# CUSTOMS AND OTHER DUTIES

## Table of Contents

# Govt to impose 5% customs duty on power equipment

Mint

June 21, New Delhi: India will shortly impose a 5% import duty on power generation equipment in a move that will benefit domestic firms including Bharat Heavy Electricals Ltd (Bhel) and Larsen and Toubro Ltd (L&T) that have been lobbying with the government to limit imports.

In addition, the government will also impose a 10% countervailing duty (CVD), a sort of equalization levy to make up for the excise on local products, and 4% special additional duty (SAD), taking the total to 19%, according to two government officials aware of the development who requested anonymity.

That duty structure will apply only to the so-called mega projects, or those generating at least 1,000 megawatts (MW).

For non-mega projects, the overall duty will increase to 21%—5% import duty, 10% CVD, 2% excise duty and 4% SAD.

The contentious move, which has been in the works since 2010, will affect 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, and their Indian customers—power companies such as Reliance Power Ltd, Lanco Infratech Ltd and Adani Power Ltd. Any rise in the cost of the equipment may also lead to higher power tariffs.

“The decision has been taken. We will be floating a cabinet note shortly,” said a power ministry official who did not want to be identified.

The consensus was reached after a meeting chaired by Pulok Chatterjee, principal secretary in the Prime Minister’s Office (PMO), and was attended by representatives of the ministries of finance, power and heavy industries. The power ministry has been asked to float a fresh cabinet note within a week’s time and a tentative date of 28 June has been finalized for the cabinet meeting to be chaired by Prime Minister Manmohan Singh depending upon his availability.

“The government seemed to have arrived on a consensus to adopt the committee of secretaries (CoS) recommendation, which suggested an increase of 19%. Any proposed rise will not impact orders placed in the 12th Plan (2012-17) and the impact will only be visible on the orders made for the next Five-Year Plan (2017-22),” said a second government official who spoke on condition of anonymity.

While the power ministry had earlier floated a cabinet note ahead of the budget recommending a 5% import duty on power equipment, apart from a 10% CVD and a 4% SAD, this was not considered in the budget. A panel of secretaries had earlier decided to impose the same quantum of duties. The ministry of heavy industries and Arun Maira, member of the Planning Commission and former chairman of the Boston Consultancy Group, had recommended a combination of 10% import duty and 4% SAD.

“PMO has asked for accelerating the process and said this is an opportune time to implement the duty. With the kind of discussion we had today, it seems all the stakeholders will have to agree to the CoS proposal,” said a top official of the ministry of heavy industries who also didn’t want to be identified.

The official’s statement is significant; heavy industries ministry was the only ministry opposed to the proposal by the secretaries. It wanted the Maira committee’s recommendations to be implemented. While an Adani Power spokesperson said he couldn’t comment because he is travelling, both Lanco Infratech and Reliance Power spokespersons declined comment.

Bhel, which comes under the ministry of heavy industries, has been facing competition from Chinese power-generation equipment makers both in the domestic and overseas markets. Equipment makers, much like other exporters from China, benefit from low interest rates and an undervalued currency. Power utilities have placed orders for overseas equipment largely because of the inability of local manufacturers to meet growing demand. Chinese equipment is also relatively cheaper.

A Delhi-based power sector analyst, who spoke on condition of anonymity, said, “There will be some pain in store for the power developers using Chinese equipment.”

Power generation equipment makers having a manufacturing base in India—Bhel; Doosan Heavy Industries and Construction Co. Ltd; the joint ventures between L&T and Mitsubishi Heavy Industries Ltd; Toshiba Corp. of Japan and the 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.—will benefit from such a move.

[Back to Top]

# Anti-dumping duty likely on grinding media balls imports

PTI

June 7, 2012, New Delhi: India is likely to impose anti- dumping duty of up to USD 387 per tonne on imports of Grinding Media Balls, mainly used in thermal power plants, from China and Thailand to protect domestic players from cheaper shipments.

In final findings, the Directorate General of Anti- dumping and Allied Duties (DGAD) has concluded that the domestic industry has "suffered material injury" due to the "dumped imports" of the product from these two countries.

The restrictive duty recommended by the DGAD will vary from USD 387.36 per tonne to USD 158.8 per
tonne, the Commerce Ministry has said in a notification.

