and then fumigated along with the container, to eliminate any pathogens in the dirt particles.
- (iv) Importers or regulatory authorities in the destination did not communicate these requirements in advance.
- (v) Costs of detention and disposal were debited to the exporter, and are contested by the latter.

Negotiation scope: Article X, sufficient advance notification of national regulations and specific requirements

4.11 Case 11. Low value fish exports to China

- (i) China is an emerging market for low-value marine products such as ribbonfish and a number of small catch. These are processed in China for use as animal food. A number of such units are located in Chinese Special Economic Zones.
- (ii) No specific import technical requirements are stated by importers and orders only contain contract financial details
- (iii) Export documentation made by Indian exporters are considered inadequate by Chinese port and customs authorities and perishable cargoes are not released pending documentation

- (iv) Language barriers exacerbate resolution of issues, preventing alternative solutions such as withdrawal and reshipment of the cargo to other destination or back to India, or even appeals on absence of prior information.
- (v) Exporters incur losses and deductions even on L/C shipments due to bank interventions.
- (vi) China is under the transition period after joining the WTO, and does not have all its processes fully aligned to WTO requirements.

Negotiation scope: Article X, sufficient notification of national regulations and specific requirements, appeal mechanisms

Section 5. Conclusions

5.1 Destination-specific assessments:

While exporters encounter problems in all countries, the nature of problems and causes tend to be destination specific to a large extent. A few key observations are presented below to capture the essence of destination-specific issues to be addressed in negotiations.

USA: The problems encountered in the US primarily deal with the new found security concerns, and involve a substantial cost of compliance for traders, while representing an additional revenues and profits for some operators (shipping, logistics companies). Regulations and procedures are well laid out, easy to access/follow and are transparent, providing for appeal and confirmatory assessments. However, security-related detention details are not communicated effectively, which cause anxiety to exporters and importers, especially LCL shipments, which being part of the same container face the same procedures as suspect consignments in the same container.

EU related problems are closely related to health and sanitary concerns. The major problems encountered in the EU primarily relate to the overlap of jurisdictions between member state internal regulations and the common EU legislation covering the same subject, which results in a subjective and differential treatment of the goods under different member state regulations.

Customs procedures are very simple in general and easy to understand and are published in 15 (soon 25) languages. However, detention and inspection methods are not accessible easily. Further, while the import rules and procedures are clear, the procedures for inspection, detention and disposal are not well laid out at the import point.

Because several facilities have been privatised, there are no standard costs and charges for post-detention charges.

Appeal mechanisms need improvement to consider the international trade dimension, and the place of representation needs to be the EC and not member states.

Japan/South East Asia: There are very few problems relating to detention and disposal of goods, and the information is easily available. However, the amount of information readily available is limited, and **English translations of regulations are not easily**

interpretable, which causes ambiguity in case of disagreement over provisions or grounds for detention.

West Asia/Africa/Latin America: Non-transparency in procedures and excessive charges are the key issues characterising trade facilitation experiences in these markets. Collusion between customs officials and importers poses financial risks for shippers and exporters in some destinations.

The most problematic destinations as observed in the survey are USA and EU.

In terms of losses on exports, about 18-20% exporters have reported having suffered losses due to various reasons such as changes in rules, delays in clearance, demurrage etc. About 8% Indian exporters have suffered losses due to demurrage charges levied on their consignments.

5.2 Sector-specific assessments:

Problems at export destinations tend to be concentrated most in agricultural, meat and food products, and to an extent, in textiles/garments and miscellaneous handicraft products. These arise due to the absence of harmonisation and equivalence in national technical standards and procedures in case of agriculture, meat and food products, and errors in tariff classification for the other products, especially when imported under preferential terms. There are practically no problems in some sectors such as leather and automotive components.

The highest incidence of rejections and losses has been reported in agriculture and food products.

5.3 Enterprise scale-specific assessments:

A major hypothesis in this study, drawn from popular theories made by several international agencies, was that trade facilitation costs are disproportionately high for small-scale enterprises than for larger enterprises. This provides a compelling argument for improving trade facilitation regimes from a poverty-alleviating perspective.

However, the study indicates evidence to the contrary.

- In many sectors, the exporters are large operators buying from small units; therefore, the small enterprises are not directly exposed to export risks.
- Small-scale exporters usually ship on FOB or C&F terms, and therefore do not take any risks on goods after their despatch from Indian shores. Therefore, they are not responsible for delays and clearances at the importing destination.

- SMEs usually do not take any financial risks in exports, and operate mostly under secure (L/C or substantial advance payment) terms. Therefore, they do not suffer losses on shipments already made on account of clearance procedures, detentions or claims that are contestable as non-transparent.
- In case of adverse experiences, SMEs prefer to close down business with difficult customers and destinations, thereby not suffering recurrent costs at destinations.

Contrary to the popular theory, trade facilitation costs are proportionately higher for the more organised players, especially larger exporters that are part of global supply chains. For larger players, it is imperative to comply with the legal requirements that enjoin their regular customers to implement various regulations such as CT PAT, or risk losing their large and regular customers. Such players also export under less secure financial terms, mostly without banking recourse to goods, and face continuous adjustments and deductions in respect of past shipments. Often, buyers pass on costs of new national regulations on to their suppliers worldwide, while enjoying special privileges as in case of the US security measures.

Therefore, larger exporters tend to face higher compliance costs than small exporters, given that price levels in many export categories (say garments) are not necessarily different between small and large exporters. Volumes and regular business are the offsetting gains for large exporters for paying these higher costs of trade facilitation at the export destinations.

5.4 Preponderance of border-in aspects of Trade Facilitation

Invariably all respondents, including the industry associations met in the study, stated that the larger issues in trade facilitation are domestic and not international. This brings in a need for considering priorities while addressing problems faced by exporters.

Several respondents mentioned that the costs associated with inter state transit of goods, excessive documentation, frequent changes in regulations and notifications, pre-shipment certification, queuing time at customs, speed money payments for getting minor amendments, delays/harassment for obtaining export incentives such as duty drawback, etc. are much more significant than problems encountered after the export of goods.

5.5 Summary of problems reported in India in the primary survey

Type & Description of problem	Nature of problem		
	Commercial	Procedures/ Documentation	Coordination

Trade Facilitation Problems of Indian Exporters (GoI/UNCTAD/DFID)

<ul style="list-style-type: none"> ▪ Loss of business, cancellation of orders due to Poor infrastructure ▪ Congestion at ports ▪ Roads ▪ Railways ▪ Too many holidays 	✓		
“Red Tape” & Harassment by Government officials		✓	
Corruption		✓	
Documentation is very complicated & excessive.		✓	
Delays in shipment due to Electronic processing system being “down” frequently and print outs not available.		✓	
New exporters do not get a fair deal from EPCH in allotment of exhibition space		✓	✓
ECGC is not very effective. There should be screening of buyers to help exporters in getting payment		✓	
Losses and cancellation of orders due to delays in shipment or missing the vessel. After stuffing, there are delays of 3 to 4 weeks in rail movement or congestion in ports		✓	
Lack of transparency and uniformity in banking and freight rates.	✓		✓
Unfair practices by the banks who hold up the LC to take advantage of the currency exchange fluctuations.	✓		✓
Shipping lines do not have full knowledge of policies & procedures	✓		✓
Delay in getting Duty drawback		✓	✓

Section 6. Transit Trade Issues

6.1 Summary of transit arrangements allowed by India

A report of the UNCTAD Secretariat highlights that the average cost of transport for landlocked developing countries' exports is approximately 14.1% of value of goods - three times greater than the 3.7% for developed countries and double the cost of transport for developing countries, which is about 8.6%. Therefore, the issue of transit facilities is an important element in neighbourly relations.

India has the following transit arrangements with neighbour countries:

6.1.1 Bangladesh- Nepal and Bangladesh-Bhutan:

Phulbari, situated between the North Eastern States and Kolkata, is a Land Custom Station on the India-Bangladesh border, presently notified for transit trade between Bangladesh and Nepal / Bhutan, and recently permitted for trade between India and Bangladesh by land. It is situated at a strategically important intersection point having connectivity.

6.1.2 Nepal:

A renewed Treaty of Transit was signed between India and Nepal in January 1999, valid for seven years and automatically extendable for further periods of seven years at a time, unless either side gives six months written notice of its intention to terminate it. Nepal's traffic in transit is exempt from Indian customs duty and from all transit duties or other charges except for transportation. The Treaty has considerably improved and simplified procedures for the transit of Nepalese cargo through Indian territory.

For Nepal's trade with third countries, the Treaty provides port facilities at Kolkata and Haldia, and 15 transit routes to and from Kolkata/Haldia. Whereas the international obligation is for one transit route to the sea, Nepal has also been offered facilities at the Bombay Port and the Kandla Port for third country trade.

Three ICD terminals-Birganj, Biratnagar and Bhairahawa- have been put in place to facilitate Nepal's transit trade through India, as well as facilitating border trade on the land route between India and Nepal. India has also offered to build a 5.3 kms Raxual/Birgunj Broad Gauge Rail link for the movement of containerized traffic in transit to and from the Internal Container Depot in Birgunj in Nepal. In addition, India has provided 22 entry/exit points along India-Nepal border for bilateral trade and for Nepal-Nepal transit.

India also provides Nepal a rail route through Radhikapur for its trade with Bangladesh and for its overseas trade via Bangladesh along with an additional transit route to Bangladesh via Phulbari corridor.

6.1.3 Bhutan:

The 1995 bilateral Agreement on Trade and Commerce between India and Bhutan, valid till 2005, continues to provide to Bhutan free third country exports and imports, without subjecting them to Indian customs duties. There are twelve exit/entry points for Bhutan's third country trade. These include land, rail, riverine and air routes.

6.1.4 Bangladesh:

India and Bangladesh have bilateral protocols for rail, road and inland water transportation, and also arrangements for transit trade for Bangladesh, Nepal and Bhutan. India has been seeking transit arrangements for its north-east states through Bangladesh, with limited success.

6.2 Listing of trade facilitation experiences:

India's bilateral trade with its neighbour countries is a small part of its external trade. However, even within these trade arrangements, businesspersons have observed several practical difficulties, both infrastructural and regulatory.

Physical infrastructure Issues

- Bottlenecks in physical infrastructure including gaps in road and rail links, narrow bridges and roads, poorly maintained infrastructure.
- Lack of transshipment facilities at border crossings including customs offices, ICDs and warehousing facilities, parking, loading/unloading areas, and banking services
- Difficulties in obtaining rail wagons, incompatibility of rail gauges; varying vehicle standards
- Difficulties in using inland waterways due to excessive siltation, lack of night lighting and navigational aids
- Cross border transshipment hampered by time-consuming procedures causing inordinate delays and congestion

Regulatory issues:

- Regulatory and procedural problems such as lack of harmonization of technical standards, customs, documentation and procedures impede timely delivery of goods and services.
- Regulations that do not allow transit access to trucks, leading to multiple loading/unloading of trucks at borders causing significant delays and associated costs

- Regulatory restriction on container transport operations including the lack of provision for container transport in related bilateral treaties and agreements
- Anomalies in protocol (e.g. IWT) that allow transit access but not transshipment rights for foreign vehicles.

