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FTAs propel engineering exports to Japan, S Korea

Financial Express

Kolkata, 28 December 2013: Free trade agreements (FTAs) have proved to be beneficial for India, with engineering exports to Japan and South Korea showing a rising curve. Singapore, however, was an exception during the April-November period this fiscal, according to an analysis by the engineering exporters' body, EEPC India.

Apart from ASEAN, India has operational FTAs with important trading partners like Japan and South Korea. Engineering exports to Japan grew 17% during the April-November period of the current fiscal to \$568 million from \$485 million.

Shipments of engineering goods to South Korea witnessed a jump of over 13% to \$739 million during the period.

EEPC chairman Anupam Shah said an exception was seen in the case of Singapore, a country with which India has significant bilateral trade, including those of engineering goods. Exports of engineering goods to Singapore in the April-November period saw a 2.11% drop to \$1,995 million from \$ 1,997 million during the same period a year ago.

A similar trend was seen in trade with neighbouring countries like Bangladesh, Sri Lanka and Nepal, with which India enjoys a liberalised trading regime. Engineering despatches to Sri Lanka went up by 18.57% to \$ 1,342 million for the period under review from \$1,132 million during the same period a year ago. Likewise, shipments to Nepal were up 20.84% to \$ 577 million from \$ 477 million.

On the other hand, western countries such as the US and Germany did not account for much of India's engineering exports, even though the base of trading volume is quite large, Shah said.

He said though shipments to the US dropped 9.19% to \$3,909 million during April-November from \$ 4,305 million, the country continues to be India's largest trading destination. The same is true of Germany, where consignments fell by about 6% though overall shipments were above \$1,300 million. "The signs of recovery in some key western countries, such as the US, are hazy. Month on month, there was a drop of over 14% in overall engineering exports in November this year, Shah said.

He said Iran and Kenya were two countries competing to remain in the top 25 as far as India's engineering exports are concerned. The top 25 countries contribute over 72% of India's engineering exports.

India's basket of exports of engineering goods is quite big and it includes high-tech items like nuclear reactor parts, aerospace parts, automobile and bicycle parts, steel and iron products, non-ferrous metals, transport equipment and others.

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India begins probe into stainless steel dumping by China, Korea

PTI

New Delhi, 25 April 2014: India has initiated an investigation into alleged dumping of a certain variety of stainless steel by China, Korea and Malaysia following a complaint by Jindal Stainless Ltd.

The commerce ministry's designated authority, the directorate general of Anti-Dumping and Allied Duties (DGAD), has begun a probe into alleged dumping of "certain Hot-Rolled Flat Products of Stainless Steel 304 series".

In a notification, the DGAD has said the applicant has provided sufficient evidence that the normal value of the product in these countries is significantly higher than the net export price. The evidences have prima facie indicated that the product is being dumped from China, Republic of Korea and Malaysia, it said.

"The authority finds sufficient prima facie evidence of dumping of subject goods by the countries, injury to the domestic industry and causal link between the dumping and injury, the authority hereby initiates an investigation ...," the notification said. In the probe, the directorate would determine the existence, degree and effect of alleged dumping and will recommend amount of anti-dumping duty, "which if levied would be adequate to remove the injury to the domestic industry".

The DGAD is the nodal agency under the commerce ministry for such investigations.

The period of investigation is April 2012 to June 2013. However, for the purpose of analysing injury, the data of previous three years (2009-2012) would also be considered, the notification added.

The country's largest stainless steel producer, Jindal Stainless Ltd, in its submission has said that the "application has been made by or on behalf of the domestic industry".

This particular variety of the steel is used for manufacture of process equipment, re-rolling, reactor vessels, material handling equipments, railways, pipes and tubes, automotive components, building and construction, industrial fabrication and power sector.

Unlike safeguard duties, which are levied in a uniform way, anti-dumping duties vary from product-to-product and from country to country.

Countries initiate anti-dumping probes to check if their domestic industries have been hurt because of a surge in cheap imports. As a counter measure, they impose duties within the multilateral regime of the WTO. Anti-dumping measures are taken to ensure fair trade and provide a level playing field to domestic industry. It is not a measure to restrict imports or cause an unjustified increase in the cost of products.

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India & S Korea to upgrade CEPA, boost trade ties

Financial Express

New Delhi, 16 January 2014: India and South Korea have agreed to upgrade the Comprehensive Economic Partnership Agreement (CEPA) as early as possible to bolster trade and investment.

Visiting South Korean president Park Guen-hye and Prime Minister Manmohan Singh agreed to give a push to Posco's steel plant in Orissa. Both the sides also inked five agreements, including in defence and space.

At the end of delegation talks with the visiting leader on Thursday in New Delhi, Singh said, "I am happy that the large-scale Posco steel project in Orissa is set to be operational in the coming weeks, following the revalidation of its environmental clearance. Grant of mining concession for the project is also at an advanced stage of processing." Singh said the project will further strengthen the fact that economic growth and environmental protection need to be balanced well.

The South Korean president said while the Posco Integrated Steel Plant has been delayed, with the acquisition of land and environmental clearances now through, both sides should ensure smooth sailing for the 8 million tonne per annum steel plant in Orissa.

