Standards

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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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Drug makers critical of EU non-tariff barrier

Joe C Mathew, Business Standard

New clause makes it compulsory for Indian drug regulator to check quality

New Delhi, April 15, 2012: Indian companies supplying drug raw materials (bulk drugs) to European countries have just discovered a 10-month-old directive of the European Union (EU), taking effect January 2013, which can create a new non-tariff-barrier for exports.

A clause says Indian drug regulatory authorities must certify the products exported by these companies maintain quality and follow the good manufacturing practices prescribed by EU drug regulators. Domestic drug makers say the Drugs Controller General of India is neither authorised under the law or conversant enough with the EU GMP Standards to issue such a certification.

The companies will have to produce such certificates even after their manufacturing facilities and products (meant for exports) get all regulatory clearances directly from the EU drug regulatory authorities.

The directive, promoted with the stated aim of protecting people from falsified medicines, is essentially a protectionist measure to save the EU bulk drug industry. In the absence of such certification, API (active pharmaceutical ingredient) manufacturers in India will not be able to export APIs to EU member-states.

Any consignment without such certification will be seized, says D G Shah, secretary general of the Indian Pharmaceutical Alliance, an association of leading domestic drug makers.

“We were not aware of this clause until some of the domestic drug exporters started getting letters from their importing partners in the EU, demanding such certifications. We have approached the government as the industry alone cannot resolve this issue,” Shah added.

Indian manufacturing facilities already hold the highest number of regulatory clearances from European authorities. The EU accounts for a little more than a quarter of India’s annual bulk drug exports, worth Rs 20,000 crore.

The directive (2011/62/EU) of the European Parliament (dated June 8, 2011) -- essentially meant to amend an existing code relating to medicinal products for human use, to prevent the entry of falsified medicinal products -- makes it compulsory that all bulk drugs reaching EU ports should be accompanied by a written quality confirmation from the competent authority of the exporting third country. So, the Indian drug regulator will now have to confirm that the products exported were produced in units maintaining GMP standards equivalent to those of the EU.

The directive also wants the Indian regulator to subject such manufacturing plants to regular and surprise inspections, to ensure effective GMP enforcement and report any findings relating to non-compliance.

At the moment, all exporting countries, including EU members and the US, have their own regulatory approval and inspection systems to ensure the quality of medicines that reach their supply chain. While non-compliance can result in penalties and even an export ban, the Indian drug regulator has never before been made responsible for the quality of such products.

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Concern over dip in spices export

The Hindu

21 January 2012, Kochi: Availability of quality produce in sufficient quantities is a major problem : Spices Board chairman A. Jayathilakan has expressed concern at the decline in quantity of spices export.

Inaugurating a workshop on 'Sustainable growth in spices sector' here, he said though exports had increased in value terms, there was a decrease in volume.

He called for coordinated efforts by various agencies involved in the agriculture, processing and export segments to improve the situation. Experts from the industry and farmers participated in the programme, organised by the Spices Board, in association with the WTO cell of the Government of Kerala and World Spice Organisation.

Mr. Jayathilakan said spices consumption was steadily increasing internationally. India was the largest producer, exporter, and consumer of spices in the world. Issues pertaining to food safety and food security were to be addressed in a cohesive manner. Some of the serious concerns facing the spices export sector included pesticides residue and toxins that cannot be removed once the products were contaminated.

Among the major spices, black pepper, cardamom, ginger, turmeric and nutmeg were of significance to Kerala economy. Availability of good quality produce in sufficient quantities was a major problem with respect to ginger, turmeric and pepper. Pesticide content in cardamom and aflatoxin in nutmeg were problems faced by exporters.

Intercrops

Ginger, turmeric and several other spices could be cultivated as intercrops in coconut farms. Possibilities of tying up with the Coconut Development Board for encouraging such an agricultural pattern were being explored.

Presiding over the meeting, V.V. Pushpangadan, Director, Department of Agriculture, said less rainfall and reduced fertility of the soil were among reasons for lower productivity in most areas.

Only a few of the farmers were getting the benefit of government's farm support schemes.

The Director also called for intervention by government bodies and non-government organisations for increasing yield.

P.M. Suresh Kumar, Director, Marketing, Spices Board; K. Pratapan, Director, State Horticulture Mission; George Paul, Director, World Spice Organisation; S. Regeena, Special Officer, WTO cell, Government of Kerala; and P.S. Sreekantan Thampi, Deputy Director, Spices Board; were among those who addressed the session.

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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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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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India needs to develop better standards in electronics manufacturing: CII

Economic Times,

25 September, NEW DELHI: India needs to develop better standards to push the domestic manufacturing of electronic products in line with international practices, the Confederation of Indian Industry (CII) said Sunday.

CII said the trade of information technology and electronic products would increase, as the World Trade Organsiation (WTO) had eliminated all import duties on a wide range of items, but it also meant they would also come under increased scrutiny for quality.

"Under the WTO-ITA-I agreement, with tariffs being reduced to near zero, international electronic and electrical products trade would increasingly be subjected to higher technical regulations and conformance standards," said CII.

"Already, the number of these regulations and standards has increased significantly in recent years, especially relating to consumer protection, national interest, quality, environment protection, and corporate social responsibility," it added.

The lobby urged the government to revise regulations and ensure conformity of standards for developing the domestic information communication technology and electronics (ICTE)manufacturing sector.

"Standards, testing, labelling and certification requirements for quality are also rising. Electronics companies must conform to these standards or risk loss of business," said CII.

Globally, the electronics industry is valued at about $1.75 trillion and is one of the largest and fastest growing manufacturing sectors in the world.

Electronics products are among the top three globally traded products with robust value chains linking factories across the world.

The ICTE sector in India has been growing at a compounded annual growth rate of 16 percent in the last five years, but in comparison to global levels, its value at $26.6 billion remains considerably small.

About 60 percent of India's demand for ICTE products is met through imports.

According to a report of the task force of department of information technology, ICTE production in the country could grow to $400 billion by 2020, including $80 billion of exports.

"There is need to develop and mandate conformance standards for locally manufactured as well as imported ICTE products in harmony with international practices and benchmarks. Offering incentives to companies to adopt such standards would help integrate Indian companies with the global supply chain," added Inderdeep Singh, chairman, CII national committee on ICTE manufacturing.

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No blanket ban by EU on ayurvedic medicines: Azad

New Delhi, August 02 (PTI): The European Union has not imposed any blanket ban on Ayurvedic medicines. It has, however, formulated a directive on traditional herbal medicinal products (THMPD), which has restrictive impact on India's exports of herbal medicinal products to EU, Health Minister Ghulam Nabi Azad said in the Rajya Sabha today.

In reply to a written question, the minister said Ayurvedic products are currently exported as dietary supplements, for which as of now, there is no registration requirement in most of the countries.

However, some countries require notification of such products. Many products have been notified in different countries (Italy, Belgium, Finland and others) by some Indian companies, he said.

The minister said India has been doing bilateral consultation with the European Union on Traditional Herbal Medicinal Products Directive since 2004 and has raised its concerns on this issue in the Technical Barriers to Trade (TBT) Committee of the WTO.

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