6.3 Border documentation in South Asia

India to Bangladesh	For India Customs- Customs Export Declaration, Bill of Lading, Invoices, Packing Lists, Letter of Credit For Bangladesh Customs – Import Permit, Bill of Lading, Packing List, Letter of Credit, Consignment Insurance Cover, Certificate of Registration (VAT), Importer pass Book, and for goods for EPZ (bonded warehouse licenses, Value bonded Forum, Risk and Duty Bond
Nepal to India	For Nepal customs- Customs Transit Declaration, Customs Export Declaration, Duty Insurance Certificate, Invoice, Packing List, certificate of Origin, Certificates of Registration (income tax, VAT, company), Letter of Credit For India Customs- Customs Transit Document, Duty Insurance, Invoice, Packing List, Letter of Credit, Certificate of Origin
Bangladesh to Nepal	For Bangladesh Customs- Export Registration Certificate, Invoice, Letter of Credit, Packing List, Certificate of Origin, Truck receipt. For Nepal Customs- Customs Import Declaration, Invoice, Packing List, Certificate of Origin, Import License. Letter of Credit, Health Quarantine Certificate and Equipment Interchange Receipt and Duty Insurance Coverage for Containers.
Bangladesh Ports	Exports- Export Bill of Entry, Invoice, Packing List, Export Permit, Undertaking by Export of Company of Outpass Statement on Letterhead, Risk Bond
Indian Ports	Imports- Customs Transit Declaration, Bill of Lading, Invoice, Packing List, Certificate of Origin, Import License, Letter of Credit, Health/Quarantine Certificate, Equipment Interchange Receipt and Duty Insurance Coverage for Containers Exports- Customs Transit Document

Source: Uma Subramanian, WB

6.4 Transport & Transit: Performance Indicators

	Transit Time	Border Crossing	Transfer Time	Total Time
Kolkata-Petrapole-Benapole-Dhaka	1.5- 2 days	0.5 – 2 days	1-2 days	4-6 days
Kathmandu-Biratnagar-Kolkata	5-7 days	1.5 – 2 days	1 –2 days	7.5 – 11 days
Kathmandu- Birganj- Kolkata- Haldia	5-7 days	3-7 days	N/A	8 days
Guwahati- Shillong – Dawki – Tamabil - Chittagong	6 – 10 days	0.5 – 2 days	0.5 – 2 days	7.5 days

Source: AITD, Matin, Cook-Stevens

Transport and transit: Performance Indicators

	Border Crossing Costs (US\$/ton)	Transit Costs (US\$/ton)	Transfer Costs (US\$/ton)	Loss Costs (% of value goods)
Kolkata- Petrapole- Benapole- Dhaka	2-3	64	7-8	1%
Kathmandu- Biratnagar-Kolkata	1.5 - 3	10-40	7-8	1%
Kathmandu-Birganj- Kolkata-Haldia	300	20-40	7-8	1%
Guwahati- Shillong- Dawki- Tamabil-Chittagong (Road)	5-10	8-10	7-8	<1%

Source: AITD, Matin, Cook-Stevens

6.5 Trade and Transit Issues with Nepal

While article V of GATT refers only to the provision of transit facilities to third countries, the large volume of duty-free trade between India and Nepal using the land route also affects the physical state of infrastructure, which in turn affects Nepalese goods transiting through India. As a result, exporters in Nepal face similar problems when exporting goods to India as when exporting to other countries using land/ sea routes and transiting through India.

Transit of Goods through India:

The India – Nepal Treaty of Transit in 1999, valid for seven years, governs the procedures for Nepalese goods transiting through India for export destinations. The Treaty of Transit as renewed on 5 January 1999 for a period of seven years has incorporated 'an important provision for its automatic renewal thereafter for periods of seven years.

The bilateral Treaty of Transit and its Protocol and Memorandum prescribe in detail the cargo clearance procedures, customs processing of documents, mode of transport, transit route, border entry points and duty insurance requirements.

According to the treaty, in normal course, the Indian Border Customs requires only the following documents to be submitted by the exporter or clearing agent:

- (i) Customs Transit Declaration (CTD) duly endorsed by the Nepal Customs,
- (ii) Invoice-original,
- (iii) Packing list-original,
- (iv) Certified copy of L/C or Certificate of advance payment,
- (v) Certificate of origin-original,
- (vi) Duty insurance or legally binding undertaking in the name of the concerned Commissioner of Customs
- (vii) Authority letter in favour of the clearing agent.

Export procedures:

Procedures at Land Customs Border:

- Indian Border Customs checks the seal and, if found intact, allows onward transportation. If OTL is found broken or defective, the goods are checked and a fresh OTL is put on the container with its serial number endorsed on CTD.
- Indian Border Customs endorses all four copies of CTD and hands the original to the CA, and retains the fourth copy for its record. The duplicate and triplicate copies are required to be sent by post to the Kolkata Customs, but to avoid postal delays they are handed to the CA in a sealed envelope to be delivered directly. However, this facility is not allowed for any exporter who defaults in the timely production of these documents.
- Road travel: two to four days for containers to reach Kolkata port.

Procedures at the port of exit:

- CA files documents at the Customs House at Kolkata. The Customs House compares the original CTD with the duplicate and triplicate copies received separately in a sealed envelope from CA. Usually, documents are cleared within 24 hours of filing.
- CA obtains Kolkata Port Trust approval for taking the export cargo inside the port,
- Customs Examining Officer checks seals and locks on the wagons or containers and packages, and compares with the declaration made on CTD. In cases where seals and locks are not intact or there is otherwise suspicion, the goods are checked on percentage basis. Customs Examining Officer hands over the original, duplicate and triplicate copies of CTD to CA who takes them again to Kolkata Customs.
- Customs makes necessary entries on all copies, the original is handed back to CA for submission to the Border Customs, the triplicate copy is sent to the Border Customs and the duplicate copy retained for records.

Import Procedures:

Most imports into Nepal by sea arrive at Kolkata Port or Haldia Port. Both the ports (situated 120 km apart) fall under the administrative control of the Kolkata Port Trust (CPT). Cargo clearance and customs processing of documents for both ports is completed at the Customs House, Kolkata. An Assistant Commissioner of Customs (AC) heads the Nepal Section of Kolkata Customs, which also deals with Bhutanese cargo.

The 1999 Treaty of Transit specifies that only four documents, namely B/L, invoice, packing list and a copy of the L/C authenticated by the Royal Nepalese Consulate in Kolkata or the issuing bank will be required for submission along with CTD to the

Kolkata Customs and that no other additional document may be asked for, except where considered necessary for clearance of specific goods.

The actual situation is as follows:

At the port of entry:

- The Nepalese importer sends all original shipment documents with a letter of authority to a clearing agent (CA) who is licensed by the Indian Customs for cargo clearance in Kolkata.
- Processing of documents at Kolkata Customs begins only after the filing of an import general manifest (IGM) by the shipping line or ship's agent because the ship's rotation number and manifest line number have to be shown on the CTD.
- Kolkata Customs requires the signature on the letter of authority certified by the L/C issuing bank, and the bill of lading (B/L) to be endorsed in the name of the nominated CA.
- The CA obtains 'Delivery Order' (DO) against B/L from the Shipping Line, and obtains a document of duty insurance policy.
- The CA then prepares six copies of Customs Transit Document (CTD) and files to the Nepal Section of the Customs House, Kolkata with the following documents:
 - CTD (Red colour for Private imports and Green colour for Government imports).
 - Duty insurance policy for specified sensitive goods or legally binding undertaking for other imports, or letter of undertaking for Government imports.
 - Delivery order or B/L-original.
 - Letter of authority of CA-original.
 - Invoice-original.
 - Packing list-original.
 - Copy of L/C (certified by the L/C operating bank or by the Royal Nepalese Consulate in Kolkata).
 - Certificate of origin (COO).
 - Import licence, if required-original.
 - Duty insurance or undertaking letter for container.
 - Additional documents for specific cargo such as health certificate for raw wool (required by Kolkata Port Trust), phytosanitary certificate for plants, veterinary certificate for animals etc.
- For moving containerized cargo, the CA submits a cash deposit/ bank guarantee/bond equivalent to the value of the container (the container valuation differs also with Shipping Lines) to the Shipping Line to obtain permission to take container to Nepal and return. Shipping lines may also ask for insurance of the container against any damage or loss.

- Permission of the Customs is also obtained by submitting the permission of the Shipping Line and a duty insurance of an insured value of INR 100,000 for a TEU.
- Customs clearance of documents normally takes two to four days. The appraiser and AC put their signatures on originals including the certificate of origin for recognition by the Port Customs before returning these to CA. The Kolkata Customs retains three copies of invoice, 5th and 6th copies of the CTD, and one copy each of other documents.
- The CTD is stamped on its back with a rubber stamp instructions in the name of a Shed Appraiser/Preventive Officer (PO) to check one-time-lock (OTL) for taking containers to Nepal, or for allowing loading of the cargo into an open truck/container. Assistant Commissioner and Appraiser at the Kolkata Customs jointly sign the rubber stamp instruction on CTD.
- The CA then approaches the Customs shed appraiser and Examining Officer (EO) at the concerned shed with documents cleared by the Kolkata Customs. At the same time CA obtains a bill for port dues from the port shed, and makes payment at the Kolkata Port Trust (CPT) payment counter, which is also located close to the Kolkata Customs in the city area.
- CA again goes back with the payment receipts to the concerned shed and the staff/stevadore of the Shipping Line, and obtains their clearance.
- At the dock shed both the Appraiser and EO normally examine only the seal number and condition of OTL of containers. If the goods are to be de-stuffed, about 5% of the total packages are checked to ensure that the contents are in accordance with the declaration in CTD.
- After the loading is completed, PO makes necessary endorsements on the back of CTD by mentioning the seal number of OTL and, in case of the break bulk, the lock and key numbers. The Port Customs does not write anything on other documents except some markings, for instance, a circle on the OTL number in B/L or DO and on the invoice value. The fourth copy also called as queen copy of CTD and DO, and one photocopy each of invoice and packing list are retained by the port shed for record purposes.
- After completion of the loading at the dock shed, PO issues a temporary permit called Transit Pass (TP) to CA or driver of the vehicle for allowing clearance at border pending the issuance of the sealed cover containing the second and third copies of CTD especially for those cases where full consignment could not be cleared in one day.
- Recently due to objections raised by the Raxaul Border Customs, TP is almost abandoned except for bulk cargo, which requires a number of days to clear from the port. Generally after the final endorsement on CTD by the Port Customs, a photocopy is made and signed by the Port Customs for carriage along with the cargo by the driver. This is used as a replacement of TP and accepted by the Border Customs for clearance.

- When the Port is open but the Customs closed on some holidays, CA has to book the Customs to work overtime at port by paying a fee of INR 600 per 8-hour shift.
- After the delivery of cargo and endorsements on documents by the Port Customs, which normally takes one full working day, CA goes to the Kolkata Customs in the following working day for obtaining a sealed cover (an envelope closed with customs seal).
- Another section of the Kolkata Customs, after recording details of cargo delivery and CTD number, hands over the original CTD to CA and makes a sealed cover containing a key of customs lock put on the transport, the duplicate and triplicate copies of CTD, and the Railway Receipt for cargo dispatched by rail.
- The Treaty requires the sealed covers to be sent to the concerned Border Customs by post. But as an option to avoid delay in postal transmission, the sealed cover is handed over to CA. This facility is not allowed to the importer or the authorized representative who defaults in the production of these documents within a reasonable period to the Indian Border Customs Office.
- CA dispatches the sealed cover with other documents by courier to his authorized agent or to the importer's nominated agent stationed at the Indian border customs post or sometimes to the importer in Nepal.

