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India may protect some stainless steel against China imports

Tom Miles, Reuters

July 9, Geneva, - India is investigating a flood of Chinese imports of some types of stainless steel and may restrict the trade if it finds its own steelmakers have suffered as a result, according to a document published by the World Trade Organization (WTO) on Monday.

The probe into imports of the "300 series" of hot-rolled flat products was prompted by a complaint from Indian steel company Jindal Stainless Ltd, after China's share of India's import market for the products leapt from 10 percent to 50 percent over the past three years.

Under WTO rules, countries can temporarily hike tariffs for specific products if they can prove their own manufacturers risk being damaged by an unexpected increase in imports.

Before introducing these emergency restrictions, known as "safeguard" measures, they must investigate the circumstances and notify the WTO they are doing so.

India made its notification on July 4 and will decide whether or not to impose the duties within eight months. If it does so, China could challenge the safeguards at the WTO, although the two countries have never fought a fully-fledged trade dispute at the WTO since China joined the global trade body in 2001. China's steel sector, which produces almost half the world's steel, has frequently been blamed for trade friction, especially by U.S. steelmakers irked by China's cheap exports.

Citing figures from India's steel industry, India's statement said imports from China ballooned to 36,183 tonnes in the 2011-12 financial year from 5,364 tonnes in 2009-10. Over the same period, imports from other countries fell from 45,120 tonnes to 37,071 tonnes.

India's own production of the relevant products grew to 181,512 tonnes from 138,139 tonnes during the period, but actual sales were much lower, totaling 72,831 tonnes in 2011-12, and Indian firms' sales stagnated over the three years.

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Govt initiates probe into chemical dumping by China

PTI

New Delhi, July 15: India has initiated a probe into alleged dumping of a chemical, mainly used in photography and medical applications, by China following complaints by domestic players. The commerce ministry's designated authority, the Directorate General of Anti-Dumping and Allied Duties (DGAD), has started an investigation into alleged dumping of 'Meta Phenylene Diamine' (MPDA).

In a notification, the DGAD said that it has sufficient evidence of dumping of the product from China "to justify initiation of an anti-dumping investigation.

"... the authority (DGAD) hereby initiates an investigation into the alleged dumping and consequent injury to the domestic industry ... to determine the existence, degree and effect of any alleged dumping and to recommend the amount of anti-dumping duty, which, if levied, would be adequate to remove the injury to the domestic industry," the commerce ministry said in a notification.

The period of investigation is from October to December 2011. However, for the purpose of analysing injury, the data of previous three years of 2008-2009, 2009-2010 and 2010-2011 would also be considered, it said.

After completion of the probe, the commerce ministry would recommend the duty and the finance ministry would impose the restrictive duty.

Countries initiate an anti-dumping probe to see whether their domestic industries have been hurt because of a surge in cheap imports. As a counter-measure, they impose duties under the multilateral regime of the WTO.

The duty also ensures fair trading practices and creates a level-playing field for domestic producers vis-a-vis foreign producers and exporters resorting to dumping.

Unlike the safeguard duty, which is levied in a uniform way, anti-dumping duty varies from product to product and country to country.

India has initiated 275 anti-dumping investigations between 1992 and March 2012, involving 42 countries.

The countries prominently figuring in anti-dumping investigations are China, Korea and Singapore and the major product categories on which anti-dumping duty has been levied are chemicals and petrochemicals, pharmaceutical, steel and consumer goods.

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Govt looks for ways to cover trade gap with China

Nayanima Basu, Business Standard

New Delhi, July 16: The commerce and industry ministry is in a damage -control mode, looking for ways to narrow its soaring trade deficit with China. According to some analysts, the deficit is expected to soar to $60 billion this financial year. With costs of products rising in China, the government is leaving no stone unturned to grab the opportunity of entering the Chinese market in full force.

The ministry is sending exporters' delegations to China almost every month, which are aggressively pushing China to buy more value-added products from India, istead of merely importing raw materials.

But, some experts believe it will not be easy to enter the Chinese market as yet and it will take a long time before India can bridge the wide gap.

The trade deficit with China increased to almost $40 billion in 2011-2012 from $23.1 billion in 2008-09 and $9.1 billion in 2006-07, according to data from the Ministry of Commerce and Industry. Last year, the department of commerce had said it was preparing a strategy paper to cover the widening trade deficit with China, but nothing concrete has taken place so far.

However, according to ministry officials, the government is now looking at China more aggressively than earlier. "It is not possible to work out a strategy paper, as we import some of the big-ticket items from China. But, we want industry to take the lead now. The ministry is regularly organising more and more buyer-seller meets. We are seeing to it that a large number of marketing delegations visit China and understand the market there and identify where the gap is," a commerce department official told Business Standard.

According to the Federation of Indian Export Organisations (FIEO), exporters were not able to penetrate that market, as the costs were less and Indian goods were not able to compete. But, on Sunday, the tables have turned. Their goods have also turned expensive and global retailers now prefer India over China in some segments.

"China is an emerging market for us. We are now planning to penetrate into the market with more high-end products like auto components, pharmaceuticals, handicrafts and readymade garments. I believe we will be able to bridge the deficit in the next five years," M Rafeeque Ahmed, president, FIEO said.

While Chinese exports to India mainly consists of manufactured items required for India's ever-expanding telecom, power and manufacturing industries, India exports raw materials and intermediary products.

Bilateral trade in 2011-12 was $75.5 billion, of which India's export to China was $17.9 billion and import was $57.6 billion. India's main items of export to China include petroleum products, gems and jewellery, transport equipment, other raw materials and machinery.

"China always has an advantage over us. It will take us a few more years to penetrate into the Chinese market. China has opened its market very selectively. Neither our software industry nor the pharmaceutical firms have been able to market their products well in China," said Srikanth Kondapalli, chairman, Centre for East Asian Studies, Jawaharlal Nehru University.

India has also set up an India-China Joint Group on Economic Relations, Trade, Science and Technology in order to address the issue of widening trade deficit.

India’s heavy industries significantly rely on raw materials and finished goods from China. The top five items of import from China are electrical machinery and equipment ($ 11.9 billion), mechanical machinery and appliances ($7.7 billion), project goods ($ 3.2 billion), organic chemicals ($3.85 billion) and iron and steel ($2 billion).

In the last couple of years, import of power and telecommunication equipment has seen a huge rise. In 2010-11, import of mobile phones and other kinds of wireless phones reached $4.1 billion, up 60 per cent year-on-year from $2.5 billion in 2009-10. Similarly, import of project goods topped $3.2 billion in the last financial year from $2.1 billion in 2009-10, up 54 per cent.

“India is not unique in facing challenges of a widening trade deficit with China. Many other major economies are in a similar situation. This is what makes the prospect of enhancing India’s exports to China more challenging, as other countries are also making efforts to penetrate the Chinese market. Further, the pattern of exports to any country cannot be changed within an extremely short time horizon,” said Abhijit Das, head, Centre for WTO Studies, Indian Institute of Foreign Trade.

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Brazil Hits China with Tariffs as Potholes Erode New Silk Road

Simon Kennedy

Aug 1, 2011 (Bloomberg)-- The biggest threat to a revolution in emerging market trade may be the emerging markets themselves as Brazil slaps import curbs on Chinese toys, Russia claims China dumps cold-rolled steel and China keeps its currency undervalued. Such barriers to commerce are digging potholes in the "New Silk Road," the name given by economists to the burgeoning trade between developing nations that is forecast to be larger than that among advanced nations by 2015. The tensions may cause intra-emerging market trade to fall short of the 10-fold increase that HSBC Holdings Plc sees as the potential for the next four decades, and thus reduce its role as a driver of world growth. Trade and other barriers may also take the "luster" off emerging-market shares, said Ed Kuczma, who helps manage about $30 billion at Van Eck Associates in New York. Emerging market equities have gained more than double those in developed economies since the start of 2009. "Thick borders discourage capital inflows, keep people trapped in rural poverty and leave economies persistently underperforming," said Stephen King, HSBC's London-based chief economist and author of "Losing Control: The Emerging Threats to Western Prosperity." "Only if they can connect with each will emerging nations be able to turbo-charge their economic futures." Even with restrictions, the so-called BRIC nations of Brazil, Russia, India and China are trading increasingly with each other. Commerce between emerging markets, also known as South-South trade, could account for 40 percent of world trade by 2030 from 18 percent currently, according to Standard Chartered Bank.

Tata in China

Lenovo Group Ltd. (992), China's biggest maker of personal computers, said May 26 that sales in emerging markets including India, Brazil and Russia climbed 14 percent in the fourth quarter. Tata Steel Ltd. (TATA), India's largest manufacturer of the metal, will increase investment in China by 5 percent in 2012 to maintain market share, Managing Director Hemant Madhusudan Nerurkar told China Daily in May. TNK-BP, Russia's third-biggest oil producer, plans to pay more than $1 billion for a 45 percent stake in 21 Brazilian oil and gas tracts, two people with knowledge of the deal said on July 19. China and Russia have almost completed technical and commercial talks on a gas supply contract, PetroChina Co. chairman Jiang Jiemin said May 18. Broader benefits may still take time. Simon Evenett, who teaches at the University of St. Gallen in Switzerland, found that between November 2008 and the start of last month Russia imposed 138 protectionist measures against fellow BRIC nations. India took 85 steps, Brazil 52 and China 33. By comparison, the U.S. imposed a total of 30 measures against the group, he found. No Fraternity? "There's not much evidence of a BRIC fraternity," said Evenett, noting that the four BRIC nations were among the eight most protectionist in the Group of 20. Russia, which is still lobbying for membership of the World Trade Organization, was No. 1. China, Brazil and India are WTO members. The annual competitiveness report of the Geneva-based World Economic Forum shows that each of the BRIC nations has higher average trade tariffs than at least 110 other countries, including Nigeria and the Kyrgyz Republic. Tariff rates in 2009 ranged from Russia's 11.6 percent to India's 14.4 percent. Reducing barriers to trade would reinforce the so-called New Silk Road, a modernization of the name given to the 4,000- mile (6,435-kilometer) network of trade routes crisscrossing Asia, southern Europe and North Africa starting 2,000 years ago. Once traveled by Marco Polo, the route helped promote the growth of civilizations from Egypt to Rome.

