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Press Trust of India

India requested for consultation with WTO to resolve the imposition of import duties

New Delhi, April 23, 2012: Turkey has expressed its willingness to withdraw safeguard duty on imports of Indian cotton yarn within a year, provided India refrains from pursuing legal proceedings at the WTO, sources said.

An indication to this effect was given by Turkey in a draft submitted to the Commerce Ministry.

"The consultations (on the issue) were held (in) March following which a draft of agreement has been received from Turkish side. It provides for lifting of the current safeguard measures within one year, starting with the entry into force the agreement/MoU provided India shall not seek a DSU (dispute settlement unit) panel investigation," said a source. India had requested for consultations with Turkey under the dispute settlement system of the WTO to resolve the dispute over the imposition of special import duties on Indian cotton yarn. The request for consultations, filed on February 13, formally initiates a dispute in the WTO. Commerce and Industry Minister Anand Sharma has also raised concerns on the issue during his meeting with Minister of State in charge of foreign trade of Turkey Zafer Caglayan on April 19 at the sidelines of G-20 Trade Ministers' meeting in Mexico. The country has said that additional import duties imposed by Turkey "are very high and have affected exports of fabrics and garments from India. This sharp increase in duties could lead to high price rise and resistance from Turkish consumers," the source said. The duty by Turkey, a major producer of cotton, was imposed in 2008 for a period of three years. When the term expired in July 2011, the country re-imposed the duty. According to industry experts, the duty was increased to 15-20%. Indian cotton yarn producers have said that these markets are resorting to unnecessary restrictions. Consultations give the parties an opportunity to discuss the matter and to find a solution without proceeding further with litigation. After 60 days, if consultations fail to resolve the dispute, India may request adjudication by a panel. Bilateral trade between India and Turkey in 2011 was \$4.51 billion.

Further, India has also asked Turkey to consider issuing longer duration business visas to Indian professionals if recommended by the respective apex chambers of industry and commerce.

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Turkey agrees to remove penal duties on Indian cotton yarn

Amiti Sen, Economic Times

June 8, 2012, New Delhi: Turkey has agreed to remove penal duties 'wrongfully' imposed on Indian cotton yarn, spelling victory for Delhi that is fighting growing protectionism in several countries against its products. The two countries are likely to sign a memorandum of understanding on the issue soon, following which India would withdraw its complaint against Turkey filed with the World Trade Organisation early this year, a commerce department official told ET. "Both countries have reached a satisfactory understanding on the penal duties," the official said. "As soon as the memorandum of understanding spelling details of duty removal is signed, India will withdraw its complaint." Global economic uncertainty has prompted a number of countries including the US, Egypt and Turkey to raise protectionist walls against imports from other countries including India to safeguard their domestic firms. Canada, too, has started investigations to impose penal duties against certain Indian steel products. "It is true that protectionism worldwide is growing. India does not have a problem with import restrictions as long as countries respect the rules framed by the WTO. But we will definitely fight against all violations," the official said. Delhi has filed official complaints against restrictive duties imposed by the US on steel products and Egypt and Turkey on cotton yarn at the WTO. "In the case of Turkey, we are happy that the issue is being amicably settled without the need for a dispute settlement panel," the official said. Egypt and Turkey are the fifth and sixth largest export destinations for Indian cotton. Industry body Texprocil, which has been working with the government on the legal aspects of the penal levies imposed by Turkey and Egypt on Indian cotton yarn, says all wrongful attempts to block exports have to be severely discouraged. "If we do not take action against illegal measures adopted by another country to curb imports, we are in a way encouraging other countries to follow suit," a Texprocil representative had earlier told ET. Turkey imposed safeguard duties between 12% and 17% over and above the customs duty of 5% with effect from July 2011. This made Indian exports to the country costlier.

Egypt, on the other hand, imposed a specific duty of 55 cents per kilogram of yarn in December 2011. Safeguard duties are import levies imposed over and above the existing duties to protect domestic industry against a surge in imports. India contested Turkey's decision to extend safeguard duties after they expired last year, without carrying out a review to the WTO committee on subsidies and countervailing duties.

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