Procedures at the Indian-Nepalese border:

- When the goods arrive at the Indian Border Customs, the importer or his authorized CA presents the original CTD and the sealed cover to the Customs at the Indian border. In case the original CTD or the sealed cover is not available or where part shipments done by breaking CTD in different lots, TP or the photocopy of CTD endorsed by the dock customs is produced to the Customs.
- The Indian customs officer compares the original CTD with the duplicate and triplicate copies received in the sealed cover. The officer examines OTL of containerized cargo, and the lock and seal of other conventional transport.
- After checking at the border, the goods are allowed to move onward by road. As per the provisions of the Transit Treaty, the Indian customs officer provides necessary escorts or supervision to ensure that the goods cross the border and reach Nepal, and certify on the copies of CTD that the goods have crossed into Nepal.
- The original CTD is given to the importer, the duplicate CTD is sent to the Indian customs house of entry-Kolkata Customs and the triplicate CTD to the corresponding Nepalese Border Customs, which is then retained at the Indian Border Customs after it is received back duly endorsed by the corresponding Nepalese customs officer.
- If a consignment in transit particularly bulk cargo is received at the border in more than one lot, the Indian border customs officer releases the goods in lots after necessary examination, and makes endorsement on the relevant documents

only after release of the entire consignment as covered by CTD and sends the triplicate copy of CTD to the Nepalese Border Customs.

Document	Number of copies	Responsible body
Commercial invoice	6	Exporter
Copy of L/C for Indian transit	1	Exporter's banker
Duty insurance policy/ bank guarantee	1	Indian insurance company or Bank
Packing and weighing list	2	Exporter

Observations:

- Although the transit treaty is based on the principle of minimum intervention, exporters and importers submit that in spite of having all the transit documentation in order and untampered container seals, processing time at Kolkata takes 4 to 5 days, because the customs house is located a few kilometres from the dock and clearing agents need to return several times (initial filing, post-inspection attestation, and at times in between) to submit documents for attestation by customs officials.
- At present only the Kolkata office of the Indian National Insurance Company Ltd. (NICAL) is approved by the Commissioner of Customs, Kolkata, to issue the duty insurance policy. Because only one branch of a nationalised insurance company is authorised by the Kolkata customs to issue insurance policies for duty insurance, the processing of the insurance policy cannot be done expeditiously in advance at any more convenient location. This adds to the detention time for goods in transit.

Rail Transit routes

Rail transit arrangements are in place from Kolkata to Birganj on the Nepalese side border, adjoining Raxaul in India. The Birganj ICD has a direct rail connection to Kolkata port through the Indian rail network. The estimated cost of sending the equivalent of a 20-foot container of freight by road from the Port of Kolkata to Birganj is about INR 30000. The cost of moving a container by rail from Kolkata to Raxaul on the Indian side of the border at Birganj is INR 15,000-20,000.

Since the journey from Birganj to Kathmandu adds an additional INR 15,000 to the transport cost, the transfer from road to rail would comprise a saving of 22-33% of the cost of the 1,160 km, road journey from Kolkata to Kathmandu. This is equal to an annual savings of approximately US\$ 5 million, based on recent traffic levels (UNCTAD 2001).

Despite evidence of substantial savings in both transport and transit costs, the ICD at Birganj was inoperative until 2004, as a result of the lingering negotiations in matters relating to customs procedures and management of the ICD facility. For two years,

India and Nepal were unable to agree on joint customs procedures and management of the ICD terminal, thus delaying commissioning of the facilities even after setting up the physical infrastructure. This has been resolved in 2004, with the decision to allow the Container Corporation of India to handle the facility. A 20-30% cost savings is expected from diverting transit cargo from Kolkata to Kathmandu from road to rail mode.

The present travel time from Kolkata to Birgunj could be further reduced from 10 to 3 days by using a block train and daily departures from Kolkata. This could reduce the transit cost from 12-15% of the CIF value of the freight to about 8 – 10% of the value.

Alternate sea transit routes:

Earlier, Nepal was allowed transit facilities by sea only through Kolkata Port, which is constrained to accept vessels with a maximum draft of about 7.2 m, depending on the tide. This means that Kolkata is serviced by smaller, feeder container vessels from large shipment ports such as Singapore and to some extent, Colombo and Hong Kong. Nepal has been asking for additional sea routes for its transit trade, especially Mumbai, which has larger drafts, and could reduce sea freight by US\$ 400 per container.

Under the present Treaty, Nepal has also been offered facilities at the Bombay Port and the Kandla Port for third country trade, whereas the international obligation is for one transit route to the sea.

Nepal and Bhutan's trade with Bangladesh through the road transits route of Phulbari-Banglabandh is used for transportation of fresh fruits and vegetables. This route includes a 45 km land route through India to reach Bangladesh. There is, a need to develop adequate physical infrastructure and efficient operational arrangements. The major problem faced by transit trade is the unviability of manning the transit route, due to the following reasons:

- A minimum requirement of 200 trucks to enable an escorted convoy by Indian customs.
- The transit customs office is located inside a town close to the route, but there are no customs arrangements on the border itself.

These problems arise mainly due to the inadequate and seasonal traffic (heavy traffic in some seasons, and dull in the others) on this route, and the costs of setting up transit facilitation by Indian authorities, at their own cost, without any revenue benefit for India. However, increasing land trade with Bangladesh on the Phulbari route will strengthen the case for creating more facilities on this route by India.

6.6 Trade and Transit Issues with Bangladesh:

Road routes:

About 70-80 per cent of India's exports to Bangladesh take places through the land border routes, mainly Petrapole, Hilli and Changrabandha. Petrapole-Benapole Border accounts for nearly 80% of this trade, followed by Hilli.

Issues/ Observations

- There are no customs bonded warehousing facilities at Petrapole on Indian side. As a result, immediate transshipment is required for imports for which space in front of the customs office (presently utilised for this purpose) is inadequate.
- Encroachments, inadequate loading and unloading areas, absence of parking bays, weighbridge, and cold storage spaces cause inordinate delays, and losses in case of perishable cargoes.
- Toilet/ sanitation facilities are absent or inadequate for truck drivers, loaders, unloaders and others, due to unavailability of power and water. There is no proper lighting system in front of the Customs office, gate and border side.
- Entry of persons through the no man's land is impaired by the reluctance and non-cooperation of border security forces on either side to provide border entry permits. When sensitivities are high on the borders, the borders are blocked, and entry permits are not given for several days, during which trucks wait at the borders.
- Loaded trucks from either country are not allowed to cross border and move directly into port of call of the other country up to the delivery point. This results in delays and costs arising from multiple loading and unloading, and change of vehicles. Bilateral motor vehicle agreement between India and Bangladesh can reduce cost of cross-border trade significantly.
- Working days and hours are not harmonised at the border points. Indian customs and banks are open six days, and customs officials are available on Sundays on overtime, while Bangladesh customs is closed on Friday. As a result, border clearances are affected for three days every week.

Rail Transport

At present as per agreement between Indian and Bangladesh Railways, cross border railway link between the two countries exists through three routes: Gede – Darshana, Singabad – Rohanpur, and Petrapole – Benapole. Gede – Darshana route is the busiest route for cross border trade and transport, with an average traffic of 50 trains of 2000 tonnes capacity every month. Major items transported through this route are: cement, food grain, and concrete sleepers. Traffic of 12 to 15 trains passes on the Singabad – Rohanpur route, main cargoes being food grains and stone chips. The new, 6-km long Petrapole – Benapole train route has been in operation since 2001.

Issues/ Observations

- Uncertain supply of rakes: On average 50 – 70 rakes in a month go to Bangladesh through the borders. Rake allotment is reportedly irregular. Rakes are allotted according to commodities, but these allotments are not in proportion to the actual trade flows, leading to inadequate availability for products like cement, which are in greater demand.
- Under utilisation of wagons: India and Bangladesh have a wagon exchange protocol. However, due to incompatibility of the railway systems, wagons are not easily interchangeable between Indian and Bangladesh railways, resulting in under utilisation of Indian BCX wagons capacity.
- Custom Examination Charges by Railways: Indian Railway Authorities are presently charging a levy (@ Rs.17/- per MT) from cement exporters towards customs examination charges. This additional burden severely affects cement/clinker export to Bangladesh.
- Rail Freight Disparity: Disparity in the Indian rail classification has been reportedly found for export of certain products. For example, cement attracts freight tariff under classification 150A – trainload while rice attracts freight tariff under classification 95M – trainload. This makes the rail transport for cement export costlier by 62% as compared to rice and the ratio of transport cost to commodity cost for cement is nearly 10 times higher than that of rice.
- Duplication of Work: While the Customs Officials seal the wagons bound for Bangladesh after proper inspection at Ranaghat, the seals are again rechecked at Gede, the last station in India. Several documents are submitted at both sides, with differing procedures.

Country	Types of Documents	Copies	Signatures
Bangladesh	22	116	55
India	29	118	256

Inland Water Transportation

India and Bangladesh have a bilateral protocol on inland water transit and trade for nearly two decades providing transit between Kolkata and two points in Assam without touching Meghalaya and Tripura. This protocol is renewed in every two years interval. CIWTC and BIWTC are the two executing authorities on behalf of India and Bangladesh respectively. Under the protocol each side has provided four ports for loading and unloading of commodities. India has provided Kolkata, Haldia, Karimganj and Pandu ports while Bangladesh has provided Narayanganj, Khulna, Mongla and Shirajganj ports.

Issues/Observations

- At present there are no provision for exclusive jetty both at Kolkata and Narayanganj for loading and unloading of commodities to and from vessels of respective countries.
- Night navigation is not available for the entire inland water route.

- Barges of BIWTC insist to book cargo on FOB basis, which is not accepted by banks. For booking of cargo on CIF basis, CIWTC has to collect freight on behalf of BIWTC resulting in delay in transfer of funds and thereby despatches.
- Vessels are allowed access into mutual territories, but not allowed transit facilities.

Section 7. Recommendations on Proposals Received by WTO

Document	Topic	Issues	Proposals	Comments ²
TN/TF/W/17 Japan & Mongolia	Improve and clarify GATT Article VIII	Import Export Fees, charges imposed, Formalities and documentation requirements	<ul style="list-style-type: none"> ▪ Least trade restrictive formalities, use of international standards, risk management, single agency for submitting documents and quick physical inspection. ▪ Clearly stating and publicizing penalty provisions and explaining reason of rejection and avoiding substantial penalties for minor breaches 	Indian exports to some markets (Brazil) face undue penalties for minor breaches often occurring inadvertently. Consider supporting proposal 2.
TN/TF/W/18 Korea	Reducing Administrative burdens	1.Paperwork 2.Custom procedures	<ul style="list-style-type: none"> ▪ Establish and publish average time required for clearing and releasing goods ▪ Standardization of document formats ▪ Single window for submitting all necessary documents 	India needs to improve its own systems in this regard considerably. Also, track record of key destinations is better than India in this regard.