Biggest Trader

Its new iteration refers to growing trade links between emerging markets that Citigroup Inc. economists Willem Buiter and Ebrahim Rahbari predict will power an increase in worldwide trade in goods and services to $149 trillion in 2030 from $37 trillion in 2010. They estimate that China will usurp the U.S. as the world's biggest trader within four years. By 2015, they said, commerce between emerging markets will overtake that within advanced economies and by 2030 that between developed and developing nations. The projections may not be met should free trade fail to take hold, Buiter and Rahbari said in a June 22 report. While Kuczma of Van Eck identified port operators DP World Ltd. (DPW) of Dubai and Sao Paulo-based Santos Brasil Participacoes SA (STBP3) as standing to benefit from growing trade links between emerging markets, fettered markets may still "take the luster off the emerging market growth story," he said. "A sound, stable and well-defined open trade policy goes a long way to instilling investor confidence in emerging markets," said Kuczma, whose title is emerging-markets analyst.

Building Material

The longer BRIC nations take to drop trade barriers and controls on capital and credit, the slower the gains for potential beneficiaries. Credit Suisse Group AG's private banking division identified logistic companies, delivery services, building material manufacturers and port developers as winners from more open trade. Among them: Hong Kong-based container lessor Cosco Pacific Ltd. (1199), Germany's Deutsche Post AG (DPW) and building-material supplier Lafarge SA (LG) of France, the manager of about $1.5 trillion said in a January report. At the same time, the friction continues. Brazil in December raised to 35 percent from 20 percent a duty on imported toys after local manufacturers complained they were being harmed by a flood of cheap,

Chinese-made goods. Complaints from Brazilian unions and industry groups, including textile producers, have led its government to enact 30 anti-dumping measures aimed at Chinese-made goods, more than those against any other country and almost four times more than directed at the U.S., according to the Trade Ministry.

Glass Fiber

China was the target of a May 30 announcement that India had started an anti-dumping probe on grinding steel balls. The same month, India imposed anti-dumping duties on "certain rubber chemical" imports from countries including China. Brazilian aircraft-maker Embraer SA (EMBR3) failed to get China's government to approve final assembly of its E-190 aircraft in China because of concerns it would compete with a domestic regional jet, Chief Executive Officer Frederico Curado said in April. Similarly, Indian Prime Minister Manmohan Singh pushed Chinese President Hu Jintao in April to boost imports of Indian information technology and pharmaceutical products. Russia, meanwhile, in February began an anti-dumping probe into cold rolled steel with polymer coating imported from China after complaints from steelmakers. Prime Minister Vladimir Putin says Russia is free to keep introducing import restrictions until it joins the WTO.

Yuan Strength

Another source of tension: China's policy of limiting the yuan's value to support its manufacturers in the global marketplace. Echoing complaints from the U.S., researchers at the Reserve Bank of India wrote in an April report that China's exchange rate policy "invariably and distinctly provides competitive advantage over its trade competitors." While the dollar has dropped about 5 percent against the yuan since the start of 2010, the Brazilian real has risen 5 percent against the Chinese currency and India's rupee has fallen just 1 percent. The yuan policy has drawn fire from Brazilian Finance Minister Guido Mantega, who last week reiterated that Brazil would defend itself from any "currency war" prompted by nations seeking to boost exports through lower exchange rates.

Growing Anyway

"Emerging market authorities are reluctant to allow exchange rates to move to market levels and that is part of the protectionist phenomenon," said John-Paul Smith, an emerging- market strategist at Deutsche Bank AG in London. Jim O'Neill, chairman of Goldman Sachs Asset Management in London and creator of the BRIC description, said the push will remain toward free trade, noting that commerce has surged in the past decade even with restrictions in place. Investors should buy into that trend even if the current regulatory climate irks them, he said. The MSCI Emerging Markets Index has risen 102 percent since the start of 2009, compared with the 41 percent gain in the MSCI World (MXWO) Index of 24 developed markets. “You can wait for the uncertainty to clear, but by the time you do it’s probably going to be too late” to profit, said O’Neill. “Acknowledging the powers of free trade for these countries is inevitable. It’s just a matter of time before they grow up.”

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Wen calls for Sino-Indian co-operation in global fora

PTI

September 26, 2011 23:24 IST: Chinese Premier Wen Jiabao on Monday proposed collaboration between India and China in global fora like World Trade Organisation and G-20 and in the financial sector, as top planners of the two countries had a "productive" round of talks at the first Strategic Economic Dialogue in Beijing.

After a day-long meeting with various sub-groups discussing collaboration in the railways, specially the high speed trains, water and energy, the high power delegation led by Planning Commission Deputy Chairman Montek Singh Ahluwalia had an hour-long meeting with Wen. It was supposed to be a half-an-hour meet, but it went for an hour during which Wen has proposed that the strategic economic dialogue scope should be expanded to include dialogue on collaboration in international forums like WTO, G-20 and Climate Change as well as in the financial sector.

The Chinese Premier also spoke of India's capabilities in I-T and pharmaceuticals and talked about creating an investor friendly environment. "It was a productive meeting" to set the tone for collaboration in a number of different economic areas, Ahluwalia told the Indian media. "We have nationally different perspectives here and there, but bottom line is that we have common interests. We should not look at India China in a static context but a dynamic context," he said, adding that China was set to become the largest economy in the next 20 years while India poised to become third largest.

The bonhomie at the meeting created a different setting between the two countries which last week had exchanged strong statements over India's plans to take part in oil exploration in the Vietnamese blocks in the South China Sea. The Chinese delegation was led by Zhang Ping, Chairman, National Development and Reform Commission, a Chinese equivalent for Planning Commission.

The highlight of the talks was India's push for collaboration in the field of railways, especially China's high speed trains which hit the headlines recently.

Ahluwalia said if India looks to grow at five per cent GDP the present rail infrastructure is fine, but if it wants to grow by nine per cent, then it very much needed the high speed rail networks.

Vinay Mittal, chairman of the railway board, who attended special meetings, said contrary to the view in India high speed tracks need far less land than perceived. He said high speed trains were feasible and necessary for India, especially for the freight corridors and discussions centered on China's massive expansion in this area.

China handled over 3,600 million tonnes for freight to India's 900 million, Mittal said, adding that such rail infrastructure would reduce carbon imprints as well. The two sides also discussed the water-related issue. Though the discussions centered around technical issues, Ahluwalia briefly touched upon India's interest in increasing cooperation over inter-state rivers originating from Tibet.

"I take this opportunity to also record our appreciation for the hydrological data that the Chinese Government provides us on the Brahmaputra and Satluj rivers during flood season," he said. "It would be very good to build further on this tradition of cooperation. This should be a subject that unites us rather than divides us," he said in his opening remarks. Indian officials said the discussions mainly centered on pricing system of water in urban and rural areas, technology issues relating to water supply systems in cities, water saving technologies and irrigation.

India and China reached an understanding to deepen bilateral investment cooperation, further opening markets and improve their investment environment. The two sides have agreed to stay committed to deepen bilateral investment cooperation, further opening of markets, and improving investment environment in both counties, minutes circulated at the end of first session said.

The two sides also agreed to strengthen cooperation on energy efficiency and conservation as well as on environmental protection. They also agreed to actively develop cooperation in energy matters, including in the renewable energy sector, in order to promote sustainable development. Enhanced exchanges in these spheres would be the new engine for greater cooperation between the two sides, the minutes said.

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Chinese Imports Face Curbs as Goods Inflow Zips

Amiti Sen, The Economic Times

New Delhi, 31 October 2011: Alarmed at its rising trade deficit with China, India is mulling a host of import restriction measures to slow down the inflow of goods that added up to $43 billion in 2010-11. The measures, mooted in a comprehensive China strategy being readied by the commerce department, could include higher tariffs, ban on specific items of imports such as power and telecom equipment and mandatory joint ventures for investments in areas of heavy imports."China has already taken over our power sector and is ruling the low-end market for mobile phone sets. If we do not step in now with suitable policy measures, our trade gap with China will rise further," a commerce department official told ET. Imports from China, India's biggest trading partner now, have risen four-fold in the last five years to cross $43 billion in 2010-11. In the same period, exports have risen from $6.8 billion to $19.61 billion in 2010-11, leaving India with a wide deficit of over $ 23 billion. China has acknowledged that the growing deficit is a problem but has done precious little to address the issue, ignoring seven specific requests such as easing import of pharmaceuticals, agro produce, IT products and heavy machinery. The lack of response has forced the commerce department into drafting a 'China strategy' that will also include incentives to encourage exports of value-added products from India."China promised us almost two years back that it would work towards helping us bridge the trade deficit, but has not yet taken any significant step," the official said. It is now left to India to do its bit in trying to restrain imports, he added. Other departments and ministries including finance, power, telecom and home will be consulted once the strategy that also has measures to boost exports is ready. But trade experts feel restricting imports from China would be fraught with legal problems. "Even if we ignore the WTO rules and its ramifications, there is just too much peer pressure. In the G-20 forums, countries are constantly harping on ways to keep market open and such steps would be frowned upon," said Biswajit Dhar, director general of, RIS, a think-tank for developing countries. If India imposed curbs on Chinese investments, foreign investors could question the exceptions being made for one country as it could be later extended to other countries as well.

Government officials, however, insist that taking measures against imports and investments from China would not be a problem."We are well aware of all existing rules and policies and there are ways around everything," the official said. The Indian industry may also oppose policies to restrict China as it is a cheap source of goods and capital. Reliance Communications had in March signed a deal to borrow $1.93 billion from China Development Bank that included $ 1.33 billion for refinancing 3G spectrum fee payment $ 600 million for equipment imports from Chinese Vendors.

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India plans duties on import of Chinese power equipment

Asit Ranjan Mishra & Utpal Bhaskar, Livemint

Oct 31,New Delhi: In a move that may spell trouble for private sector utilities and Chinese makers of power generation equipment, heavy industries minister Praful Patel has called a meeting on Thursday to discuss and push for the imposition of customs duties on imports of such equipment.

The meeting will be attended by officials from the ministries of heavy industries, commerce and power, and follows demands by local manufacturers to restrict Chinese power equipment imports.

“This is because domestic companies have been long complaining that they are becoming increasingly uncompetitive due to the cheaper power equipment imported from China,” said a top government official aware of the meeting, who requested anonymity. “If customs duty along with excise duty is imposed on Chinese power equipment, then the effective tax on such imports will be around 17-18%.”

Bharat Heavy Electricals Ltd (Bhel) and Larsen and Toubro Ltd (L&T) have been lobbying with the government to limit Chinese competition. According to the contours of an earlier proposal, the imported equipment will be subjected to 5% customs duty, 10% countervailing duty and a special additional duty of 4%.