The DGAD has also concluded that 'Grinding Media Balls' (excluding Forged Grinding Media Balls) has been exported to India below its normal value, thus, resulting in dumping of the product, it said.
It said the imports from these nations have increased significantly during the period of investigation (January- December, 2010).

Imports of the product from China and Thailand have increased to 133 tonne and 2,236 tonne during January - December 2010 from 34 tonne and 435 tonne respectively in 2007-08, it said.

The product is also extensively used in cement build materials, metal mine, coal slurry, chemical engineering, ceramic industry, light industry such as paper making.

The DGAD is a nodal investigation agency under the Commerce Ministry. However, a final call on imposition of the duty will be taken by the Finance Ministry.

The DGAD had initiated the probe on the complaint of AIA Engineering Ltd and Welcast Steels Ltd alleging dumping of the product from China and Thailand.

Unlike safeguard duties, which are levied in a uniform manner, anti-dumping duty varies from product to product and country to country.

Countries initiate anti-dumping probes to check if their domestic industries have been hurt because of a surge in cheap, or below-normal-cost, imports.

As a counter-measure, they impose duties, as provided for under the multilateral regime of the WTO.
Anti-dumping 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.
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.

[Back to Top]

# 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.

[Back to Top]

# US hikes duty on Indian steel pipe

Reuters

Washington May 25, 2012: The United States piled another layer of preliminary duties on Thursday on a certain type of steel pipe from India, one month after New Delhi complained at the World Trade Organisation about an earlier US round.

The US Commerce Department said it had determined that Indian companies were selling circular welded carbon-quality steel pipe in the United States at 48.43% below fair market value.

The duties will require importers to post bonds or cash deposits based on the preliminary rates until a final decision on anti-dumping duties is made later this year.

The department also set preliminary anti-dumping duties on this kind of pipe of zero to 27.96% for Vietnam, 5.59% for Oman and 3.29% to 11.71% for the United Arab Emirates.

US companies Allied Tube and Conduit, JMC Steel Group, Wheatland Tube and United States Steel Corp petitioned the government last year for import relief.

In March, the Commerce department set preliminary "countervailing" duties of nearly 286% on the same type of steel pipe from India to offset government subsidies.

That prompted India to request consultations with the United States on the action at the WTO, the first stage in filing a formal trade dispute.

India rejects the US view that Indian manufacturers are subsidized because a portion of the iron ore they use to produce the steel pipes comes from India's top iron ore miner NMDC, a state-run company.

The United States in 2011 imported about $64.5 million of the steel product from India, $53.9 million from UAE, $50.1 million from Vietnam and $28.0 million from Oman.

[Back to Top]

# Canada likely to side with India against US

Amiti Sen, Economic Times

May 25, 2012, New Delhi: India may get an ally in Canada in its fight against the US on imposition of penal import duties on certain steel products.

Canada, a major exporter of steel products, is keen on joining the talks between New Delhi and the US at the World Trade Organization on May 30. It has sought permission from the WTO to participate in the talks on countervailing duties on hot-rolled steel products exported by India.

If the talks fail, India may ask for establishment of a dispute settlement panel to settle the issue.

"Canada has a substantial trade interest in these consultations since the US is the largest market for Canadian hot-rolled carbon steel flat products. Accordingly, Canada requests to join these consultations," an official communication by Canada to the chairperson of the dispute settlement body earlier this month stated.

New Delhi dragged Washington to the WTO on the steel issue last month, after it failed to persuade the US to revoke penal duties imposed on hot-rolled steel products that are exported by Indian companies, such as Essar, Tata and Jindal. These duties are as high as 500% in some cases.

India has objected to the US treating the sale of iron ore by NMDC as a subsidy.

"We should not have a problem in allowing Canada to participate in our consultations. We may, in fact, benefit from the arguments that it brings in," a government official, who did not wish to be quoted, told ET.

As Canada itself has been at the receiving end of random imposition of countervailing and anti-dumping duties by the US, they would most certainly have interesting observations on US's conduct, believes Abhijit Das, head of the Center for WTO Studies, IIFT.

"Canada may want to air its views on how the US conducts its investigations which may be beneficial for India," Das said.

Canada has also been fighting against penal duties imposed by the US on a number of steel products, including wires exported by it at the NAFTA, or North American Free Trade Agreement.

[Back to Top]

# US, EU question India's special import levies to 'safeguard' domestic industry from import

Amiti Sen, Economic Times

May 3, 2012, NEW DELHI: The US and the EU have questioned India's special import levies to 'safeguard' domestic industry from import, saying they may have been calculated in a non-transparent manner.