² based on survey evidence

Document	Topic	Issues	Proposals	Comments
			<ul style="list-style-type: none"> Pre arrival processing, post clearance auditing and risk management measures 	
TN/TF/W/19 Australia and Canada	Enhanced clearance procedures-provision for collateral	Separate the process of fulfilment of customs obligations (including payment of duties) from the actual release of goods	Trader can provide guarantees by some collateral or monetary securities	India has introduced some special privileges (legal undertakings and indemnity) for star exporters and SEZ units.
TN/TF/W/20 Canada	Possible commitments on border agency coordination	Cooperative relationship between customs authorities and other interested agencies or departments as well as agencies active on both sides of the border	<ul style="list-style-type: none"> To allow importers & exporters to present all required data to only one border agency Controls (procedures, formalities, agreements) through a single, shared physical infrastructure 	India's trade with Bangladesh and Nepal suffer from inadequate border infrastructure, but issues on cost sharing of such infrastructure remain to be resolved. Consider supporting proposal 2.

Document	Topic	Issues	Proposals	Comments
TN/TF/W/21 United States	Release of goods	Maintain a system to release goods from custom custody before final payment of duties and utilizing a surety, bond or deposit as necessary guarantee.	<ul style="list-style-type: none"> ▪ Members to together Refine elements of commitments ▪ Country specific diagnostics regarding implementation 	Similar to document W/19
TN/TF/W/22 UGANDA & United states	Consular transactions	Consularization requirements including related fees have an inordinate impact on exporters and also act as barrier to market access in case of small and medium enterprises	<ul style="list-style-type: none"> ▪ Refine the description ▪ Members exchange experience on the implementation and technical assistance 	Indian exports to Middle East countries require legalization by Embassies and Consulates, which are only present in Delhi and Mumbai. This verification can be avoided.
TN/TF/W/23 European Communities & Australia	GATT article VIII	Restricting scope of fees and charges to avoid unwarranted costs		

Document	Topic	Issues	Proposals	Comments
TN/TF/W/24 New Zealand	Clarify and improve GATT article VIII & X	Identify rules to increase predictability & certainty of international trade (Special & Differential treatment, technical assistance, capacity building)	<ul style="list-style-type: none"> ▪ Traders & members to have right to comment on proposed custom rules, procedures etc ▪ Objective criterion be required to be used for tariff classification of goods ▪ Minimize documentation 	Exports of marine products and herbal medicines face relating to these areas. However, a new proposal can be initiated in respect of internal harmonization of procedures and also use of objective criteria, based on experiences in marine products.
TN/TF/W/25 Taiwan, Penghu, Kinmen & Matsu	Measures to improve GATT article VIII measure on fees	<ul style="list-style-type: none"> ▪ Increased transaction cost and tight profit margins ▪ No clear guidance on calculating cost of services rendered 	<ul style="list-style-type: none"> ▪ Breaking cost of services into 2 components: Direct and Indirect costs ▪ Periodical reviews of levels of fees and charges imposed 	Private operators such as shipping lines and terminal operators often levy fees and charges for services relating to security procedures. Normative costing of services is a step toward greater transparency in charges. Consider supporting proposal 2.

Document	Topic	Issues	Proposals	Comments
TN/TF/W/26 China	Clarification & improvement of GATT article X	Lack of transparency in trade regulations (release and clearance of goods including goods in transit)	<ul style="list-style-type: none"> ▪ Publish trade regulations <ul style="list-style-type: none"> a) Via internet, gazettes or journals. b) Creating an enquiry point c) Allowing a reasonable commenting time before enforcing or publicizing regulations ▪ Implementation concerns ▪ Suggestions for future negotiations through enquiry points and invitation to notify needs and priorities based on self assessment (in case of developing members) 	Highly relevant to Indian exports to EU. Consider supporting all three proposals. Recommend trade enquiry points at the sector level.
TN/TF/W/28 Bolivia Mongolia Paraguay	Improvement of certain elements in GATT Article V	Disadvantages to landlocked members in terms of additional costs, formalities and excessive security measures on goods in transit.	<ul style="list-style-type: none"> ▪ Non discrimination between modes of transport, origin etc ▪ Transparency in fees and charges ▪ Reasonable formalities for transit ▪ Standardisation of documentation requirements 	India is weak on some of these areas vis a vis Nepal's requirements
TN/TF/W/29 China and Pakistan	Identifying TF needs and priorities of members	Negotiations on trade facilitation should be based on needs & priorities of members	<ul style="list-style-type: none"> ▪ Secretariat should provide updated information to members and prepare a document reflecting areas of interest ▪ Self assessment and experience sharing by members 	

Document	Topic	Issues	Proposals	Comments
TN/TF/W/30 Peru	Article V VIII & X of GATT	Trade facilitation & proper control of import export operations	<ul style="list-style-type: none"> ▪ Use of international instruments, standardized procedures and simplification of customs formalities relating to goods in transit ▪ Single window mechanism with efficient computer back up, objective fees & charges, automated procedures and acceptance of collateral and security for speeding custom clearance. ▪ Establishing specific procedures for express shipments and border control cooperation ▪ Ready availability of custom procedures information and relevant legalities. Establishing enquiry points and minimum time periods before regulations come in force. ▪ Technical & financial assistance and cooperation and capacity building for transparent import export procedure. 	Consider supporting proposal 4.

Document	Topic	Issues	Proposals	Comments
TN/TF/W/31 Hongkong & China	GATT Article VIII		<ul style="list-style-type: none"> ▪ Minimise incidence & complexity of import export formalities and documentation ▪ Review fees, charges, formalities and requirements at reasonable & regular intervals 	Covered already in W/25
TN/TF/W/32 Hong Kong & China	GATT Article X		<ul style="list-style-type: none"> ▪ Transparency and publication of information ▪ Electronic publication of information ▪ Consultation with traders 	Consider supporting all three proposals, especially recommend publication of official English versions.
TN/TF/W/33 Rwanda	Clarifying & improving GATT Articles V, VIII and X	<ul style="list-style-type: none"> ▪ Share African perspective on trade facilitation ▪ Identify basis of reforms and cost implications of proposed measures ▪ Set out S & D parameters and scope for inter agency cooperation. ▪ Preliminary observations on proposals submitted by other WTO members 	<ul style="list-style-type: none"> ▪ Enhanced Special & differential treatment, ▪ Technical assistance, support for capacity building and implementation assistance. ▪ Right to select policy options & exercise policy flexibility 	

Document	Topic	Issues	Proposals	Comments
TN/TF/W/34 Korea	Improvement of GATT article V	Minimization of burden on cargo transit and differentiation of cargo undergoing transshipment	<ul style="list-style-type: none"> ▪ Members review their transit procedures to ensure minimal formalities ▪ Differentiate between treatment to goods in transit that require transshipment and that do not 	Similar considerations as for W/28
TN/TF/W/35 European Community	Freedom of transit	<ul style="list-style-type: none"> ▪ Lack of information on transit requirements, high charges, burdensome procedures and documentation and cash guarantee requirements at exit points. ▪ Lack of coordination, cooperation and trained personnel and infrastructure 	<ul style="list-style-type: none"> ▪ Transparency in procedures & charges, publication of information and requirements and effective discipline on charges levied. ▪ Pre arrival processing of transit documents, use of commercially available data and single window approach to simplify documentation and procedures. ▪ Legitimise restrictions, controls or requirements and effective discipline of guarantees. ▪ Provide guidance on the main elements of regional transit and proper implementation. ▪ Leaving choice of route and means of transport to the operator. 	<p>Consider supporting proposal 1.</p> <p>Proposal 2 also of interest for exporters to reduce border-in costs.</p> <p>Proposals 4 and 5 are sensitive.</p>

Document	Topic	Issues	Proposals	Comments
TN/TF/W/36 New Zealand, Norway & Switzerland	Fees & Formalities connected with import and exports	Excessive documentation, non standardized forms and in a language alien to trader	<ul style="list-style-type: none"> ▪ Reducing documentation requirement to bare minimum, based on international standards and use of existing formats ▪ No requirement for additional documentation if information already exists in standard document and abolish need for consular invoices ▪ Requirements for goods declarations to be included in national legislation ▪ Necessary time to be given to developing countries & LDCs to implement new system 	Consider supporting proposal 1 and 2.
TN/TF/W/37* European Community	Technical assistance and support for capacity building		<ul style="list-style-type: none"> ▪ Trade facilitation programmes tailored to needs and priorities of recipient country and applying WTO principles to procedures. ▪ Credibility of reform programme and cooperation between donors and providers ▪ Practical interface between all relevant parties, & programmes implementation at regional level where required. 	Consider supporting

Document	Topic	Issues	Proposals	Comments
TN/TF/W/38 Singapore	Procedural elements for Advance rulings	Advance ruling minimizes unnecessary delays and costs for traders and encourages compliance and reduces complaints for custom authorities. The proposal details the elements that an advance ruling programme should include	<ul style="list-style-type: none"> ▪ Advance rulings to be issued upon request in matters like tariff classification, applicable duties and valuations ▪ Within a certain time period ▪ Should be binding on custom authorities for a certain period 	Advance rulings provisions already exist in India.
TN/TF/W/39 Paraguay, Rwanda & Switzerland	Trade Facilitation: Improvement of elements related to transit especially landlocked countries		<ul style="list-style-type: none"> ▪ Establishing WTO rules on transit ▪ Consider the possibility of acceding to international instruments relating to customs transit. ▪ Introduce a certain degree of automation ▪ Simplified procedures for authorized traders ▪ Special and differential treatment to developing countries based on capacity to implement proposals 	Sensitivities exist for proposals 1 and 2. Costs and sharing of costs for border infrastructure are not addressed adequately

Document	Topic	Issues	Proposals	Comments
G/C/W/434 Canada European Communities Japan Korea	Article X		<ul style="list-style-type: none"> ▪ Publications and availability of information ▪ Consultative/feedback mechanisms and minimum time periods before enforcing ▪ Review & appeal procedures & due process ▪ Technical assistance, capacity building, special & differential treatment 	Consider supporting all proposals.
Canada Colombia European Communities Hong Kong, China Japan Korea	Article VIII		<ul style="list-style-type: none"> ▪ Provisions to make Article VIII more operational ▪ Provisions regarding fees & charges ▪ Data/documentation requirements & procedures ▪ Customs and related import export procedures ▪ Collateral & Monetary security ▪ Cooperation, Coordination & communication with traders & authorities ▪ Injection of GATT/WTO principles ▪ Specific Work programme ▪ Technical assistance, capacity building, special & differential treatment 	India also levies some ad valorem charges. Consider supporting 3,4,6 and 9

Document	Topic	Issues	Proposals	Comments
Canada European Communities Korea	Article V		<ul style="list-style-type: none"> ▪ Custom procedures & documentation requirements ▪ Non discriminatory treatment in relation to transit procedures, carriers & consignment ▪ Differentiation of trans-shipment & non trans-shipment ▪ Fees & charges & securities ▪ Cooperation among custom authorities ▪ Technical assistance, capacity building, special & differential treatment 	Consider supporting all proposals.
TN/TF/W/6 European Communities	Clarify & Improve GATT article X	Reduce time & money wasted because of unclear and outdated customs & border procedures	<ul style="list-style-type: none"> ▪ Publication & availability of information on custom laws & procedures, rules affecting export, import, transit and appeal and an officially designated medium to access this information. ▪ Enquiry points or trade desks to be established. ▪ Consultation between interested parties (governments & private sector) regarding amendments in rules and adequate time periods for enforcing the same. 	Consider supporting all proposals (EU itself does not provide for appeal procedures).