State-owned Bhel has been facing competition from Chinese power generation equipment firms such as Shandong Electric Power Construction Corp., Shanghai Electric Group Co. Ltd, Dongfang Electric Corp. Ltd and Harbin Power Equipment Co. Ltd, both in domestic and overseas markets.

Power utilities have placed orders for overseas equipment largely because of the inability of local manufacturers to meet growing demand. Chinese imports are relatively cheaper because equipment makers from that country benefit from low interest rates and an undervalued currency. Undervaluing the currency makes exports cheaper and increases demand of products.

“We’re aware about the proposal about levying duties on imported equipment. This is a very sensitive issue and we’ll take some action. It’s an unfair policy,” said an Indian representative of Shanghai Electric.

Patel didn’t respond to phone calls or to a message left on his cellphone on Friday. A Bhel executive, requesting anonymity, confirmed the development.

“There is a forward movement on the proposal,” the official said.

The proposal being pushed by the heavy industries ministry has been in the works for some time and is aimed at creating a level-playing field for domestic companies.

The power ministry was not in favour of such a move until after the start of the 12th Five-year Plan (2012-17). A panel of senior government officials had earlier agreed to impose the taxes.

Planning Commission member Arun Maira has also recommended 14% import duty on power generation equipment to strike a balance between protecting local manufacturers and the need to import equipment to boost power production, Mint reported on 10 February 2010.

“There is an intent on the part of the government to limit Chinese imports,” said another official, who did not want to be named.

Mint reported on 29 September about the government reviving a plan to scrap its so-called mega power plant policy, imposing a 5% customs duty on the import of equipment that goes into thermal projects that will generate at least 1,000 megawatts. However, the move needs to be cleared by the cabinet and the rule will apply only to new projects; firms that have already placed orders with Chinese companies will be exempt.

Power generation equipment makers having a manufacturing base in India—Bhel, Doosan Heavy Industries and Construction Co. Ltd, and the joint ventures between L&T and Mitsubishi Heavy Industries Ltd; Toshiba Corp. and JSW Group; Ansaldo Caldaie SpA of Italy and Gammon India Ltd; Alstom SA of France and Bharat Forge Ltd; BGR Energy Systems Ltd and Hitachi Power Europe GmbH, and Thermax Ltd and Babcock and Wilcox Co.—stand to benefit from such a move.

India's move to curb Chinese power equipment imports comes at a time when the two countries have been discussing ways to double bilateral trade to $100 billion by 2015 and to plug a yawning trade gap in China's favour.

Aggression against a significant trade partner like China will not pay in the long run, said Abhijit Das, head of the Centre for WTO Studies."While imposing any such import duty, we have to first of all keep in mind that it is compliant without commitments under the World Trade Organization and within the bound tariff rates," he said. "Secondly, it has to be applicable to all countries on a non-discriminatory basis and no country can be singled out."

India has been complaining about the increasing trade imbalance with China and lack of access for Indian firms to the Chinese market. China is the second-largest trade partner of India, behind only the United Arab Emirates. Indian exports to China were valued at $19.6 billion in 2010-11 and imports from that country $43.5 billion.

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Rising imports widen trade deficit with China

Nayanima Basu, Business Standard

New Delhi, December 5, 2011: The trade deficit with China continues to soar at a blistering pace even as India is looking at aggressively increasing and strategising the reach of its products into the Chinese markets. The trade deficit which was $19 billion in 2009-10 rose to $23.87 billion in the last financial year. Analysts say there are indications that by the end of current financial year it might widen to a whopping $40 billion.

In the last couple of financial years, import of power and telecommunication equipments has seen a huge rise. In 2010-2011, import of mobile phones and other kinds of wireless phones reached $4.07 billion, up 60.1 per cent year-on-year from $2.54 billion in 2009-10. Similarly, import of project goods rose to $3.17 billion last financial year from $2.06 billion in 2009-10, up 54.08 per cent.

"We mainly import cell phones, project goods, digital products, chemicals, urea and machinery parts. However, what is rather unknown is that Chinese imports to India are quite diversified with a whole range of products accounting for a very small proportion of total imports from China, but in aggregate, they added to up to huge sum of imports," said Ram Upendra Das, senior member of a New Delhi-based think tank Research and Information System for Developing Countries (RIS).

Experts also said the Indian heavy industries significantly rely on raw materials and finished goods from China. The top five items of import from China are electrical machinery and equipments ($11.86 billion), mechanical machinery and appliances ($7.7 billion), project goods ($ 3.2 billion), organic chemicals ($3.85 billion) and iron & steel ($1.99 billion).

"We have undertaken the task to reduce our power deficit through massive sector reforms which have encouraged many companies to enter into power sector. These companies are placing order on China for supply of power equipments which besides cost effective are also delivered timely.

Similarly, we are seeing major revolution in telecommunication sectors with increasing teledensity and higher use of mobile phones. In the first four months of the current financial year, our deficit with China has almost touched $13 billion which is giving indication that the deficit may swell to $40 billion by the end of current financial year," said Ramu S Deora, president, Federation of Indian Export Organisations and chairman of G Amphray Laboratories.

Deora also said there needs to be a "sea change" in India's strategy in order to increase exports to China. He also added that India needs to look at a more "aggressive strategy" to reach every corner of the Chinese markets and build a credible consumer base. He said with change in demographic profile, China is all set to exit from labour intensive sectors of exports leaving the field open for India and other low-cost manufacturing countries.

"We can revisit our strategy for exports of garments, textiles, leather, organic and inorganic chemicals also to China," he added.

Experts also believe that India has also not been able to access the Chinese markets in areas where it has considerable market expertise such as pharmaceuticals and information technology.

"Lack of adequate research and development in such industries in India has led to increased imports of these products from China to meet the growing domestic demand. It is crucial for our domestic industries, especially those like OEM's, in which India has considerable global competitiveness, to expand its portfolio and global outreach," said Pradeep Mehta, secretary general of CUTS International.

China has become successful in changing the way Indian consumers think today. From bright and shiny 'Ganesha' idols to creative Diwali lights, Chinese goods have become a part and parcel of Indians today in almost all the urban markets across the country.

According to Das of RIS, this is happening all the more because importers are placing large number of orders with the Chinese due to a competitive pricing which, in turn, is inducing demand. "They are present in small shares but in a large number of areas and they have achieved this competitiveness due to massive manufacturing competence and they know how to influence buyers thinking," Das emphasised.

Anwarul Hoda, professor, Indian Council for Research on International Economic Relations (ICRIER) believes that unless India charts out a long-term strategy to face the influx of Chinese goods into Indian markets, the trade deficit would continue to balloon.

In an effort to tame the ballooning deficit, Ministry of Commerce and Industry is working on a China specific strategy paper to identify the areas in which it can leverage Indian shipments to China. Some of the key focus areas that have been identified by the strategy paper are information technology, drugs and pharmaceuticals, textiles, chemicals, carpets, woven fabrics and leather products among others. The strategy paper would also deal with measures on how to gain more access of the Chinese market in terms of services trade with a liberal visa regime, according to commerce department officials who are involved in the process.

"There can be a variety of ways to increase our exports. These may include from bilateral negotiations for tariff reductions to forging production network links with southeast Asian countries to access their market, to establish joint ventures with Chinese companies for exports to joint ventures with developed countries in the Chinese market as tariff jumping FDI," Das said.

According to Mehta, since India and China form a significant part of the BRICS Grouping also, raising trade barriers would not be viewed as a viable option.Mehta said that since China is now increasingly focusing on boosting domestic consumption due to the ongoing financial turmoil, India should look forward to increase exports to cater to the likely increase in domestic consumption.

Both countries have decided to increase bilateral trade to $100 billion by 2015. In order to achieve this target Prime Minister Manmohan Singh has selected Anil Dhirubhai Ambani Group (ADAG) chairman Anil Ambani to head the much ambitious India-China CEOs Forum.

The CEOs Forum, which was announced during the visit of Chinese prime minister Wen Jiabao here in December last year, would also comprise who's who of the Indian industry as its members. Some of the prominent names in this are Anand Mahindra, Tulsi Tanti, N Chandrasekharan, Yusuf Hamied, Prashant Ruia, R Seshasayee, Baba Kalyani and Gautam Adani.

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Anti-dumping duty imposed on opal glassware from China, UAE

PTI

New Delhi, Dec 6: India has imposed anti-dumping duty on cheap imports of opal glassware from China and the United Arab Emirates for a period of five years. The duty would be in the range of 41. 6 - 110. 17 per cent of the landed cost of consignments from China, while UAE-imported opal glassware would attract duty at 36.73 per cent of the cost. Opal glassware is a milky white glass used in lighting fixtures and tableware. "The anti-dumping duty imposed shall be levied for a period of five years (unless revoked, superseded or amended earlier) from the date of imposition of the provisional anti-dumping duty, that is, August 9, 2011, and shall be payable in Indian currency," the Department of Revenue has said. The levy was imposed after the designated authority, the Directorate General of Anti-Dumping and Allied Duties (DGAD), a nodal agency under the Commerce Ministry, recommended its imposition following an investigation. In its probe, the DGAD concluded that the domestic industry had suffered a material injury on account of dumping of the product by both nations. Earlier, in August, the DGAD had imposed provisional anti-dumping duty on opal glassware from China and the UAE for six months. Anti-dumping duty is recommended by the Commerce Ministry, while the Finance Ministry imposes the same.

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Government to investigate on carbon black import from China

PTI

18 Dec, 2011,NEW DELHI: The government has decided to investigate whether the increased import of carbon black, used by the tyre and the rubber industries, from China was hurting the local manufacturers who are seeking imposition of a safeguard duty on inbound shipments. A country imposes safeguard duty to give temporary relief to domestic producers while they adjust to the pricing tactics of competitive foreign players. The domestic industry has requested the Directorate General of Safeguards (DGS) for immediate imposition of safeguard duty on imports of carbon black originating from China for a period of four years. "The application has been examined and it has been found that prima facie increased imports of carbon black have caused and are threatening to cause market disruption to the domestic producers of carbon black and as such it has been decided to initiate an investigation...," the DGS said. The application has been filed by the Association of Carbon Black Manufactures on behalf of two of its member companies Phillips Carbon Black Limited (Kolkata) and Hi-Tech Carbon (Sonebhadra). The companies account for more than 80 per cent of the total production of carbon black in India. The imports from China have increased phenomenally from 13,944 MT in 2008-09 to 70,193 MT in 2011-12, an increase of 429 per cent. Besides, the import from China with respect to domestic production was 3 per cent in 2008-09, which has increased now to 11 per cent in 2011-12. The profitability of the domestic industry has steeply deteriorated due to the increased imports and the domestic industry is now suffering financial losses, the application said.