India has said the safeguard duties were within the bounds of World Trade Organization (WTO) rules.
"Our representatives at the meeting made it absolutely clear to those raising concerns that our safeguard procedures are fully consistent with the WTO," a government official told ET.

The US and the EU expressed concerns about the transparency and due process in India's safeguard investigations at a recent meeting of the WTO's safeguard committee.

Despite India's assurance that duties were in order, the US said it would be submitting specific concerns to New Delhi within a few days.

"We would gladly answer all queries, but they have to be made first," the official added.

The WTO allows member countries to impose safeguard duties, which are short-term import levies over and above the existing import duties, if there is evidence of a surge in import of a particular product. The affected country also has to prove that the surge in imports was causing injury to the domestic industry.

"We have a detailed procedure on the lines of norms prescribed by WTO to carry out our safeguard investigations and duties are imposed only when we are fully satisfied that all conditions have been met," the official said.

There were about 10 instances of safeguard duties imposed on imports by India between 1998 and 2004. The country did not impose any safeguard duties between 2004 and 2008 when it relied mainly on anti-dumping duties to check cheap imports.

[Back to Top]

# Turkey may withdraw duty on imports of Indian cotton yarn

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.

It started safeguard investigations again in 2008 following an upsurge in imports in the backdrop of the global economic slowdown. In the past five years, the finance ministry has come up with about six notifications imposing safeguard duties.

"The cases that have been rejected are far more than the notifications made. This shows that we are not blindly imposing safeguard duties," the official said.

The US and the EU, like other WTO members, too, have been imposing safeguard duties on a number of products to restrict imports.

Interestingly, India, which had earlier requested the safeguards committee to examine whether or not the procedural requirements have been complied with in connection with the safeguard measures taken on cotton yarn by Turkey, asked for removal of the item from the agenda before the meeting.

[Back to Top]

# Pakistan imports: Duty cut on 260 items in four months

Amiti Sen, Economic Times

April 13, 2012, NEW DELHI: India will honour its promise to Pakistan to reduce import duties on about 260 items within the next four months, a senior government official has said.

Both countries are also ready with a new visa agreement that will allow business visitors a one year multiple entry visa for multiple cities. "Since Pakistan started its trade normalisation process with India in March, we will abide by our commitment of reducing our sensitive list by July-end," the official told ET.

Pakistan commerce minister Makhdoom Amin Fahim will discuss the items where it wants duty cuts in his meeting with his Indian counterpart Anand Sharma on Friday.

India had promised Pakistan that it would reduce its sensitive list of 865 items not given preferential market access under the South Asia free trade agreement by 30% within four months of Pakistan starting its trade normalisation process. Last month Pakistan switched over to a negative list allowing import of all items from India other than about 1,209 in the list which will be dismantled by the year-end.

[Back to Top]

# U.S. asks India to lower tariff wall

Hindu

March 26, New Delhi: High tariff barriers on U.S. products can harm economic ties between India and the U.S. and prove detrimental to bilateral trade, visiting U.S. Commerce Secretary John Bryson said here on Monday

Stating that import duties levied by India were 'too high', he sought lowering of high duties to strengthen the ties between the two economies. Mr. John is here on a five-day official visit to India.

He specifically asked India to ease restrictions on imports of products such as medical equipment, fruits and capital goods.

"It would be a remiss, if I would not mention about the barriers which still exist in building our economic relationship. For example, there are many tariffs on American products that are still too high,'' he remarked at an interaction, organised by Federation of Indian Chamber of Commerce and Industry (FICCI), between the 16-member U.S. Infrastructure Mission and Indian business leaders.

Mr. Bryson said if India did not accept U.S. products and strategic investments, the progress together could slow down and in the long-term could cause meaningful harm. He also held a meeting with Union Commerce and Industry Minister Anand Sharma, who raised concerns over the high rate of visa rejections by the U.S. and levy of high visa fee. "There have been concerns over the high rate of visa rejections last year. There is a 28 per cent decline,'' Mr. Sharma said after the meeting.

Mr. Bryson, who will visit Jaipur and Mumbai, said capital goods such as power generation equipment faced a basic duty of 7.5 per cent and an effective rate of 22 per cent. Grapes, citrus and other fruits faced a 30 per cent duty. "India's sourcing provisions in sectors such as IT, electronics and solar energy are also tough. This makes it harder to invest in India, if India is not able to readily accept the U.S. products,'' he remarked.

