

**India's  
Duty Free Tariff Preference (DFTP)  
Scheme  
for Least Developed Countries (LDCs)**

**Ministry of Commerce and Industry  
Government of India**

## Mandate

- Duty Free Quota Free (DFQF) market access under WTO's Hong Kong Ministerial Declaration, 2005.
- *Developed countries and developing countries declaring themselves in a position to do so, to provide market access for at least 97% of products originating from LDCs.*
- *Developing countries permitted to phase in their commitments and enjoy appropriate flexibility in coverage.*

# India's DFTP Scheme

## ➤ What is DFTP Scheme:

DFTP is a unilateral tariff preference scheme which provides both duty free and preferential market access on products comprising 92.5% of global exports of all LDCs.

## ➤ When announced:

Announced by Indian Prime Minister during India-Africa Forum Summit on 8 April, 2008 in New Delhi.

## ➤ Coverage:

49 Least Developed Countries (33 in Africa, 16 in Asia-Pacific & 1 in Americas).

# DFTP Model

- Product Coverage
  - Positive List (with margin of preference) – 9% lines
  - Exclusion List (no tariff preferences) – 6% lines
  - All other products are duty free – 85% lines
- Reduction process:
  - 5 equal cuts
  - 5 year implementation period
- Rules of Origin
  - CTH + 30%

# DFTP Coverage

- **Total Coverage:** **94% of India's tariff lines**
- **Products of export interest for LDCs**
  - Cotton
  - Cocoa
  - Aluminium ores
  - Copper ores
  - Cashew nuts
  - Cane sugar
  - Readymade garments
  - Fish fillets
  - Non-industrial diamonds

# DFTP Coverage

- **Duty Free Access:** **85% of India's tariff lines**
- **Products of Export Interest for LDCs**
  - Some Marine products
  - Some milk and milk products
  - Vegetables, fruits and nuts
  - Some Edible oils
  - Ores and minerals
  - Textiles
  - Clothing
  - Some Footwear
  - Gems and jewellery (diamonds, pearls)

# DFTP Coverage

- **Preferential Duty Access** **9% of India's tariff lines**
- **Products of Export Interest for LDCs**
  - Marine products – 20% MOP per year
  - Edible vegetables (leguminous) – 5% MOP per year
  - Edible fruits and nuts (coconuts, arecanuts etc) - 2-12% MOP per year
  - Spices (chilly, cinnamon, cloves, ginger, turmeric)- 3-18% MOP per year
  - Edible oil (groundnut, sunflower, cococut etc) - 10% MOP per year
  - Cane, beet and refined sugar -10% MOP per year
  - Soaps – 10-12% MOP per year
  - Plastics(scrap, tubes/pipes, floor coverings, plates/sheets) – 10% MOP py
  - Rubber products (latex, smoked sheets) – 2-10% MOP per year
  - Clothing – 10-12% MOP per year
  - Footwear – 2-15% MOP per year

# DFTP Coverage

- **Exclusion List** **6% of India's tariff lines**
- **Products covered**
  - Some milk products (concentrated milk, butter, dairy spreads, cheese)
  - Some vegetables (potato seeds, onions, garlic, cauliflowers, lettuce)
  - Some fruits and nuts (almonds, walnuts, betelnuts, figs, lemons, apples)
  - Coffee, tea, vanilla, cardamom
  - Cereals (wheat , rice, maize), Flour (wheat, potatoes), Cocoa
  - Marble
  - Rubber products
  - Silk yarn
  - Iron & steel products
  - Refined copper and copper alloys
  - Tractors



# Why Beneficial ?

- Products of export interest to LDCs
- Facilitate value added manufacturing in LDCs
- Investment flows from India to LDCs for taking advantage of DFTP

## What LDCs need to submit

- Letter of Intent (as per format circulated)
- Details of authorities authorized for issuing Certificate of Origin:
  - Name of the Agency
  - Names and specimen signatures of authorized officials
  - Seal of Agency

# Review Process

➤ DFTP Scheme to be reviewed based on:

- Inputs from Beneficiary LDCs
- Performance/ Utilisation of the Scheme

# Present Status (as on June, 2009)

- So far, Government of India has received Letters of Intent from 17 LDCs namely **Benin, Burkina Faso, Cambodia, Eritrea, Ethiopia, Gambia, Lao PDR, Madagascar, Malawi, Mozambique, Myanmar, Rwanda, Samoa, Senegal, Sudan, Tanzania and Uganda.**
- Out of these, only 8 LDCs namely **Benin, Cambodia, Ethiopia, Lao PDR, Malawi, Myanmar, Senegal and Tanzania** have submitted details of agencies authorized to issue Certificate of Origin.

# Plan of Action for DFTP beneficiaries

- Submit (if not already done so) the
  - Letter of Intent
  - List of agencies/ officials authorised to issue the Certificate of Origin
- Department of Commerce/ Centre have identified the products of export interest for LDCs who have submitted all the documents
- DFTP beneficiaries may concentrate on these products of export interest and tailor their policy measures accordingly

# Suggestions Received

➤ Change in Rules of Origin for products of export interest:

The rules of origin are uniformly applied across the DFTP Scheme. Since it is not PSRs (product specific rules), one cannot therefore pick and chose

➤ Removal of products of export interest from Exclusion List:

The DFTP Scheme would be reviewed on a regular basis based on inputs received from the beneficiaries and other sources.



THANK YOU