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Highest anti-dumping cases against China: Govt

PTI

New Delhi, December 21, 2011-- India has initiated 149 anti-dumping cases against China, which accounted for over half of such actions taken by the country against foreign nations, Parliament was informed today.

The Directorate General of Anti-Dumping and Allied Duties (DGAD) under the Commerce Ministry investigates complaints made by the domestic industry about alleged dumping of goods in the country that has caused injury to indigenous manufacturers.

"The DGAD has so far initiated anti-dumping investigations in 272 cases, involving various countries since 1992. Out of these, 149 cases involve China... At present, 77 anti-dumping measures are in force against China," Minister of State for Commerce and Industry Jyotiraditya Scindia said in a written reply to the Rajya Sabha.

Anti-dumping duty is imposed on imports check predatory pricing of products. Countries initiate anti-dumping probes to assess whether domestic industry has been hurt because of a surge in cheap imports. As a counter-measure, they impose duties, as permitted under the multilateral WTO regime.

The duty also ensures fair trading practices and creates a level-playing field for domestic producers vis-a-vis foreign producers and exporters resorting to dumping.
Unlike safeguard duty, which is levied in a uniform way, anti-dumping duty varies from product-to-product and country-to-country.

In a separate reply, Scindia said between 1991 and October, 2011, 3,418 industrial units were closed, with 2,35,856 workers affected as a result.

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India extends ban on milk imports from Chinese

PTI

26 Dec, 2011, New Delhi: India has extended ban on import of milk and its products from China for another six months, according to the foreign trade office. The ban was in effect till December 24. "Prohibition on import of milk and milk products (including chocolates and chocolate products and candies/ confectionery/ food preparations with milk or milk solids as an ingredient) from China is further extended till 24.6.2012 or until further orders, whichever is earlier," Directorate General of Foreign Trade (DGFT) said in a notification. Imports of milk and milk products from China have been prohibited since September 2008. Though the DGFT has not cited any reason for the ban, it is understood it was over fears of Chinese milk containing melamine, a deadly chemical, a source said.

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Quality norms for electronics may shut out Chinese goods

Surabhi Agarwal & Asit Ranjan Mishra, Livemint

Jan 4, 2012,New Delhi: In a move that could spell trouble for Chinese electronics manufacturers in India as well as local firms sourcing electronics from that country, the government is proposing mandatory quality norms for 16 electronic items, including mobile phones, computers and television sets.

The action, which could increase tension in trade relations between the two Asian neighbours, is being taken to eliminate spurious and substandard electronic goods that have flooded the Indian market, mostly made in China.

According to estimates, 30% of the over $45 billion (Rs. 2.4 trillion) electronic equipment market is low quality, posing serious health and safety hazards for consumers. The market for electronic equipment in the country is expected to grow to $400 billion by 2020, of which $300 billion is expected to be imported unless the domestic manufacturing industry scales up dramatically.

To enforce quality standards, the government will set up testing and sampling labs, said a senior official of the department of information technology (DIT). It will also, in consultation with the Bureau of Indian Standards (BIS), announce a policy on the issue. “Through this policy mandate, we will reinforce existing standards, which are internationally acceptable, instead of reinventing any new standards,” said the DIT official, who did not want to be identified as the policy is yet to be notified.

The same person added that the move follows accidents involving such goods. The policy, when released, has the potential to change the dynamics of the industry as local manufacturers and multinational brands are both under intense price pressure from cheap Chinese imports.

Alok Bharadwaj, president of electronics hardware lobby Manufacturers’ Association for Information Technology, said: “We have to decide what should we tolerate.”

He added that when manufacturers conform to standards in other countries, be it for voltage or plugs, they should do so in India as well. “Even though the price is much lower compared with branded goods, the consumer ends up getting a bad bargain,” he said. Bharadwaj is also senior vice-president of Japanese camera and printer m-aker Canon’s India operations.

According to the DIT official, the most significant impact is likely to be on mobile phones. The last four years have seen a significant growth in the number of non-branded phones being sold in the country, most of them imported from China.

According to Gartner, the Indian mobile device market has more than 150 manufacturers selling devices to consumers, with most of them being local and Chinese manufacturers focused on low-cost phones. Mobile device sales in India are forecast to reach 231 million units in 2012, an increase of 8.5% over 2011, according to the market research firm.

A senior commerce ministry official confirmed that such a policy is on the anvil. However, he said that DIT is yet to formally consult the ministry. “We know it is being contemplated. We’ve to evolve the same standards for domestic manufacturers as well,” he added.

The standards will apply equally to local manufacturers as well, said the DIT official. However, most of such products use components imported from China.

The government banned the import of mobile phones without a unique international mobile equipment identity (IMEI) number in 2009. Chinese handsets without IMEI numbers had a market share of about 13% at that time.

India had banned the import of Chinese toys in January 2009, alleging that such products had toxic parts. In June 2009, the ban was relaxed for the import of toys from any country that met international safety standards. Since the move was not World Trade Organization (WTO)-compliant, in May 2010, the government made it mandatory for domestic manufacturers to obtain BIS certification showing that their products conform to toxicity norms.

According to the WTO agreement on technical barriers to trade, member countries can maintain technical standards that are scientifically verifiable, transparent and non-discriminatory, said independent trade analyst T.N.C. Rajagopalan.

“Such uniform standards have to be devised for electronic items as measures like anti-dumping are difficult to impose in these cases,” he added.

India’s widening trade deficit with China and the lack of access for Indian firms to the Chinese market have been contentious issues between the two countries. A proposal to impose customs duties on imports of Chinese power equipment to safeguard domestic manufacturers such as Bharat Heavy Electricals Ltd and Larsen and Toubro Ltd is under consideration.

China is India’s second largest trade partner, behind only the United Arab Emirates. Indian exports to China were valued at $19.6 billion in 2010-11 and imports from that country at $43.5 billion.

Setting up standards for a particular industry cannot be seen as a trade war, even though Chinese manufacturers may be the ones impacted most, said T.S. Vishwanath, principal adviser at APJ-SLG Law Offices.

“As long as these standards are not specific to China— which they cannot be—then it is fine,” he said.

Such measures cannot be used as instruments to address the trade deficit with any country, said Abhijit Das, head of the Centre for WTO Studies.

Vishal Tripathi, principal analyst at Gartner India, said: “On the flip side, the availability of such products keeps the multinational brands on their toes as their margins are under pressure.”

It is the responsibility of the government to ensure that the products available are of good quality, since mobile penetration is happening more in rural areas, where literacy rates are lower, said Pankaj Mohindroo, founder and national president of the Indian Cellular Association.

“It is the unbranded segment, which constitutes almost 25% of the market, which will get the most impacted,” he said. “This segment stops at nothing, be it counterfeiting products, making wrong declarations to consumers in terms of specifications, no after-sales service and warranty, etc. There is a major fraud being played on the consumer by this segment, which has to stop.”

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DGAD probes dumping of bonded wood, fibre boards

Press Trust of India

New Delhi, Jan. 9: The Government has initiated a probe into alleged dumping of certain types of organic substances — bonded wood and fibre boards — by China, Indonesia, Malaysia and Sri Lanka with a view to protect domestic players from cheap shipments through the levy of anti-dumping duty. Countries initiate anti-dumping probes to check if the domestic industry has been hurt by a surge in cheap imports.

As a counter-measure, they impose duties as permitted under the multilateral WTO regime. The Directorate-General of Anti-Dumping and Allied Duties (DGAD) has initiated the probe into alleged dumping of "resin or other organic substances — bonded wood or ligneous fibre boards of thickness below 6mm, except insulation boards, laminated fibre boards — originating in or exported from China, Indonesia, Malaysia and Sri Lanka," a notification by the Commerce Ministry said.

Sufficient evidence

On finding sufficient evidence of dumping of the product by these countries, the DGAD "hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry... to determine the existence, degree and effect of alleged dumping and to recommend the amount of anti-dumping measure, which, if levied, would be adequate to remove the injury to the domestic industry," it said. The investigation is focused on the April 2010-June 2011, period, it added.
Balaji Action Buildwell had filed an application for the probe on behalf of the domestic industry.
The applicant accounts for more than 50 per cent of total Indian production of bonded wood and ligneous fibre boards.

India has so far initiated 149 anti-dumping cases against China, which account for over half of such actions taken by the country against foreign nations.

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

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Anti-dumping on 4 items imported from China extended for 5-yr

PTI

New Delhi, January 13: In the backdrop of widening trade gap with China, India today extended for five years anti- dumping duty on import of four Chinese products, including silk fabrics and a sweetener.

The duty is imposed to protect the domestic industry from cheap imports.

Import of certain type of silk fabrics from China will attract anti-dumping duty of USD 1.82 to USD 7.59 per metre, a notification of the Revenue Department said.

The duty was first imposed on the fabrics in December 2006 till December 2011.

India had a trade deficit of USD 16 billion against China during 2010-11. It has already crossed

USD 20 billion in the first seven months of the current fiscal.

The Directorate General of Anti-Dumping (DGAD) had carried a suo motu sunset review probe in December 2010 to examine whether cessation of the duty would lead to continuation of dumping and injury to the domestic players.

Following the review, the DGAD had recommended continuation and enhancement of the anti-dumping duty.

"The anti-dumping duty imposed shall be levied for a period of five years (unless revoked, superseded or amended earlier)...," the Revenue Department said.

It further said the duty on import of certain type of nylon filament yarn from China, Chinese Taipei, Malaysia, Thailand and Korea will be imposed at USD 0.20 to USD 1.51 per kilogram for another five years. Notifications for extension of anti-dumping duty on imports of cellophane transparent film and saccharin from China for five years have also been issued.

Saccharin is a non-nutritive sweetener and considered to be low calorie substitute for cane sugar.

Meanwhile, the government has also levied provisional anti-dumping duty on import of phosphoric acid (excluding agriculture /fertiliser grade) from Israel and Taiwan. The duty at USD 116.25 to USD 260.26 per tonne has been imposed for six months.

India has so far initiated about 150 anti-dumping cases against China, which account for over half of such actions taken by the country against foreign nations.