Both sides have agreed to establish the India-ROK Joint Trade and Investment Promotion Committee at the Cabinet level as an expanded and restructured replacement of the current India-ROK Joint Investment Promotion Committee, as per the joint statement issued after the meeting.

The agreement to revise CEPA was one of the highlights in the joint statement issued after the summit. The trade pact was signed in 2009 and went into effect the following year.

South Korea had called for revising the agreement, complaining its level of liberalisation is lower than that of similar accords India has with other nations, especially Japan, which makes Korean firms in India less competitive than Japanese rivals.

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Korea wants duty cuts for auto, machinery exports to India

Nayanima Basu, Business Standard

New Delhi, 29 January 2014: South Korea has demanded a deep cut in tariffs on its goods entering India, under the Comprehensive Economic Partnership Agreement, signed by the two countries in 2009 and taking effect from 2010.

The two governments had decided to revise the pact, during the recent visit here of South Korea's President Park Geun-hye.

"We have been urging India to liberalise tariff duties, especially in automobiles, auto parts and Korean machinery. We want drastic reduction in this," Dong Seok Choi, director-general, Korea Trade-Investment Promotion Agency, told Business Standard.

Talks for revising the pact are expected to begin by the middle of this year. The first round will be in Seoul, said Dong.

The Indian government has asked South Korea for greater market access for its information technology export, generic medicine and textiles. Dong said Korea was aware of these wishes.

India's trade deficit with Korea rose from \$5.1 billion in 2009-10 to \$8.9 bn in 2012-13. The matter was raised by commerce and industry minister Anand Sharma with South Korean counterpart Yoon Sang-jick during a meeting here early this month.

On the pending approval for the \$12-bn project in Odisha of Posco, the Korean steel giant, Dong said this would induce more Korean companies to invest. "Korean SMEs (small and medium enterprises) are very keen to do business here and Posco will give them a boost. Korea is also keen to invest in India, mainly in aerospace, ship building, construction and urban development," he added.

He also said some Korean companies, such as Hyundai, Samsung and LG, had planned to expand in the country in the next couple of years. "Many Korean companies want to make India their research and development hub," he said.

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Korea could invoke Bipa for arbitration

Nayanima Basu, Business Standard

New Delhi, 5 April 2014: South Korea is considering invoking provisions under the bilateral investment promotion and protection agreement (Bipa) against India for the hit on Samsung Electronics' investments, following a Supreme Court order asking its chairman, Lee Kun-Hee, to appear within six weeks before a Ghaziabad trial court in a pending payment case.

This comes even as Commerce & Industry Minister Anand Sharma expressed apprehension the apex court's decision might adversely affect India's investment climate.

Sources told Business Standard the Korean embassy here had taken up the matter with the foreign ministry of that country. Currently, Korean ambassador Lee Joon-Gyu is in his home country. Under the India-South Korea Bipa, a party can drag the other to international arbitration if its investments are threatened.

Earlier this week, the Supreme Court had directed Lee Kun-Hee to appear before a Ghaziabad court in a \$1.4-million cheating case filed against him.

The Centre believes it is Samsung India that is "to be blamed, as it did not foresee it coming and mishandled the case", says a senior official, adding the apex court order had given an option through which an exemption could be sought from Lee's personal appearance.

The government is verifying the credentials of JCE Consultancy, complainant in the case. Initial investigations have revealed the company isn't registered with the Ministry of Corporate Affairs and doesn't have its sales tax number registered.

"The case has zero merit. The government is fully behind them. JCE Consultancy is a fraud company and is tactfully misusing the Indian judicial system," said an official directly handling the case on behalf of the Indian government.

Sharma, however, said, "Samsung is one of the largest companies of Korea and has huge presence and investments in India...It (the court order) sends a very negative message and will definitely impact the investment and business climate adversely." But he added the courts had to take a view.

Meanwhile, B D Park, regional president and chief executive of the company's southwest Asian operations, and Ravinder Zutshi, Samsung India managing director, on Friday met Amitabh Kant, secretary in the Department of Industrial Policy and Promotion.

"Samsung is a victim of fraud here. We have to make sure their investments continue and we should encourage their investments here. It should not be impacted," said Kant.

Sharma said companies functioned in an executive hierarchical manner, adding their chairmen should not be summoned in case of complaints. "This is my view...It sends a very negative message."

Earlier, South Korea had "threatened to stop all investments coming into India", an official said. The Supreme Court had passed its order on an appeal filed by Lee, challenging an Allahabad High Court order dismissing his plea for setting aside an arrest warrant issued against him. The order was passed on a complaint filed by an Indian company, JCE Consultancy, against Lee in a Ghaziabad court for allegedly cheating it of \$1.4 million.

Now, the Centre is planning to approach the court and request it to either allow one of Samsung's representatives to appear before the trial court or postpone the date of hearing in a manner that it comes up after a new government takes charge. The government is also concerned because of dismal progress in the \$12-billion Posco steel project, the Koreans might abandon India for Vietnam or Thailand.

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