Document	Topic	Issues	Proposals	Comments
			<ul style="list-style-type: none"> ▪ In case of appeal, companies should have a right to be represented by an agent or legal representative and in such times disputed goods should be released subject to a surety or a deposit. 	
TN/TF/W/7 Korea	Article X	Enhancing transparency & predictability of trade measures to improve flow of international trade and save administrative cost	<ul style="list-style-type: none"> ▪ Publication of information ▪ Notification and prior commenting period on core measures ▪ Suitable interval between publication & implementation ▪ Single national focal point 	Consider supporting proposals 1, 2 and 3 and expand 4 to include sector level focal points.
TN/TF/W/8 Japan, Mongolia, Taiwan, Penghu, Kinmen & Matsu	Clarify and Improve GATT Article X	<ul style="list-style-type: none"> ▪ Expedite the movement, release & clearance of goods. ▪ Enhanced transparency, predictability & impartiality for trade regulations 	<ul style="list-style-type: none"> ▪ Publish relevant regulations in exporting members & prospective markets including applicable tariffs, fees & charges ▪ Notices in govt. gazettes or website of government and translation of trade regulations in at least two official WTO languages ▪ Notification to WTO of trade related regulations and establishment of enquiry points. ▪ Publication of trade related rules before implementation /any trade transactions. 	Consider supporting all proposals.

Document	Topic	Issues	Proposals	Comments
			Uniform administration of trade regulations throughout members' territories.	
TN/TF/W/9 Canada	Possible commitments on Advance rulings	<ul style="list-style-type: none"> ▪ Tariff classification of the goods, duties or applicable taxes ▪ Procedures for issuance of advance rulings by customs administration 	Advance rulings to be issued on tariff classification on written request of domestic importers and within a defined period of time, should be binding on the custom authorities, be publicly available and have appropriate special and differential treatment provisions.	Consider supporting proposal.
TN/TF/W/10 Taiwan, Penghu, Kinmen & Matsu	Measures to improve GATT Articles VIII & X		<ul style="list-style-type: none"> ▪ Pre arrival clearance ▪ Risk management & post clearance audit system ▪ Clearance for express consignments ▪ Advance ruling on tariff classification ▪ Creating a information centre or enquiry point 	
TN/TF/W/11 United States	Introduction to proposals	Identifying individual problems and developing targeted solutions	<ul style="list-style-type: none"> ▪ Enhance each members administrative capabilities to achieve compliance ▪ Exploration of new market opportunities by ensuring transparency and timely procedures ▪ Cost implications, special & differential treatment & technical assistance 	

Document	Topic	Issues	Proposals	Comments
TN/TF/W/12 United States	Advance Binding rulings	Bringing certainty for traders & customs authorities regarding key elements of import transactions, in advance of trade commencing	Make available in advance binding rulings in areas like tariff classification, customs valuations and duty deferral to traders.	
TN/TF/W/13 United States	Proposal on Transparency & Publication	Clarify and improve relevant current transparency related provisions under Article X of Gatt	<ul style="list-style-type: none"> ▪ Internet publication of the elements set out in article X. ▪ Internet publication of procedural sequence & other requirements for importing goods 	Consider supporting proposals and expand to include provisions that web site content is official and cannot be disclaimed.
TN/TF/W/14 United States	Fees	Clarify & improve GATT Article VIII	<ul style="list-style-type: none"> ▪ Establish specific parameters for fees charged ▪ Publish such fees on the internet & notify WTO before implementation 	Consider supporting, especially where services are outsourced
TN/TF/W/15 United States	Express Shipments		Minimum procedures for low value shipments, rapid release, separate expedited procedures.	

Scope for Fresh Proposals:

1. Uniform application of procedures by sub national authorities, and use of common minimum standards
2. Follow similar procedures for disseminating trade alerts and remedial measures/rectifications (single EU authorisation)

3. Introduce recommended normative tariffs/ ceilings for charges levied by private operators providing services for import/export clearances
4. Create trade enquiry points at the sector level
5. Establish procedures for confirmatory tests in case of detention with internationally approved agencies

APPENDICES

Appendix 1**India's Top Exports**

Figures in US\$ million

HSCode	Commodity	2003-2004
71	Natural or Cultured Pearls, Precious or Semiprecious Stones, Precious Metals, Clad with Precious Metal and Articles thereof; Imitation Jewellery; Coins.	10,761.62
71023910	Diamond (Other Than Industrial Diamond) Cut Or Otherwise Worked But Not Mounted Or Set	8,207.43
7113	Jewellery Of Gold, Unset, Set With Diamond / Pearls	1,793.96
7103	Precious (Excl Diamonds)& Semi Precious Stones W/N Worked/Grd Not Strung Mounted/Set Ungraded Precious/Semiprecious Stones Temporarily Strung For Transport	211.64
7117	Imitation Jewellery	188.33
27	Mineral Fuels, Mineral Oils and Products of their Distillation; Bituminous Substances; Mineral Waxes.	3,734.35
2710	PETROLEUM OILS & OILS OBTND FRM BITMNS MNRL OTHER THAN CRUDE PRPN NES; CNTNG70% OR MOREBY WEIGHT OF THESE OILS (High Speed Diesel, Aviation Fuel, Motor Spirits etc.)	3,486.95
2707	OILS & OTHR PRDCTS FROM COAL TAR DISTLN SMLR PRDCTS IN WHICH THE WT OF THE ARMT C CONSTNTS EXCDS THAT OF THE NON-ARMT C	70.78
62	Articles of Apparel and Clothing Accessories, not Knitted or Crocheted.	3,541.37
6203, 6204, 6205	Apparel of Cotton	2,040.13
	Apparel of Man-Made Fibres	245.08
	Apparel of Synthetic Fibres	326.45
29	Organic Chemicals	2,823.55
29420090	OTHER DILOXANIDE FUROATE, CIMETIDINE, FAMOTIDINE NES	820.91
29024300	P-XYLENE	250.85
61	Articles of Apparel and Clothing Accessories, Knitted Or Crocheted.	2,701.75
	Of Cotton (T-shirts, Blouses, Crocheted, Knit etc.)	2,238.89
72	Iron and Steel	2,591.18
72252021	COLD-ROLLED HIGH SPD STL IN COILS	400.55

HSCode	Commodity	2003-2004
7219140, 72252011	HT-RLLD PRDCTS IN COILS	345.95
72104900	OTHR PRDCTS OF IRON/NON-ALLOY STEEL OTHERWISE PLTD/COTD WTH ZINC	131.11
84	Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof.	2,506.38
84733010	PRTS & ACCSSRS OF MICROPROCESSORS	100.64
84719000	OTHER	100.11
84818030	INDUSTRIAL VALVES (EXCL PRESSURE-REDUCING VALVES, & THRMSTCLY CONTRLLD VALVES)	78.42
52	Cotton.	2,465.76
5207	COTTON YARN	479.24
5205	GREY	280.79
5209	DENIM	137.34
85	Electrical Machinery and Equipment and Parts thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts.	1,899.06
85239050 85239040	C.D. ROM UNRECORDED/RECORDED	132.97
85479090	OTHER INSLTNG FTTNGS	55.88
87	Vehicles Other Than Railway or Tramway Rolling Stock, and Parts and Accessories thereof.	1,743.91
87089900	OTR PRTS & ACCSSRS OF VHCLS OF HDG 8701-8705	350.28
8703	MOTOR CARS WTH SPRK-IGNTN	468.95
63	Other Made Up Textile Articles; Sets; Worn Clothing and Worn Textile Articles; Rags	1,625.14
6304, 6307	Articles of Cotton (Terry towels, furnishings, bed/toilet/kitchen linen, etc.)	1093.07
30	Pharmaceutical Products	1,620.09
30049099	OTHER MEDCNE PUT UP FOR RETAIL SALE N.E.S	618.34
30039090	OTHER MEDICAMENTS NOT PUT UP IN MEASURED DOSES OR IN PACKING	74.6
73	Articles of Iron or Steel	1,529.97
73239390	OTHR HOUSHOLD ARTICL OF STAINLESS STL NES	212.57

HSCode	Commodity	2003-2004
73239490	OTHER HOUSEHOLD ARTICLES OF IRON N.E.S. (OTHER THAN CAST IRON)OR STEEL,ENAMELLED	134.47
10	Cereals	1,513.92
10063020	BASMATI RICE	433.73
100630101 0063090	RICE PARBOILED + RICE EXCPTG PARBOILED (EXCL BASMATI RICE)	466.54
1001	WHEAT	517.54
39	Plastic and Articles Thereof.	1,335.53
39021000	POLYPROPYLENE	281.35
39012000	POLYETHYLENE HVNG A SPCFC GRVTY 0.94 /MORE	142.73
26	Ores, Slag and Ash.	1,307.22
	Iron Ore in various forms	1,088.80
3	Fish and Crustaceans, Molluscs and other Aquatic Invertebrates.	1,236.30
3061311 3061319	SHRIMP FROZEN (AFD + OTHER)	654.70
3061320	PRAWNS FROZEN	181.6
42	Articles of Leather, Saddlery and Harness; Travel Goods, Handbags and Similar Cont. Articles of Animal Gut (Other than Silk-Worm) Gut.	999.87
42031010	JACKETS AND JERSEYS	244.52
42023120	WALLETS AND PURSES OF LEATHER	154.65
54	Man-Made Filaments.	869.36
54071039	OTHR DYED POLYESTER FABRCS	256.36
64	Footwear, Gaiters and the like; Parts of such Articles.	767.72
64035111	ANKLE CVRD ALL LTHR SHOES FOR MEN	158.78
64061020	LEATHER UPPERS (PREPARED)	143.56
23	Residues and Waste from the Food Industries; Prepared Animal Fodder.	739.99
23040010 23040020 23040030	MEAL OF SOYABEAN,SOLVENT EXTRACTED (DEFATTED) VARIETY ; OIL-CAKE & OIL-CAKE MEAL	650.44
57	Carpets and Other Textile Floor Coverings.	734.19
57011000 57023110 57031010	CARPETS & OTHER TEXTILE FLOOR COVERINGS OF WOOL OR FINE ANIMAL HAIR, KNOTTED	382.46

Trade Facilitation Problems of Indian Exporters (GoI/UNCTAD/DFID)

HSCode	Commodity	2003-2004
55	Man-Made Staple Fibres.	720.87
55095100	OTHR YARN OF POLYSTR STPL FIBRS MIXED MAINLY/SOLELY WITH ARTIFICIAL STAPLE FIBRS	79.5
9	Coffee, Tea, Mate and Spices.	716.32
9024020 9023020 9024030	Tea – Bulk and Packed, Dust	266.11
9011	COFFEE	118.10
32	Tanning or Dyeing Extracts; Tannins and their Derivatives. Dyes, Pigments and Other Colouring Matter; Paints and Ver; Putty and Other Mastics; Inks.	677.15
32041751	PIGMENT BLUE 15 (PATHALOCYANINE BLUE)	54.27

Appendix 2

India's top exports by Country (US \$ million)

S.No.	Country	2003-2004
1	U S A	11,490.11
2	UAE	5,125.61
3	HONG KONG	3,261.83
4	U K	3,023.27
5	CHINA P RP	2,955.10
6	GERMAN F REP	2,544.57
7	SINGAPORE	2,124.84
8	BELGIUM	1,805.73
9	BANGLADESH	1,740.75
10	ITALY	1,729.41
11	JAPAN	1,709.30
12	SRI LANKA	1,319.20
13	NETHERLANDS	1,289.12
14	FRANCE	1,280.89
15	INDONESIA	1,127.21
16	SAUDI ARABIA	1,123.31
17	SPAIN	1,002.59
18	IRAN	918.11
19	MALAYSIA	892.77
20	THAILAND	831.69
21	KOREA RP	764.86
22	CANADA	763.2
23	ISRAEL	723.98
24	RUSSIA	713.76
25	NEPAL	669.36

Source: DGCIS

Appendix 3

Summary of discussions with exporters and other related organisations in SME cluster in Jodhpur

The second largest city in Rajasthan after Jaipur, Jodhpur is a bustling desert town about 500 Kms from Delhi. The city was founded by Rao Jodha, a chief of the Rathore clan, in 1459 and is named after him. Jodhpur is well connected by air, rail and road. It has two inland container depots, one each in the public and private sector.