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Government: Okay with Chinese solar cells if they meet quality standards

Shreya Jai & Viraj Desai, ET Bureau

Jan 19, 2012, NEW DELHI: The government says it has no objections to imports of low-priced Chinese solar cells as long as they meet prescribed quality standards.

This comes as a setback to domestic manufacturers battling cheaper Chinese imports. Last week, the government rejected a plea of domestic players seeking imposition of import duty on finished solar equipment.

The market will always bend towards the products which are low-priced. But, yes the quality matters," said Tarun Kapoor, joint secretary, ministry of new and renewable energy.

The Indian government's stand is in contrast with the US policy, which has taken China to the World Trade Organisation over dumping of solar cells and panels.

Kapoor, however, said, "We support what is legal, this is a case and we support WTO-accepted norms. It is not country specific, it's rule specific."

India's National Solar Mission gives preference to domestic manufacturers. However, this is only at the central level and states are not obliged to follow this policy. "There's only one scheme that offers this provision and it's not a law," Kapoor said. "We give the projects to developers who in turn are free to choose the products. If the prices are low and quality is good, then obviously, anyone would go for it."

Low-priced Chinese solar cells and other solar equipments are flooding markets globally, riling local players. China, which exported solar panels worth $214 million last year, accounts for half the world market for solar cells.

"Why should we as a nation help strengthen other international manufacturers when our own domestic players are fledgling?" asked Vivek Chaturvedi, chief marketing officer, Moser Baer Solar Ltd, a leading manufacturer of solar equipment.

At present, India's solar cell and module capacity is around 700mw and 1,000mw, respectively. Industry expects the demand to grow to 3-5 gigawatts annually in six years.

Ministry officials though inform that it's the thin-film technology in the solar cell market that is facing more threat, which often come with vendor-tied foreign financing.

"Given that over 90% of the installed global solar cell capacity is based on the more reliable crystalline silicon technology, the government may well consider further extending the domestic content requirement to sustain the momentum of solar manufacturing in the country," said Rupesh Agarwal, Advisory Lead - Cleantech at Ernst & Young.

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India’s anti-subsidy plan to hit China

Sidhartha, TNN

Jan 24, 2012, New Delhi: The government is ready with a plan to act against countries that provide subsidy to local producers and make exports more competitive. Although anti-subsidy action is a trade defence measure, permitted by the World Trade Organisation (WTO), the move is expected to hit China the most. Commerce department officials told TOI that the government is setting up a Directorate General of Trade Remedies (DGTR) over the next few weeks, which will deal with anti-subsidy and countervailing action. The new directorate will also deal with anti-dumping action, which is initiated against foreign manufacturers who sell in India below-cost and impact domestic products. The third trade defence tool - safeguard duty - is initiated in case of a surge in imports and will remain with the revenue department. In all three cases, the WTO provides for imposition of duty to prevent any surge. Countervailing duty can be imposed only after the authorities have determined that there is a specific subsidy, relating to export performance. Besides, it has to push for the use of domestic goods over imported products that are used on manufacturing an export article. Further, the country that initiates anti-subsidy action has to prove that the subsidy is given to a limited number of persons or units involved in manufacturing or exporting the product.

Trade experts, however, warned that proving subsidies and taking countervailing is most difficult among the three as information is difficult to obtain. Under WTO's Agreement on Subsidies & Countervailing Measures, only those subsidies that are not in the banned category face duty. In case of prohibited list, members have to move WTO. Sources said that the commerce department has also roped in WTO to help train manpower for anti-subsidy action. "We should be in a position to initiate anti-subsidy action in two months or so," said a senior officer in the commerce department. Official are studying action that has been initiated in various countries to prepare a potential list of products on which anti-subsidy action can be initiated. Trade economists said that the move will hit China the most as it has attracted maximum attention globally. "It will create level-playing field with Chinese imports. In any case the government is preparing a plan to counter the threat from across the border," said an expert. Officials, however, countered this by saying that the thrust was aimed at boosting exports to China and making the domestic industry more competitive. India is the biggest user of anti-dumping measure with Chinese goods leading the list on which action has been initiated over the last few years. In fact, India is yet to grant "market economy" status, a pending grouse of authorities across the border.

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Krishna may discuss trade, border dispute with China

Elizabeth Roche, Livemint

Minister is also likely to discuss agenda of the upcoming BRICS summit to be held in New Delhi on 29 March.

7 Feb, New Delhi: Foreign minister S.M. Krishna will start a three-day visit to China on Tuesday, a foreign ministry spokesman said, during which he is expected to hold talks with his counterpart on issues including the disputed border and bilateral trade between the two countries.

He is also expected to discuss the agenda of an upcoming summit of Brazil, Russia, India, China and South Africa—collectively known as BRICS—that will be held in New Delhi on 29 March.

Krishna's visit will "set the stage for (Chinese President) Hu Jintao's visit to India for the BRICS summit," said Swaran Singh, a scholar of Chinese studies at Jawaharlal Nehru University.

"There will be discussions on the joint statement that is expected to emerge at the end of the BRICS summit. India will be keen to have a substantial statement and it will be good if India and China present a joint front at such an event" focusing on major issues affecting the world economy, said Singh.

Krishna's visit also comes before the once-in-a-decade leadership change in China early next year that will see the entire top rung leadership stepping down. President Hu Jintao is expected to be replaced in 2013 by Xi Jinping, vice-chairman of the powerful Central Military Commission.

New Delhi has been making efforts to get Xi to visit India as president-designate and Krishna is expected to lend weight to the initiative, Singh said.

Foreign ministry spokesman Syed Akbaruddin said Krishna will hold talks with his counterpart Yang Jiechi, who last visited India for a bilateral visit in 2009. Krishna will also inaugurate the new chancery building of the Indian embassy in Beijing, he said. "India and China have maintained a healthy momentum of high-level visits and this visit comes in the context of that," he said. Ties between the Asian giants have been mired in suspicion despite booming trade ties, largely due to their unresolved border dispute, a legacy of their brief but bitter 1962 war. As it stands, China claims 90,000 sq km of Indian territory in Arunachal Pradesh and occupies around 38,000 sq. km in Jammu and Kashmir, which India claims as its own. Also, under the China-Pakistan "boundary agreement signed in March 1963, Pakistan illegally ceded 5,180 sq. km of Indian territory in PoK (Pakistan-occupied Kashmir) to China," Krishna told Parliament two years ago.

Many rounds of talks between the two have not yielded a solution though the border has been described as tranquil, thanks largely due to pacts signed in 1993, 1996 and 2005. In 2003, India and China decided to appoint special envoys to speed up the process of dispute resolution. Last month, India and China signed an accord to set up a border-management mechanism to maintain peace along the undemarcated boundary between them, following a suggestion by Chinese Premier Wen Jiabao during his December 2010 India visit.

The mechanism is aimed at addressing "issues and situations that may arise in the border areas that affect the maintenance of peace and tranquillity," the text of the pact says.

In another move, the two special representatives discussing the border conflict—India's national security adviser Shivshankar Menon and China's state councillor Dai Bingguo—agreed that they would prepare "a joint agreed record for their governments on the progress made so far in the talks on the boundary question," the Indian foreign ministry said.

This will codify the details of the many rounds of talks between Indian special representatives and Dai so that the next round of dialogue can carry on from that point, a person close to the developments said. Dai is also expected to step down during the 2013 Chinese leadership change.

India-China trade has crossed $73 billion (around Rs. 3.6 trillion) so far in 2011-12, according to media reports.

But India is worried about a yawning deficit that crossed $20 billion in 2010-11 in China’s favour. Indian businesses have been seeking greater access to China’s domestic market for its pharmaceuticals, information technology and agricultural products.

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Anti-dumping duty on Chinese fragrance chemical

PTI

New Delhi, February 12: The Finance Ministry has imposed anti-dumping duty on Chinese import of a chemical used in preparation of fragrance compounds, with a view to protect domestic industry from the cheap shipments.

The restrictive duty of USD 14.02 per kilogram on import of Coumarin -- used in manufacture of soaps, cosmetics, incense sticks, and fine fragrances -- from the neighbouring country has been imposed for a period of five years (from March 2010), the Revenue Department said.

The Directorate General of Anti-Dumping (DGAD) in the Commerce Ministry had recommended imposition of the duty after its probe found the product was being dumped into India by Chinese producers.

The DGAD had found that "the product under consideration had been exported to India from the subject country (China) below normal values ... (and) the domestic industry had suffered material injury on account of imports...".

The probe into the dumping was carried on a complaint by Nasik-based Atlas Fine Chemicals, the sole domestic producer of Coumarin. There were two more producers but they had closed commercial production of the chemical.

Countries initiate anti-dumping probes to check if the domestic industry has been hurt because of a surge in cheap imports. As a counter-measure, they impose duties under the multilateral WTO regime.

The measures are taken to ensure fair trade and provide a level playing field to domestic players. It is not a measure to restrict imports or cause an unjustified increase in the cost of products.

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Chinese Imports Invade India

Bruce Einhorn and Kartikay Mehrotra, Bloomberg Businessweek

February 23, 2012: Outsourcing specialist Tata Consultancy Services, the largest Indian IT services company, moved into the China market 10 years ago, eventually teaming up with the Chinese government to provide outsourcing services to state-owned banks and other financial institutions. A decade later the TCS head count in China is not even a rounding error in the company's ledger: only 2,000 employees, compared with a global TCS staff of 235,000. Even with the government as a partner, an Indian company has to work hard at building relationships with potential Chinese customers. "It's disappointing," says Girija Pande, chairman of Asia-

Pacific for TCS. Making headway in China "will take time."

Of the 2.7 million people India's IT services industry employs worldwide, just 16,000 are in China, according to trade association Nasscom. Indian companies struggle in China with nontariff trade barriers such as requirements to obtain security clearances before doing business with government-backed companies, according to Nasscom President Som Mittal. "The markets are really closed," says Mittal, who wants Indian officials to make improved access a priority in talks with Chinese leaders.

In the fiscal year ending March 2011, China exported $43.5 billion in goods to India, up from $10.9 billion in 2006, according to India's Ministry of Commerce and Industry. India's exports to China were only $19.6 billion, up from $6.8 billion in 2006. Cheap Firefox bicycles are ubiquitous in New Delhi. Technically, it is an Indian brand—except the bikes are made almost entirely of Chinese components. Chinese-made phones and telecom equipment "have flooded the Indian market," says Srikanth Kondapalli, a professor at the Centre for East Asian Studies at Jawaharlal Nehru University in New Delhi. "There is no reciprocity for Indian products."

The surge of cheap goods has led some Indian executives, like their U.S. counterparts, to say government-aided Chinese rivals are undermining India's industrial base. "Without a duty to control Chinese imports, we will continue to lean on cheaper, unproven equipment instead of building our own technology and our own industry," says B. Prasad Rao, chairman of Bharat Heavy Electricals. The $13 billion New Delhi-based producer of power equipment is struggling to compete against lower-priced products from Shanghai Electric and Dongfang Electric. Chinese-made power equipment, such as steam turbines and boilers, is about 20 percent cheaper than equivalent Indian products, according to Ashok Khurana, director-general of the Delhi-based Association of Power Producers. "The Chinese are very shrewd marketing people and we know our side is full of suckers," says Subramanian Swamy, president of the Janata political party and Minister of Commerce in 1991, when India signed its first free trade agreement with China.

Two months prior to the August bankruptcy of Solyndra, which highlighted the inability of U.S. solar panel makers to compete with the Chinese, Indosolar, India's largest maker of solar cells, defaulted on $56 million in bank loans. "China's doing a spectacular job of keeping India's economic growth under its thumb," says L.R. Shrivastav, chief executive officer of Moser Baer Power & Infrastructure, another Indian solar panel producer. The Indian government may join a U.S. complaint to the World Trade Organization targeting alleged dumping by Chinese solar companies.

To keep a closer eye on dumping and government-subsidized bids for domestic contracts, India's Department of Commerce will launch the Directorate General of Trade Remedies this spring, according to two government officials who spoke on condition of anonymity. Forty-four of India's 69 active antidumping cases before the WTO are against Chinese industries, according to the international trade body. "Manufacturers are afraid and want barriers," says Biswajit Dhar, director-general of Research and Information Systems for Developing Countries, a New Delhi-based think tank. "Either we're trying to block them or we're getting pummeled by them."

The bottom line: China exports to India twice as much as India exports to China, stirring concerns in India that local industries cannot compete.

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Sino-Indian strategic ties to be determined by future 'bilateral trade'

Sreeram Chaulia, Economic Times

Feb 24, 2012: The beneficial impact of international trade on economic growth is widely accepted. But whether trade can improve political relations among nations is debatable. A new book by Pakistani writer Ahmed Rashid, Pakistan on the Brink: The Future of America, Pakistan and Afghanistan, has reopened this debate by positing that China no longer treats India as its enemy owing to the $74 billion worth of bilateral trade between the two.

Rashid ridicules delusions in Pakistan that China will continue to offer unconditional support to it against India. Beijing was an 'all-weather ally' of Islamabad in the past owing to geopolitical compulsions of checking New Delhi in South Asia, but Rashid's argument is that this calculus has been irreversibly altered by freer trade between China and India in the last decade. Contrast this with the $9-billion Sino-Pakistani trade, which has not transcended the defence sector.

Sino-Pakistani trade's lack of a private sector dimension means there are no strong constituencies in either country that root for closer integration and foreign policy consonance. Outside state elite circles, reminds Rashid, China is an unfamiliar abstraction for Pakistanis, who have little contact with Chinese counterparts. Burgeoning Sino-Indian trade with private sector involvement, on the other hand, leads to frequent travel, collegiality and even commonality of interests between exporting and importing firms on both sides.

That trade generates interdependence and peace between states is axiomatic. Cordell Hull, the US Secretary of State during World War-II and a champion of commercial liberalism, said famously that "if goods do not cross borders, then armies will". His intellectual inspiration, the 19th-century British free trade campaigner Richard Cobden, also believed that peace and mitigation of arms races between great powers could be achieved through reduction of tariff barriers.

One of the big puzzles of our times is how China and India are simultaneously growing at a fast clip, competing for global influence and power, and yet avoiding the prophesied wars that have recurred throughout European history among rising rival contenders. Is it trade, however lopsided in China's favour, which is keeping Beijing and New Delhi on a non-confrontational track? Are business interests trumping military and strategic unease?

Critics point out, however, that trade flourished pre-World War-I among European powers. The fact that tariffs had been dramatically reduced across Europe since the 1860s through a series of bilateral free trade treaties did not save the continent from a destructive naval counterbalancing race, culminating in a terrible world war.

How did liberal interdependence fail to produce the positive externalities of security and peace in this case? Citing this instance, anti-liberal writers warn against blind faith in the political miracles that trade allegedly delivers.

However, Dale Copeland, a professor at the University of Virginia, has explained the pre-World War-I breakdown of cooperation and understanding among European powers as actually a vindication of liberal interdependence. The key for animus-free foreign relations, according to him, is not the past or present value of bilateral trade but the 'expectations for future trade'. Germany did have thick past and present trade relations with its European neighbours, but by the mid-1890s, it had become wary about trade protectionism from Britain, France and Russia. The idea of a 'central European economic area' seemed doomed by the early 1900s, as other European powers began to work in tandem to check the German industrial and exporting colossus.

If Copeland got it right, the direction of Sino-Indian strategic ties will be determined by whether or not both parties believe that future bilateral trade is on a rosy path. Foreign minister S M Krishna recently exuded confidence that the two countries were on course to achieve a trade volume of $100 billion by 2015. Chinese diplomats project this figure to cross $120 billion even earlier. The 'future expectations' of trade are, hence, quite optimistic, even though New Delhi is dissatisfied with the massive trade deficit it is running with Beijing at the moment.

So, has Pakistan's legendary 'special relationship' with China aimed at weakening India been buried by the avalanche of Sino-Indian trade and does this mean perpetual peace across the McMahon line? Such a conclusion is premature due to the pitfalls of economic determinism and reductionism. Insecurities and balance-of-power manoeuvres persist among major trading partners and they may even be necessary to prevent a slide into armed conflicts. But contrary to doomsday predictions that a second war between China and India is imminent any day, the expectation of deeper bilateral trade is helping to banish that prospect. (The author is vice-dean at Jindal School of International Affairs)

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Chinese foreign minister likely to visit India in March

Elizabeth Roche, Livemint

Yang Jiechi's visit is being billed as preparation to the BRICS summit to be held on 29 March

Feb 28, 2012, New Delhi: Chinese foreign minister Yang Jiechi is expected in New Delhi in mid-March, two people aware of the planned visit said on Monday, for talks on the fourth meeting of the world's fastest growing emerging economies—Brazil, Russia, India, China and South Africa, known together as BRICS.

India will host the fourth summit of the group in New Delhi on 29 March for the first time. The meeting will concentrate on food and energy security, sustainable development, international financial crises and terrorism, a foreign ministry statement said.

Foreign secretary Ranjan Mathai discussed the agenda for the summit with Russia's first deputy foreign minister Andrei I. Denisov on Friday.

Yang's visit is in the context of "discussions on the BRICS summit", one of the two people cited above said. The second official said the visit will take place towards the middle of March. Both declined to be named.

"We do not forget that we are essentially developing countries and that is the constituency—what is it that we do that would be of value to the developing world? It is a positive interaction and engagement," Sudhir Vyas, secretary, economic relations, ministry of external affairs, told a recent conference on BRICS organized by Federation of Indian Chambers of Commerce and Industry. The global economic situation and its impact on developing countries will also be discussed, he said.

"BRICS is here to engage and help to the extent possible and to the extent of its capacity, to bring capacities to the table to see if it can contribute to the resolution of crises—whether economic or political," Vyas said. New Delhi plans to host a meet of BRICS trade ministers to strengthen economic interlinkages among the five emerging economies ahead of the summit, he said.

Though Yang's visit to New Delhi is being billed as preparatory to the BRICS meet, bilateral issues between India and China, including the long-pending border dispute, are also expected to be in focus, with the Chinese foreign office protesting Indian defence minister A.K. Antony's visit to Arunachal Pradesh last week.

The Chinese objections stem from its claims over 90,000 sq. km of territory in Arunachal Pradesh. India says China occupies around 38,000 sq. km in Jammu and Kashmir. Ties between the Asian neighbours have been mired in suspicion despite booming trade ties, largely due to their unresolved border dispute, a legacy of their brief but bitter 1962 war. Many rounds of talks between the two countries have not yet yielded a solution, though the border has remained largely peaceful, thanks to pacts signed in 1993,1996 and 2005.

On Antony's visit to Arunachal Pradesh, China on Sunday said India should refrain from taking any action that can "complicate" the border issue. Chinese foreign ministry spokesman Hong Lei has "asked India to work with China to maintain peace and stability in border areas", Xinhua news agency reported. China advocates a fair and rational solution through equal and friendly negotiations, Hong said.

In response, Antony on Monday slammed China, saying he was "surprised to see such a reaction". "I feel it is most unfortunate and, at the same time, it is really objectionable," Antony said in New Delhi.

There was a similar reaction on Sunday from Indian foreign minister S.M. Krishna who said

India “will not tolerate external interference of China into the Indian territorial affairs”. “All seven states in north-eastern parts are part and parcel of India and China has no rights to make adverse remarks on Antony’s visit to Arunachal Pradesh,” he told reporters in Bangalore.

Rup Narayan Das, an analyst at the Institute for Defence Studies and Analyses, said the Chinese comments were routine, pointing to Beijing’s reaction in 2009 after a visit by Prime Minister Manmohan Singh to Arunachal Pradesh. “If you compare the tone and tenor of the statement this time, I think it’s rather mellow and toned down” compared with 2009, Das said. “Secondly, the reaction came several days after Antony’s visit. It is posturing by the Chinese side and not too much should be read into this.”

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Taking steps to address India's concerns on trade: China

PTI

Beijing, March 27, 2012: China has said that it would take all possible steps to address India's concerns about the widening trade imbalance in its favour and assured a level playing field to Indian companies, including pharma and IT, wanting to exploit the Chinese market.

Noting that there is a huge scope to further scale up trade and investment, Deputy Director General of Commerce Ministry Liang Wentao said the bilateral trade volume, which hit a record USD 73.9 billion last year, was still relatively "small" compared to size of the economy of both countries.

Interacting with the visiting journalists here, Wentao --the point man for trade issues with India -- listed steps to address the problem of trade surplus in China's favour.

He said the Chinese government has already asked its banks and financial institutes to extend funds to Indian companies in China.

"We have told our financial institutes to extend help to Indian companies without any limit," Wentao said, exuding confidence about meeting the annual bilateral trade target of USD 100 billionby 2015.