Jodhpur has emerged as a major centre for the manufacturer and trading hub of various handicrafts such as antiques, Indian antiques wooden & iron furniture, gift articles, old world furniture, decoratives, early 19th century antiques, artifacts, ethnic artwork. Recently, Jodhpur has started exporting substantial quantities of Marble, granite and other building stones. A few units have also come up for manufacture and export of traditional medicinal products like Guar gum (Galactomannan polymer) powder/flakes, Senna leaves & Isabgol (PSYLLIUM HUSKS) etc.

Export turn over from Jodhpur is Rs.900 to 1000 crores out of All India Rs. 10000 crores. Cottage & Small Scale forms about 70%, Medium Scale 20% and Large scale 10%.

The industry has formed an association, whose contact details are as follows:

The Jodhpur Handicrafts Exporters Association

38 B Ajit Colony (Near Happy Hour School)

Jodhpur 343 006

Ph: 0291-2513693

Email: thejhea@sancharnet.in

President: - Mr. Madan Lal Jain

Secretary: Mr. Nirmal Bhandari (also Vice President of Export Promotion Council for Handicrafts)

According to the Association, most of the exports are on FOB basis and, therefore, Jodhpur exporters are **facing more problems in India** than abroad, as under:

- Increased competition and price wars
- Taxes, Government policies, complicated Procedures, too much documentation
- SEZ planned but yet to be activated. May not take off, as benefits are up to 2009.
- In case of non-payment, the Association does write to defaulting importers that they will be black listed but the problems are sorted by the exporter and the importer only.

- Shipping lines are not under any control and due to their delays, orders get cancelled.

Specific problems brought out by the exporters, who were contacted are as under:

Problems in Destination Countries

Type & Description of problem	Nature of problem			
	Commercial	Procedures/ Documentation	Coordinati on	Destination Specific
Holding up of containers		Yes		USA
Introduction of ACD and screening of containers. Any discrepancy (mismatch in number, weight due to human error) between ACD, Packing List or BL leads to Heavy penalties (up to \$ 5000).		Yes		USA
Delays in getting payment. Banks release goods to buyers without clearing payment. Lack of mechanism for resolving this issue.	Yes			
No direct touch with the importers or destination authorities			Yes	
Poor response from buyers after the Pragati Maidan Fair organised by EPCH.			Yes	
Lack of screening of buyers to ascertain their business integrity.			Yes	
In spite of a certificate of "Shut out" given by the Customs authorities, US authorities insisted on a fresh invoice, leading to Demurrage & penalty.		Yes		USA
Detention of consignment as invoice showed embarkation from Mumbai, while the vessel left from Nhava Sheva.		Yes		USA
Unfair means adopted by Shipping line who asked the	Yes			EU

importer to pay charges from Port to his location, even though it was shipped on pre-paid door delivery basis.				
Requirement of legalization of documents by their Embassy after the Chamber of Commerce has stamped the documents (BL, Invoice & Packing list. It costs Rs. 8000 to 10000 and causes a delay of 10 to 15 days. This is due to the fact that there are only 4 working days in a week. (Friday embassy is closed). For locations beyond 800 Km, Chamber of Commerce Certificate is sufficient. This needs rationalisation.		Yes		Saudi Arabia (sometime other Gulf countries and Mexico for textiles)
Mearsk insists on fumigation, while EU wants de-fumigation at destination.		Yes		
Requirement of cleaning of container exterior. Penalty of \$250 is levied, even if it becomes dirty in the vessel in transit.		Yes		Australia
Requirement of a Phyto-sanitary certificate for handicrafts.		Yes		Mexico
Fumigation by some shipping lines, even though the destination country does not want it. De-fumigation at destination costs \$ 300-400 or leads to returns or destruction of the consignment, causing huge losses.		Yes		EU Israel
Changes in cost/ port tariff, leading to disputes & retention.		Yes		
Disparity in charges between ports for hazardous material, including fumigation.			Yes	Gulf & Rotterdam
Fumigation is a safety measure but many shippers do not declare it.		Yes		
Disparity in fumigation		Yes		US for

requirements				Wooden furniture, Australia & New Zealand for all items
Requirement of hazardous material to be physically escorted manually, which is very costly.		Yes		Spain
Problem in trans-shipment of Pork, even if it is not unloaded.		Yes		Gulf
Sudden changes in the contents of the Health Certificate, leading to delays, heavy costs and loss of business		Yes		Turkey
Disparity in Plant Quarantine certificate given by Indian authorities and importer requirements.		Yes	Yes	
Disparity in requirements e.g. "Kosher" certificate, Radio-active material, Phyto-sanitary and legalization certificates		Yes	Yes	USA

Problems in India

Type & Description of problem	Commercial	Procedures/Documentation	Coordination
Loss of business, cancellation of orders due to Poor infrastructure – <ul style="list-style-type: none"> • Congestion at ports • Roads • Railways 	Yes		
Corruption, which is all pervading	Yes	Yes	Yes
Documentation is very complicated & excessive.		Yes	
Delays in shipment due to Electronic processing system being "down" frequently and print outs are not available.		Yes	
New exporters do not get a fair deal from EPCH in allotment of exhibition space	Yes		
ECGC is not very effective. There			Yes

should be screening of buyers to help exporters in getting payment			
Losses and cancellation of orders due to delays in shipment or missing the vessel. After stuffing by us, there are delays of 3 to 4 weeks in rail movement or congestion in ports		Yes	Yes
Lack of transparency and uniformity in banking and freight rates.	Yes	Yes	Yes
Unfair practices by the banks who hold up the LC to take advantage of the currency exchange fluctuations.		Yes	Yes
Electronic processing is welcome but it has created problems as system is “down” frequently and print out can not be taken thus delaying shipment. Also, due to not being entered by the feeding agency, printed copy for EPCG is not available for 6 months and excise department creates problems		Yes	

Suggestions for Trade Facilitation

1. Rationalise the procedure for legalization, Fumigation, requirement of Health Certificates, Detention (& consequent penalty) specially in USA
2. Procedure should be simplified and shipping allowed on Invoice basis, which should contain all information required. Reduce discretionary powers of Government officials to overcome the problem of corruption.
3. Electronic processing should be made more effective by better training of personnel and improved system maintenance
4. There should be screening of buyers to help exporters in getting payment
5. RBI and Indian embassies/missions abroad should play a pro-active role in getting payment
6. ECGC should be more active.
7. Introduce a GREEN CHANNEL for old, established exporters, except for random checks.
8. Introduce a FREE PORT concept.

Appendix 4:

Summary of discussions with exporters and other related organisations in SME cluster in Moradabad

Moradabad is a small town in Uttar Pradesh, located at a distance of about 160 Kms from Delhi, and is an important center of trade. Moradabad was founded in 1625 and named after a son of Mughal emperor Shah Jahan. Several major rail lines and a national highway link the city with other parts of India. The nearest airport is in Delhi.

Moradabad has a predominantly Muslim population, who are traditionally excellent craftsmen. It is believed that the brassware industry originated from Moradabad and spread to the rest of the country. Although the art of brassware developed in the period of Mughals, yet evidence suggests that Indians knew the process of metallurgy as long ago as around 3000 B.C. The discovery of a bronze statue of 'dancing girl' in the Harappan excavation proves that.

The brassware industry in Moradabad saw the blooming period in early 19th century and Britishers took the art to foreign markets. Other immigrating artisans from Benaras, Lucknow, Agra and Jalesar formed the current cluster of brassware industry in Moradabad. In 1980's various other metal wares like brass, EPNS, iron, aluminum etc. were also introduced to the art industry of Moradabad. New technologies like electroplating, lacquering, powder coating etc. also found its way into the industry.

Moradabad is renowned for brass work and has carved a niche for itself in the handicraft industry throughout the world. It is now one of the biggest export centers of handicraft in the state. Today, it houses around 29% of the artisans in India. The modern, attractive, and artistic brassware, jewellery and trophies made by skilled artisans are the main crafts. The attractive brassware is exported to countries like USA, Britain, Canada, Germany and Middle East Asia. Recently other products like Iron Sheet Metal wares, Aluminum Artworks and Moradabads have also been included as per need of the foreign Buyers. Menthol worth several crores of Rupees is also exported from Moradabad.

Currently, there are 800 to 900 units, almost of all of them in SSI sector. The cluster exports most of its production. Its export is over Rs. 3,000 crores per year. While some of the factories employ as many as 1600 workers, most of the work is out-sourced to individual skilled workmen, who operate from their homes in about 5000 strong cottage industry. Only the finishing, assembly, labeling and packing is carried out in the factories.

Out of the seven industrial corridors declared by the State Govt. in Industrial Policy 1999-2002, Moradabad is one of them. The Government is investing a lot of money to

improve infrastructure facilities to promote the Industrial activities at Moradabad like 24 hours uninterrupted power supply, construction of By-pass, proposal for widening and making 4 lane Delhi-Moradabad Road. About 450 acres of land has been acquired to develop a New Industrial Area for Export Oriented Units at Pakbara to Dingarpur Road.

Majority of the industrialists in Moradabad are either migrants from Pakistan, who were rehabilitated in this town or the second/third generation descendents of craftsmen. The industry supports the livelihood of nearly one million people living in Moradabad or its neighbouring villages.

The industry has formed an Association whose contact details are as follows:-

The Brass Art Ware Manufacturers (Exporters) Association
Jain Mandir Building, Opposite Kotwali,
Moradabad-244001 (UTTAR PRADESH)
Phone-2317553, Fax-2492557
Website-<http://www.brassassociation.org>
Email-info@brassassociation.org

President:

Mr. M. Iqbal Shamsi
M/s Iqbal Paramount Metal Ind.
Tavela Street
Moradabad
Off. 0591- 2470790, 2470298, 0591- 2470811
Fax: 0591- 2470792
Email: ipmi@vsnl.com, mail@sagnl-ipmi.com

Honorary General Secretary:

Mr. Ajai Gupta
M/s C.L.Gupta & Sons
Rampur Road
Moradabad
Off. 0591-2490218, 2491395
Fax: 0591-2490301
Email clgupta@vsnl.com

During the discussion with these offices-bearers of the Association and some other exporters, following points emerged:

- No major problems in destination countries have been brought to the notice of the Association by any of its members. In fact, there are hardly any such

problems. This is due to the fact that export is done on FOB basis and in full container load.