Holding that the Chinese government never favoured any trade surplus in its favour "intentionally", he said the Chinese government has been initiating a number of steps to bridge the gap which include giving Indian companies access to exploit China's annual import market of USD 1.4 trillion.

India has been expressing concerns over the ballooning trade surplus in China's favour, which piled up to USD 27.07 billion in 2011 even though Indian exports to the neighbouring country went up to USD 23.4 billion. India has long been pushing for market access to Indian pharmaceutical and IT companies.

Asked about providing access to Chinese market to Indian pharmaceutical companies, Wentao admitted that there was lack of understanding about the Indian pharma products in China but ruled out any discrimination against them.

"We know India is very developed in pharma industry. We are the ones who are talking to our bureaucracy in trying to raise their awareness about Indian pharmaceutical products... However, I would like to say that we do not have any discrimination against the Indian companies," he said.

He also attributed lack of "patience" and man power of Indian companies for not being able to exploit the Chinese pharmaceutical market, noting that rules and regulations for all the foreign countries are same.

On granting greater access to Indian IT firms, he noted that India has stronghold over the sector but said Chinese firms are also getting international contracts, and they may face competition with each other.

Asked about high tariff structure which has been impacting India's exports to the country, Wentao said the duties are in tune with WTO mechanism.

Calling for further growth in bilateral trade, Liang said India is one of the most important trading partners of China and current volume of trade does not reflect the size of population and economic growth rate of the two countries.

"China is called world's manufacturer while India is called world's office due to its dominance in software and IT... I think bilateral trade can go up significantly considering our economic strength and population," Wentao said.

The Commerce Ministry has initiated a trade and investment facilitation programme to raise awareness about Indian products so that import increases significantly.

"The mutual investment is very small. We still lack better mutual understanding. We still do not each other very well in terms of trade and business," Wentao said, adding that India's investment in China last year was USD 442 million while Chinese FDI was 576 million.

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Zardari for emulating India-China model for better ties

Sandeep Dikshit, Hindu

Combining high-level visits with trade has benefited New Delhi, Beijing

New Delhi, April 9: Ever since Pakistan agreed to take trade with India off the taboo list, senior officials here have been talking of following the India-China model of combining high-level visits with trade to improve New Delhi-Islamabad ties.

But it was Pakistan President Asif Ali Zardari who brought this approach to the fore during the lunch hosted by Prime Minister Manmohan Singh on Sunday. Mr. Zardari said though India had several issues of discord with China, their trade ties were booming. He suggested that the India-China model could help improve the relations between India and Pakistan.

High-level officials have been pointing out that more than action against Hafiz Saeed, this visit could begin the trend of top leaders meeting each other more frequently so that issues that appear to be getting nowhere in talks with bureaucrats — such as the stapled visa issue with China — could be resolved to reduce ill will.

Frequent interaction

As the officials noted, Prime Minister Manmohan Singh has met the present Chinese President and the Prime Minister over 20 times in the past five years and this pattern of frequent interaction has spilled over to senior Ministers and bureaucrats.

This has led to the two countries putting in place several confidence-building and trust deficit-reducing measures such as a joint mechanism to remove irritants in patrolling the contested sections of the border, coordinating the safe passage of their ships through piracy-prone waters and resolving to open dialogue on maritime issues.

Balance of trade

But officials agreed with Mr. Zardari that it was trade that provided the initial ballast to India-China ties and with a second round of economic strategic dialogue in the horizon, they are also on course to address the problem areas which, from the Indian point of view, are the skewed balance of trade in Beijing's favour and limited access of New Delhi's export mainstays — pharmaceuticals and Information and Technology.

While he skipped mentioning the importance of high-level visits that help both sides appreciate the other's domestic compulsions, Mr. Zardari mentioned the third, equally important but underplayed aspect that has improved India-China ties — an incremental or 'step-by-step' approach for tackling contentious issues.

This has been at work in normalising India-Pakistan trade but has not met Islamabad's expectations of resolving what it calls the core political issues — Kashmir, Siachen and Sir Creek.

Before the two principals moved in for lunch, they spoke of need to step up the volume of trade by easing restrictions, some of which are over four decades-old.

Although Pakistan insists that Kashmir is the core issue and the genesis of bad blood between the two countries, the Prime Minister appreciated the fact that Islamabad has moved forward on trade-related issues, according to Foreign Secretary Ranjan Mathai.

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Kerala seafood faces Chinese quality bait

Shenoy Karun, Times of India

April 13, 2012, KOCHI: A communication gap between the World Trade Organisation (WTO) and Indian authorities might force India's Rs 2,000-crore seafood exports to China to a complete halt. The Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), a Chinese agency which regulates import and export of food products to that country, will implement quality standards from June 1 this year. For now, under new AQSIQ guidelines, only 27 countries have been shortlisted to export marine produce to China. India is not on the list, and Indian authorities blame it squarely on a communication gap between the WTO and India.

"In situations like these, China writes to the WTO, which in turn contacts the member states. WTO might have informed India, but the message didn't reach us," said S K Saxena, director of Delhi-based Export Inspection Council of India, the authorized body to enter into agreements with other nations. "If we were informed earlier, India would have been included in the list," he added. The agency is preparing the required certificates demanded by the Chinese authorities.

In fiscal 2011, Indian seafood exports to China touched 1.59 lakh tonnes, or 20% of the country's production, worth Rs 1,978 crore. Gujarat exported 71,224 tonnes worth Rs 642 crore to China, while Kerala exported 10,985 tonnes worth Rs 132 crore. A top official with Kochi-based Marine Products Export Development Authority (MPEDA) said the issue would be resolved by the end of May. However, exporters, on condition of anonymity, said he situation is grave.

The 27 countries which have received inspection and quarantine certificates from AQSIQ are Vietnam, Thailand, South Korea, Parkistan, Burma, Japan, Philippines, Turkey, France, Denmark, Russia, Norway, the Netherlands, Iceland, Greece, Spain, Ireland, Germany, USA, Canada, Uruguay, Brazil, Chile, Peru, Argentina, Australia and New Zealand.

"India did not take the initiative to meet the Chinese authorities. I suppose MPEDA and the Export Inspection Council (EIC) will visit China and find a solution to the issue," said Norbert Karikkassery, president of the Kerala chapter of Seafood Exporters Association of India (SEAI).

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India-China meet to discuss trade disputes

Ananth Krishnan, Hindu

15 April 2012:India and China have intensified efforts to iron out trade differences, with two high-profile meetings set to take place in coming weeks that will address mutual concerns over anti-dumping investigations and barriers to investment.

A trade remedy joint working group will meet in Beijing on Tuesday to come up with a mechanism to nip trade disputes in the bud before they lead to the filing of formal anti-dumping investigations, officials said. J.K. Dadoo, Joint Secretary in the Department of Commerce at the Ministry of Commerce and Industry, will lead the Indian delegation in talks with Chinese officials at the Ministry of Commerce this week, for the third meeting of a trade remedy working group.

The group will primarily look at anti-dumping investigations and examine whether such cases can be settled before formal complaints are filed. India initiated 149 anti-dumping cases against China, accounting for more than 50 per cent of all cases India has filed against foreign countries, Minister of State for Commerce and Industry Jyotiraditya Scindia said in December. At present, 77 anti-dumping measures against China were also in place, he added.

In recent years, India also filed more anti-dumping investigations against China than any other country at the World Trade Organisation (WTO). India has filed anti-dumping cases on a range of Chinese products, from toys, textiles and mobile phones to tyres and chemicals. China, on its part, has taken anti-dumping measures on Indian antibiotics.

“The idea behind this trade remedy group is to look to see if we can settle these issues without them leading to measures being initiated,” an official said.

Rising trade deficit

The spate of anti-dumping investigations initiated by India comes against the backdrop of a rising trade deficit, which soared to a record $27 billion last year. Bilateral trade reached $74 billion, propelling China to become India's biggest trade partner. Trade rose by $12 billion from 2011.

Both countries will also hold talks next month to boost mutual investments. Planning Commission member B.K. Chaturvedi will travel to Beijing for the first-ever meeting of a policy coordination working group to get rid of “impediments” that have held up mutual investments.

This followed a decision taken by Planning Commission Deputy Chairman Montek Singh Ahluwalia and his counterpart, Zhang Ping, who heads the powerful National Development and Reform Commission (NDRC), at the BRICS Summit in New Delhi, to set up a body to tackle concerns expressed by both countries on persisting barriers to investment.

China has voiced objections to visa policies as well as restrictions to investment posed on account of security concerns. India, meanwhile, has called for greater market access for companies in the Information Technology and pharmaceuticals sectors.

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China imports losing ground in India

Namrata Singh, Times of India

May 10, 2012, MUMBAI: The share of 'Made in China' goods in India's consumption economy has eased as the dragon struggles to keep its cost-competitive manufacturing story going. China's overwhelming grip over supplies of stationary products, fabrics, toys and lighting products started loosening over the past year.

Consider this: ITC sourced 100% of its stationery products like pencils, geometry boxes and scholastic products marketed under Classmate brand from China. But imports will fall below 10% this year as the Indian behemoth moves sourcing back to India in a big way.

Chinese products had over 70% share of the domestic toy market, which is falling to about 50%. Fabric sourcing from China by the local garment makers declined 10% in the last 12 months. It's share of the lighting sector - where the market for CFL bulbs was mostly developed by Chinese imports a decade ago -has dropped to 15% from over 50% in 2007. Indian manufacturers are sighting gains even as China's factory prowess weakens on the back of an appreciating yuan, rising inflation and soaring wages in the wake of labour reforms in recent past.

Indian companies are bringing production back home, or taking it to other competitive markets - part of a broader global phenomenon playing out for almost two years now. "We are developing vendors here now for all our products which we were earlier importing.

Imports will now be restricted to select premium products. China used to cater to the world's stationery requirement. Now, some of it will come to India. It is already moving into Vietnam," said Chand Das, chief executive of ITC's education and stationery products business.

China's discomforts present a significant opportunity for local manufacturers to serve a robust domestic demand as well as book a pie of the global sourcing from transnational corporations. Funskool, India's leading toy company, has been approached by global biggies to source production from its Goa plant to offset rising costs in China. "All the big players are looking at India for manufacturing support. While Indonesia has already got many orders, some are expected to come to India as well," said John Baby, CEO, Funskool (India), a joint venture between MRF and Hasbro of USA. "Two to three companies have approached us and are doing audits at our factory. We will be able to add capacity if we get these orders," said Baby.

The story is similar for the lighting industry where the Chinese glow is dimming fast. The 350-million-unit CFL bulb market in India has witnessed dwindling share of imports from the neighbouring giant. The evolution of the lighting industry in the past decade, from incandescent light bulbs, which did not require much of electronics, to LED lamps, which are entirely made from electronic ballast technology, has encouraged indigenization of the lighting industry.
"Chinese CFLs initially flooded the Indian market. But eventually they failed to create an impact because they couldn't meet Indian market conditions where power situation varies in different parts of the country," said Arun Gupta, managing director, NTL Electronics India, one of the largest electronic manufacturing companies in lighting in India. Gupta also argued that electronics, driven by intellectual properties, has become the backbone of lighting industry, where China has lagged behind.

But Chinese supplies have made inroads into India's infrastructure and capital goods industry at a time when its hold over the consumer products market has weakened. Anil Ambani's Reliance Group, for instance, has struck major equipment sourcing contracts in China for its power and telecom businesses in return for cheaper loans. Chinese equipment makers have also backed telcos like Bharti Airtel in their recent 4G roll-outs.

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Govt initiates probe into dumping of Chinese product

PTI

The complaint was filed by several companies including Aditya Birla Nuvo Ltd

New Delhi May 15, 2012: India has initiated probe into alleged dumping of electrical insulators by China following complaints by domestic players.

The Commerce Ministry's designated authority, the Directorate General of Anti-Dumping and Allied Duties (DGAD), has started an investigation into alleged dumping of the product on the basis of an application filed by companies including Aditya Birla Nuvo Ltd.

"...The authority (DGAD) hereby initiates an investigation into the alleged dumping and consequent injury to the domestic industry...To determine the existence, degree and effect of any alleged dumping and to recommend the amount of anti-dumping duty...To remove the injury to the domestic industry," the Commerce Ministry said in a notification. The product insulates areas where the electricity flow has to be avoided. The period of investigation is from January to December, 2011. However, for the purpose of analysing injury, the data of previous three years - 2008-2009, 2009-2010 and 2010-2011 has been considered. The DGAD has sufficient evidence of dumping of the product from China "to justify initiation of an anti-dumping investigation", the notification said. Countries initiate an anti-dumping probe to see whether their domestic industries have been hurt because of a surge in cheap imports. As a counter-measure, they impose duties under the multilateral regime of the WTO. The duty also ensures fair trading practices and creates a level-playing field for domestic producers vis-a-vis foreign producers and exporters resorting to dumping. Unlike the safeguard duty, which is levied in a uniform way, anti-dumping duty varies from product to product and country to country. India has initiated 275 anti-dumping investigations between 1992 and March 2012, involving 42 countries. As on December 2011, measures in respect of 112 cases are in force. The countries prominently figuring in anti-dumping investigations are China, Korea and Singapore and the major product categories on which anti-dumping duty has been levied are chemicals and petrochemicals, pharmaceutical, steel and consumer goods.

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Government of India plans to reduce pharma industry's dependence on China

Khomba Singh, The Times of India

6 June 2012, New Delhi: The government has initiated a process to reduce Indian drug industry's growing dependence on China for raw materials, including the critical penicillin, which is needed to manufacture most of the anti-infective drugs.

An industry executive told ET that the Organisation of Pharmaceutical Producers of India (OPPI) has submitted a list of drugs sought by Commerce Minister Anand Sharma when the Group of Ministers met on May 25.

The minister had asked the industry body to share details of the drugs, out of the 74 price controlled bulk drugs whose production has either shifted to China or whose manufacture in India has become dependent on imports from China.

India needs to be self-sufficient to achieve its goal of becoming a major global supplier of low-cost drugs, an industry executive said, adding that the OPPI, an association of multinational firms, conveyed this to the commerce ministry officials.

India fixes the retail prices of drugs that are made from 74 bulk drugs - active pharmaceutical ingredients or intermediates, the basic chemical used to make a medicine. Though the 62,000-crore Indian industry ranks among the global players in finished drugs, it has to depend on China for raw materials.

The minister had raised this issue in the earlier meeting of the group of ministers on April 25, recommending an inter-ministerial consultation to tackle this "serious threat in the drug security of the nation". He had pointed out that the country was dependent on China for penicillin, the key raw material for most antibiotics in the country.

According to industry body Indian Pharmaceutical Alliance's secretary general DG Shah, health ministry data shows that about two-thirds of raw materials used by Indian companies are imported from China.

"We are practically dependent on China. This is a serious issue," he said.

Most anti-infective drugs, accounting for about 20% of the Indian drug market, are made using two derivatives of penicillin, Pen G or 6APA, Shah said.

Last year, the commerce ministry had unsuccessfully recommended imposing anti-dumping levy on penicillin imported from China and Mexico. It was alleged that whenever Indian companies tried to revive their local manufacturing plant for penicillin, the Chinese companies slashed prices indiscriminately to scuttle competition. Most Indian companies that used to manufacture penicillin have closed their units.

The finance ministry had shot down the commerce ministry proposal due to concerns that prices of popular antibiotics would increase significantly if levies were to be imposed on Chinese imports to encourage Indian companies.

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India, China bilateral trade set to hit $100 billion by 2015

Shobhan Saxena, Times of India

Rio de Janeiro, June 22, 2012: In their 13th meeting in eight years, Prime Ministers Manmohan Singh and Wen Jiabao on Wednesday decided to take the India-China relationship to the next level by giving a boost to trade and priority to resolving the border dispute between the two countries. Going into a huddle on the first day of the Rio+20 conference here, the Indian Prime Minister, who calls Wen his 'close friend', and his Chinese counterpart agreed to take steps to ensure that the bilateral trade between the two emerging economies reaches $100 billion (about Rs 5,60,000 cr) by 2015. The two-way trade between the two countries reached $74 billion in 2011, with China becoming one of the largest trade partners of India and vice versa. With the delegates and officials of almost all 190 countries present here keeping an eye on the India-China bilateral, the prime ministers of two emerging economies of Asia emerged from their 40-minute meeting after agreeing to boost trade and also give top priority to defence and security dialogue between the two countries. Speaking to media after the crucial meeting, India foreign secretary Ranjan Mathai said during the meeting, the Indian prime minister invited Chinese investment in infrastructure in India. "The two leaders also decided to start the export of Indian rice to China soon," the foreign secretary said, adding that the issue of trans-border rivers flowing in India and China also figured in the talks which took place on the sidelines of the UN summit on sustainable development.

Though it was not immediately clear in which sectors of infrastructure the Chinese would be allowed to invest, Indian diplomats said it was a major turning point in India-China relationship. With almost all G-7 leaders, except French President Francois Hollande, skipping the meet, Manmohan Singh and Wen have been hogging all the limelight, especially because the draft of the declaration to be adopted at the end of the summit on Friday has a major imprint of G-77+China group. "The view of developing nations that eradication of poverty should be the top priority has prevailed over the adoption of green economy objectives. This couldn't have happened without close coordination between India and China and summit host Brazil," says an Indian delegate who has been part of nerve-wracking negotiations. The closing of ranks by India and China at an important global meet can have long-term ramifications for the balance of power in Asia as well as the world at large. In the meeting, Wen said the two sides need to further consolidate their political and strategic mutual trust and ensure that their ties will move forward on the right track. "Under the current complex global and regional circumstances, China and India face mutual challenges and opportunities," Wen said. On the question of boundary dispute between the two countries, the two leaders said the Special Representatives of India and China have been asked to prepare details of the joint work done so far. China also agreed to look into the issue balance of trade which is heavily in its favour. "The Prime Minister raised the issue of Indian trade deficit and the Chinese agreed to work with India in addressing the fact that India has a large trade deficit. They mentioned in fact specifically that they are arranging trade missions to India to improve access of Indian exports into the Chinese market. They are organizing commodity fairs. And they noted for example one of the changes which has happened recently is that rice exports from India to China will now be commencing,"Mathai told the representatives of Indian media organisations covering the Rio+20 summit. Now, Indian exporters can soon begin sending basmati rice to China after both countries agree on a mutually satisfactory quarantine protocol. China has already cleared Indian exports of basmati rice following six-year process during which many hurdles that bar the entry of Indian rice into the Chinese market were overcome. Negotiations on the issue of rice exports were on since 2006, when President Hu Jintao visited India. Finally, it was given a concrete shape during Hu's visit to New Delhi for the BRICS summit in March.

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India extends ban on milk import from China for one year

Business Standard

Mumbai, July 4, 2012: The government has extended ban on import of milk and its production from China for one more year.

A notification to this effect was issued by the Directorate General of Foreign Trade late Monday evening which says that milk and its products would continue to be banned from China until June 23, 2012 or further orders, whichever is earlier. The prohibition of import includes chocolates and chocolate products and candies/ confectionary/ food preparations with milk or milk solids as an ingredient.

The prohibition on import of milk and its products from China was originally imposed September 24, 2008 with reports that the milk products imported from China contain melamine – a banned substance injurious to health. The ban was extended since then time to time.

There were reports that milk sold in China was laced with melamine. Unfortunately, it is possible that it accumulates in the body and causes toxicity problems - basically damaging the kidneys and forming stones (solid deposits within the kidneys or bladder). Infants fed regularly with milk containing melamine will be particularly susceptible to these effects. As we have seen tens of thousands have been affected and several have died in China. Why this problem is not more widespread, given the rather large number of infants potentially having been drinking contaminated formula-milk for months is unclear.

Dairy farmers have been feeling the squeeze for years, particularly in parts of the world where technological advancement has been slow in coming and so their profit margins on their milk output have not been lifted by improved efficiency. In order to boost profits milk has been diluted. However, this brings with it the problem of falling quality - dilute with water and measurable concentrations of milk proteins, fats, and sugars fall. Dilution by up to 30 per cent has not been uncommon, which is where melamine comes in. Melamine is a small organic molecule with a high nitrogen content that can easily fool the quality control equipment into thinking that nitrogen (from protein) is present at normal levels and so the milk is passed as good.

Acting on reports by the food standard authority in the US, the American regulator also banned imports of milk and its products from China in 2008.

Despite repeated clarification from the Chinese Authorities of resolving melamine issue, the ban on imports of milk and its products continued in India which saw similar ban on import of Indian seafood into China.

The move came over a week after the Food Safety and Standard Authority of India (FSSAI) had recommended extension of ban on milk and its products on June 22 in view of reports of poor quality standards of milk in China. The DGFT was awaiting a nod from the Ministry of Commerce for extending this ban further despite the previous suspension period expired on June 24.

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