- The exporters are by and large fully aware of the rules, regulations, documents and requirements of the importing countries.
- The rules are simple and easy to follow, except for some countries like Spain and Mexico
- The industry is facing stiff competition from Chinese, who have much better infrastructure, aggressive marketing strategies and price advantage due to Government support. Also, they have set up industrial areas near the coast, while Moradabad industry has to pay Rs. 30000 to 40000 for transporting a container to Mumbai.
- Unanimously, the industry feels that problems in the country are much more than abroad. It fears recession due to these problems, which are given below:-

Specific problems brought out by the exporters, who were contacted are as under:

Problems in Destination Countries

Type & Description of problem	Nature of problem			
	Commercial	Procedures/ Documentation	Coordina- tion	Destination Specific
Delay in payments. Some customers do not take delivery due to one reason or other. In US, firms adopt the Bankruptcy route to evade payments.	Yes			US
Fluctuation in currency and the recent depreciation of the US\$ against the Rupee	Yes			
Increase in documentation requirements in US after 9/11 which requires break up of labour and material and submission of Advance Cargo Declaration (ACD)		Yes		US

Problems in India

Type & Description of problem	Commercial	Procedures/ Documentation	Coordination
Poor infrastructure. At present, only 4 hours of Power Supply is available and most of the factories operate on generators, leading to	Yes	Yes	

very high input cost. Also, availability of Rolling Stock, Road Transport and congestion at ports leads to delays in meeting the schedules and cancellation of orders. Due to delay in shipment, the consignment has to be recalled or diverted at a heavy discount, leading to monetary losses			
The biggest problem is the plethora of complex and unnecessary documentation as well as harassment by Custom & Excise Department personnel at all levels. Corruption is rampant and no work can be done without greasing the palms even for absolutely legal transaction.		Yes	Yes
Customs authorities even question the product classification (e.g. leather products)		Yes	
Shipping lines levy arbitrary charges, which varies from customer to customer and also do not accept the Currency rates laid down by the RBI.	Yes		Yes
ECGS is an eye-wash and manipulative. It cancels exporter's limit, even if buyer is at fault.		Yes	
Export Promotion Council is not of much help in guiding			

Suggestions for Trade Facilitation

- The government missions abroad should play pro-active role in safe-guarding the interest of the Indian exporters
- The Indian Government must provide a level playing field.
- A case should be taken up with WTO for introducing differential tariffs for democratic and closed countries. Ministry of Law should set up sector wise cells of legal experts to help exporters in resolving the disputes and executing decrees.
- There should be a system of black listing any buyer who is cheating the Indian exporters.

Appendix 5**List of Exporters and Service Providers met during primary survey**

Serial No.	Location	Name of Organisation
1	Kolkata	ROBIN EXPORTS (INDIA)
2	Kolkata	SKYPACK TIE UP (P) Ltd
3	Kolkata	POOJA EXPORTS INTERNATIONAL
4	Kolkata	BHAGABATI UDYOG
5	Kolkata	KALUKAINTER EXPORTS
6	Kolkata	PHOENIX COMMODITY EXPORTS PVT LTD
7	Kolkata	FRESH MEAT
8	Kolkata	INDUSS FOOD PRODUCTS & EQUIPMENT LTD
9	Kolkata	DIAMOND SEA FOODS
10	Kolkata	UMANG EXPORTS AQUA DÉCOR
11	Kolkata	SPANSA CONSULTANTS & EXPORTS
12	Kolkata	EAST COAST AQUA PRODUCTS
13	Kolkata	SANTA MARIA FASHION (PVT) LTD
14	Kolkata	RAJDA INDUSTRIES & EXPORTS PVT LTD
15	Kolkata	OXFORD TANNERS
16	Kolkata	ASIAN LEATHER LTD
17	Kolkata	R KUMAR & COMPANY
18	Kolkata	WEST BANGAL TRADING
19	Kolkata	SEKSARIA EXPORTS
20	Kolkata	DENIMATIC (INDIA) PVT LTD
21	Kolkata	NARESH NATH MOOKERJEE PVT LTD
22	Kolkata	NARESH NATH MOOKERJEE(SHIPPING)PVT LTD
23	Kolkata	ASTRA MARINE PVT LTD
24	Kolkata	CMA CGM E & INDIA PVT LTD
25	Kolkata	ALBATROSS SHIPPING PVT LTD
26	MUMBAI	INDIA FASHIONS
27	MUMBAI	BIANLAIMPEX PVT LTD
28	MUMBAI	GUJARAT INDUSTRIAL TRUCKS LTD
29	MUMBAI	VASTRA INDIA
30	MUMBAI	DOLPHIN CLOTHING
31	MUMBAI	KNIT KNOT
32	MUMBAI	MANDHANA INDUSTRIES PVT LTD
33	MUMBAI	HANDSOMES (INDIA)
34	MUMBAI	ZEN EXPORTS
35	MUMBAI	HASU EXPORTS

36	MUMBAI	BANSWARA SYNTEX LTD
37	MUMBAI	ASHAPURA GROUP OF INDUSTRIES
38	MUMBAI	KONEGA INTERNATIONALPVT LTD
39	MUMBAI	BASRA EXPORTS PVT LTD
40	MUMBAI	PARIN ENGINEERS
41	MUMBAI	VIKAS FASHION
42	MUMBAI	INDIRA EXPORTS PVT LTD
43	MUMBAI	KOHINOOR CARPET MANUFACTURES
44	MUMBAI	FRACTAL FASHION
45	MUMBAI	TAXPORT (INDIA)
46	AHMEDABAD	CHINUBHAI KLIDASS & BROS
47	AHMEDABAD	GALAXY FREIGHT PVT LTD
48	AHMEDABAD	GOPALSEA FOODS
49	AHMEDABAD	FRIGHT WINGS & TRAVELS PVT LTD
50	AHMEDABAD	TULSIDAS KHIMJI PVT LTD
51	AHMEDABAD	AIRLIFT (INDIA) PVT LTD
52	AHMEDABAD	JINNY MARINE TRADERS
53	AHMEDABAD	KING FISH INDUSTRIES
54	AHMEDABAD	VERAVAL MARINE & CHAMICALS P LTD
55	AHMEDABAD	KESHODWALA FOODS PROCESSORS & EXPORTS
56	AHMEDABAD	STAR MARINE PRODUCTS
57	AHMEDABAD	HANSWATI EXPORTS PVT LTD
58	AHMEDABAD	HIRAVATI ICE & COLD STORAGE
59	AHMEDABAD	BHISTI EXPORTS
60	AHMEDABAD	YOGESHWAR MARINE PRODUCTS
61	AHMEDABAD	RATNAKAR TABLET TOOLS
62	VISAKHAPATNAM	SAI MARINE EXPORTS PVT LTD
63	VISAKHAPATNAM	NEKKANTI SEA FOODS PVT LTD
64	VISAKHAPATNAM	DEVI FISHERIES LTD SATYA FOODS P LTD
65	CHENNAI	K R M MARINE EXPORTS LTD
66	BHIMAVARAM	ANAND GROUP
67	BHIMAVARAM	SURYA MARINE EXPORTS
68	HYDERABAD	EXCEL ENTERPRISES
69	HYDERABAD	AVON ORGANICS LTD
70	HYDERABAD	VENKATESHWARA HATCHERIES PVT LTD
71	HYDERABAD	VIJAY RAJ POULTRY EQUIPMENTS
72	HYDERABAD	PRABHAT UDYOG
73	VISAKHAPATNAM	SANDHYA MARINE LTD
74	VISAKHAPATNAM	PACE SEA FOODS PVT LTD &BLUEPARK
75	VISAKHAPATNAM	DEVI SEA SOODS LTD
76	BANGALORE	PRAGATI BIOCARE

77	BANGALORE	STANDARD BEET EXPORTS
78	BANGALORE	S R S INTERNATIONAL
79	BANGALORE	TEAM AGENCIES
80	BANGALORE	CHAITHANYAA COFFEE
81	BANGALORE	CASCADE ENTERPRISES
82	BANGALORE	V B D
83	BANGALORE	J & F INTERNATIONAL
84	BANGALORE	MEGHNA EXPORTS
85	BANGOLRE	A K EXPORTS
86	LUDHIANA	BALJIT HOSIERY FACTORY
87	LUDHIANA	MARK HOSIERY MILLS
88	KANPUR	SHRI VATS INTERNATIONAL LTD
89	KANPUR	EQUESTRIAN INDIA
90	KANPUR	SUPERHOUSE LEATHERS LTD
91	KANPUR	SUPER TANNERY LTD
92	KANPUR	RAHMAN EXPORTS PVT LTD
93	KANPUR	ALLAH DAD TANNERY
94	KANPUR	ZAZSONS EXPORTS LTD
95	DELHI	APEX OVERSEAS
96	DELHI	SHIVSHAKTI EXPORTS
97	DELHI	GAURAV PHARMA PVT LTD
98	DELHI	COTTON HARBOUR INDIA
99	DELHI	ABM INTERNATIONAL LTD
100	DELHI	THE HANDICRAFT & HANLOOM EXPORTS
101	DELHI	SHIVAM INTERNATIONAL
102	MUMBAI	MAREKH MARINE AGENCIES PVT LTD
103	DELHI	MAHIMA EXPORTS PVT LTD
104	DELHI	DIVINETECH INTERNATIONAL
105	DELHI	AOV ELEVEN KINT PVT LTD
106	DELHI	RONIT INTERNATIONAL
107	DELHI	KAPOOR SONS
108	DELHI	KELLSONS EXPORTS
109	DELHI	DIWAN SAHEB
110	DELHI	ASIA HIMALIYA OVERSEAS
111	DELHI	PACIFIC INDIA INTERNATIONAL
112	DELHI	UNITED GROUP CORPORATION
113	DELHI	APEX GOLD STORE(P) LTD
114	DELHI	SANA TRADING CO.
115	DELHI	FAKHRY EXPORTS (P) LTD
116	DELHI	FINE SEAFOOD & MEAT EXPORTS P LTD
117	DELHI	PHOENIX LAMPS LTD

118	DELHI	RAJ KUMAR EXPORTS
119	MUMBAI	S MD AYUB MALIK KANNAUJI
120	MUMBAI	AL SHABAB ELECTRICAL EXHIBITION
121	MUMBAI	RAJASTHAN EXPORTS
122	Mumbai	HINDUSTAN AROMATICS
123	Mumbai	FAIR GOLD
124	Mumbai	HINDUSTAN TRADING CO.
125	Mumbai	MEHRA CARPET MANUFACTURERS
126	Mumbai	SHE'S FASHION PVT.LTD.
127	Mumbai	MANMOHAN GROUP OF COMPANIES
128	Mumbai	FAZE THREE EXPORTS LIMITED
129	Mumbai	A.K.EXPORTS
130	Mumbai	MONARCH ADVERTISING PVT.LTD.
131	Mumbai	ROYAL FASHION
132	Mumbai	FAIRDEAL (FOOT) SERVICES
133	Mumbai	JARIWALA EXPORTS
134	Mumbai	ANA EXPORTS' J. GOVIND RAM PVT.LTD.
135	Mumbai	LONDON AROMATICS
136	Mumbai	RAJPAL & CO.
137	Mumbai	GARBWELL INTERNATIONAL
138	Mumbai	V2 INTEX
139	Mumbai	J PRAKESH & CO.
140	Mumbai	GINGER CLOTHING PVT.LTD.
141	Mumbai	BALAJI APPARELS PVT.LTD.
142	Mumbai	COTEX EXPORTS
143	Mumbai	CHOUDHARY EXPORTS
144	Mumbai	HERANBA INDUSTRIES LIMITED
145	Mumbai	8V EXPORTS
146	Mumbai	ANAND INTERNATIONAL
147	Mumbai	BLUE HORIZON
148	Mumbai	KWALITY EXPORTERS & IMPORTERS
149	Mumbai	PARAS INDUSTRIES
150	Mumbai	RAVYOG IMPEX PVT.LTD
151	Mumbai	BHARAT INDUSTRIES CORPORATION
152	Mumbai	WANDEL SHIPPING PVT.LTD.
153	Mumbai	CRYSTAL SHIPPING CO.PVT LTD
154	Mumbai	TRANS ASIAN SHIPPING SERVICES (P) Ltd
155	Mumbai	DRK INTERNATIONAL FREIGHT FORWARDERS PVT.LTD.
156	Mumbai	QUICK CLEARING AGENCY
157	Mumbai	DABKE CLEARING & FORWARDING PVT.LTD.

158	Delhi	VICTOR COMPONENT SYSTEMS PVT.LTD.
159	Delhi	MIRHA EXPORTS PVT.LTD.
160	Delhi	R.S.BHARGAV PHARMACY PVT.LTD.
161	Delhi	ANUSHA INDIA PVT.LTD.
162	Karnal	LIBERTY SHOES LIMITED
163	Karnal	GOOD RICH CARBOHYDRATES LIMITED
164	Delhi	IDEAL IMPEX
165	Agra	VIOLA INTERNATIONAL
166	Agra	ROGER EXPORTS
167	Agra	FOOT STYLE
168	Delhi	ROOP EXIM
169	Delhi	SEA SHELL ENTERPRISES PVT.LTD.
170	Rohtak	LAKSHMI PRECISION SCREWS LTD.
171	Delhi	SKIN CRAFT
172	Delhi	BHARTIYA INTERNATIONAL LIMITED
173	Delhi	CONTINENTAL DEVICE INDIA LIMITED
174	Delhi	JHANJI EXPORTS PVT.LTD.
175	Delhi	MIKI EXPORTS INTERNATIONAL
176	Delhi	MOSER BEAR INDIA LIMITED
177	Delhi	AKANKSHA OVERSEAS
178	Delhi	ELITE INTERNATONAL
179	Ludhiana	KAMAL SWEATERS
180	Ludhiana	HINDUSTAN HANDLOOM
181	Ludhiana	ENGINEERING GOODS
182	Chennai	M.A.JACOB & CO.
183	Chennai	STANDARD SHIPPING & ALLD.SER.(p) LTD.
184	Chennai	BHARANI SHIPPING PVT.LTD.
185	Chennai	EXCELL SHIPPING LIMITED
186	Chennai	SRI SAI TEJSWI SHIPPING SERVICES
187	Chennai	VIJAY SHIPPING AGENCY
188	Chennai	KASHMIR EMPORIUM
189	Chennai	CHINAR HANDLOOMS & CARPETS
190	Chennai	CASHMERE STORES
191	Chennai	ASIAN CRAFTS EMPORIUM
192	Chennai	THE TAMIL NADU HANDICRAFTS INDUSTRIAL CO-OPERATIVE MARKETING FEDERATION
193	Tirupur	CLEANTEX IMPEX
194	Tirupur	VINI EXPORTS PVT.LTD.
195	Tirupur	BIBBY KNITS
196	Tirupur	THE CANARY
197	Tirupur	ALTRACLEAN GROUP

198	Tirupur	CLIFTON CLOTHING
199	Tirupur	PIPER INTERNATIONAL
200	Tirupur	COTTON BLOSSOM (INDIA) PVT.LTD.
201	Tirupur	CASUAL CLOTHING (P) LTD.
202	Tirupur	ARANIEXPORT
203	Tirupur	CLEANTECH IMPEX
204	Chennai	SAMBASIVAM & COMPANY
205	Chennai	R.R.OVERSEAS
206	Chennai	ORIENTAL ARTS
207	Chennai	KORINDO WORLD ENTERPRISES PVT.LTD.
208	Chennai	PAUL HERBERT EXPORTS
209	Chennai	KAUSHALYA AQUA MARINE PRODUCTS PVT.LTD.
210	Chennai	CRAFTS INN
211	Chennai	INDIA HANDICRAFTS
212	Chennai	KASHMIR GOVERNMENT ARTS EMPORIUM
213	Chennai	ARTISAN'S
214	Chennai	SARASH WORLD WIDE EXPORT PVT.LTD.
215	Chennai	SULU EXPORTS
216	Chennai	K.V.MARINE EXPORTS
217	Chennai	FIVE STAR MARINE EXPORTS PRIVATE LIMITED
218	Chennai	HI-LINE AQUA PVT.LTD.
219	Chennai	SAGAR GRANDHI EXPORTS PVT.LTD.(GVR EXPORTS PVT.LTD.)
220	Chennai	PATEL GARMENTS INDUSTRIES
221	Chennai	NEW KASHMIR ARTS & CRAFTS
222	Chennai	AJANTHA ARTS & CRAFTS
223	Chennai	CELEBIRTY FASHIONS (P) LTD.
224	Chennai	INDIAN ARTS EMPORIUM
225	Chennai	INDIAN ARTS MUSEUM
226	Chennai	M.R.S.LEATHER EXPORTS (PVT) LTD.
227	Chennai	SADDIQUE LEATHERS
228	Chennai	JAYAM LEATHERS
229	Chennai	ASIAN LEATHERS
230	Chennai	ALLURE FASHION
231	Chennai	LIBERTY SEA FOODS
232	Chennai	VIJAY SHIPPING PVT.LTD.
233	Chennai	DOLPHIN SHIPPING SERVICE PVT.LTD.
234	Chennai	SAGAR SHIPPING PVT.LTD.
235	Chennai	BRIGHT WAY SHIPPING SERVICES
236	Chennai	SAM INTERNATIONAL
237	Chennai	ULTIMATE IMPEX

238	Chennai	A.PR. EXPORTS
239	Chennai	AAYISHA & AAYISHA
240	Chennai	ZUBANA LEATHERS (P) LTD.
241	Chennai	ASSOCIATED LEATHER FINISHING AGENCY
242	Cochin	NEROTH JOHN CHANDY & CO.
243	Cochin	HERITAGE ARTS
244	Coimbatore	JAYALAKSHMI EXPORTS
245	Cochin	SHATTY COMMODITIES
246	Cochin	HARRISONS MALAYALAM LIMITED
247	Cochin	JFK INTERNATIONAL
248	Cochin	SIEWERT & DHOLAKIA LTD.
249	Cochin	TRINITY TRADING
250	Ernakulam	COROMANDEL EXPORTS
251	Cochin	ALLANASONS LIMITED
252	Cochin	V-STAR CREATIONS PVT. LTD.
253	Cochin	J.V.GOKAL & CO. PVT.LTD.
254	Cochin	APL (INDIA) PVT LTD.
255	Cochin	VETTUKATTIL SHIPPING & CLEARING AGENCY
256	Cochin	CONTINENTAL LOGISTICS
257	Cochin	OVERSEAS SHIPPING AGENCIES
258	Cochin	TRANS LINK LOGISTICS
259	Cochin	INDUS GLOBAL LOGISTICS
260	Cochin	INDIAN ARTS & CURIOS
261	Cochin	INDIAN CRAFTS CENTRE
262	Cochin	ALBERTS ARTS COLLECTIONS
263	Cochin	WATERSKY EXPORTS PVT.LTD.
264	Cochin	SWASTIK SPICES
265	Cochin	FINE ARTS EMPORIUM EXPORTERS
266	Cochin	CHEMMEENS (REGD.)
267	Cochin	MADONNA EXPORTS
268	Cochin	TAJ ANTIQUES & HANDICRAFTS
269	Cochin	CRAFTERS ANTIQUE SHOP
270	Cochin	BHATSONS AQUATIC PRODUCTS
271	Cochin	DEEJAY GLOBAL TRADING
272	Cochin	KARTHIKA EXPORTS
273	Cochin	GEO SEA FOODS
274	Cochin	GOODWILL EXPORTS & IMPORTS
275	Cochin	THE ALLEPPEY COMPANY LTD.
276	Cochin	WIN COMMODITIES (PVT) LTD.
277	Cochin	AMAR TEA TRADERS & EXPORTERS
278	Mumbai	KAYSONS

279	Mumbai	MANGAL EXPORTS
280	Mumbai	POWER CONTROL & APPLIANCES (BOMBAY) PVT.LTD.
281	Mumbai	INDIAN FASHIONS
282	Mumbai	GREY'S EXIM
283	Banglore	ANGLO FRANCH DRUGS & INDUSTRIES LTD.
284	Indore	VINEETA POULTRY
285	Indore	SAIYED ASHRAF MEER
286	Manglore	BAWA FISH MEAL & OIL
287	Manglore	MAK TRADERS
288	Manglore	MARINE ENTERPRISES
289	Manglore	HKA BAWA & SONS
290	Manglore	COASTAL AQUATIC PROTIEN
291	Mumbai	RELIANCE INDUSTRIES
292	Mumbai	ZEB A EXPORTS
293	Mumbai	CMI LOGISTICS
294	Mumbai	ALLANA FOODS
295	Jodhpur	MSC AGENCY (INDIA)PRIVATE LIMITED
296	Jodhpur	LALJI HANDICRAFTS
297	Jodhpur	TRINITY INTERNATIONAL FORWARDERS
298	Jodhpur	BHANSALI INTERNATIONAL
299	Jodhpur	MAERSK SEALAND
300	Jodhpur	GURU INDUSTRIES
301	Jodhpur	MANISH ART & CRAFTS
302	Jodhpur	ECONOMIC HANDLING AGENCY
303	Jodhpur	BHANDARI EXPORTS
304	Jodhpur	CASA AMBIENTE (INDIA)
305	Jodhpur	GORA EXPORTS
306	Jodhpur	BOTHRA INTERNATIONAL
307	Delhi	L T EXPORTS
308	Mumbai	SUPRIYA CHEMICALS
309	Moradabad	C.L.GUPTA & SONS
310	Moradabad	MEBA BRASS
311	Moradabad	IQBAL PERAMOUNTS
312	Moradabad	OVERSEAS HANDICRAFTS
313	Moradabad	GLOBE MATEL INDUSTRIES
314	Moradabad	SHANTI RAJ INT.
315	Moradabad	ABID SONS