He said India also needed to build on its effort to support more accountability, transparency and integrity in its commercial actions.

"India should join the Government Procurement Agreement of the World Trade Organization (WTO). Allow more competition by joining the WTO agreement on government procurement. This agreement has important provisions that support greater openness,'' he added.

On India's massive demand for infrastructure, he said both the countries could work together in sectors such as rail, road, aviation and energy. The U.S. had the largest road system in the world. American businesses were ready to help India improve energy transmission and distribution besides developing renewable energy and expanding road network,'' he added.

[Back to Top]

# Higher import duty to affect auto exports to Sri Lanka

Shally Seth Mohile, Livemint

April 4, 2012:Indian auto makers exporting to Sri Lanka will pass on the burden of an import duty hike to consumers, hitting demand, analysts said.

In a bid to contain the rising fiscal deficit, the local government sharply increased the import duty on automobiles with effect from 1 April. The import duty on cars has gone up from 120-291% to 200-350%; on three-wheelers, it has gone up from 51-61% to 100%, and on two-wheelers, from 61% to 100%.

Duty on buses, trucks and tractors remains unchanged.

Sri Lanka is an important export destination for several Indian auto makers, including Bajaj Auto Ltd and Maruti Suzuki India Ltd.

Executives at the auto firms conceded sales would get affected at least in the medium term as the market is price sensitive.

Bajaj Auto, India's largest exporter of motorcycles and three-wheelers, draws 20% of its total exports from Sri Lanka. In the fiscal year ending March 2012, the Pune-based firm exported 10,7691 units, an expansion of 54% over last year.

Rakesh Sharma, president, international business, at the firm, said, "The increase is so significant that we have no choice but to pass it on (to consumers)." The hike, according to Sharma, is likely to deter consumers from buying new vehicles at least for the time being.

With Sri Lanka's economy improving and showing a fundamental upward trend, buyers will come to terms with the price hike over a period of time, he said.

With Bajaj Auto having a relatively high exposure to the Sri Lankan market, it will feel the maximum impact among Indian auto makers, wrote Joseph George, analyst at brokerage IIFL Ltd in a 2 April research report.

While Bajaj Auto's three-wheelers have 80% of the Sri Lankan market, its two-wheelers account for half, he said. "Sri Lanka accounts for 35-40% of Bajaj's three-wheeler and 10% of two-wheeler exports. This is equivalent to about 7% of Bajaj's total revenue and an estimated 9% of earnings before interest, tax and depreciation," the IIFL report said.

The firm estimates that the import duty hike led to a 20-30% increase in the price of vehicles. Car market leader Maruti Suzuki's 5% of exports sales comes from Sri Lanka. Mayank Pareek, managing executive officer, marketing and sales at Maruti Suzuki, said: "It's quite a significant market for us and bound to have an adverse impact on sales as Sri Lanka is a price-sensitive market." The company is awaiting clarity on duty on second-hand vehicles in the market. Currently, duty on pre-owned cars in Sri Lanka is higher than new vehicles. If there is no change, it will give a boost to the second-hand car market in the region, which accounts for 80-85% of total car sales, said Pareek.

Although Sri Lanka is a big market for TVS Motor Co. Ltd and Hero MotoCorp Ltd, overall exports are not as big a revenue generator for these companies as they are for Bajaj Auto, said IIFL's George. *Mint* wasn't able to reach these two firms for comment.

Among other measures including a half percentage point hike in the policy rate, imposing credit growth targets for banks and substantial price hikes on petroleum products, the higher import duty on vehicles has been viewed favourably by the International Monetary Fund, which recently disbursed the last tranche of $427 million of the $ 2.1 billion it had committed to the country, wrote analysts Anushka Shah and Rohini Malkani in a 3 April report by Citi Investment Research and Analysis.

[Back to Top]

# Higher customs duty to help contain import inflow

Business Standard

*GOLD: Tariff on gold, platinum doubled; duty raised across jewellery-based products*

Mar 17, 2012: With the aim of keeping a tab on the high current account deficit, finance minister Pranab Mukherjee has proposed to raise the import duty on gold and platinum. Rising gold imports and high crude oil prices are thought to be key reasons for the high current account deficit.

The FM doubled basic customs duty on standard gold and platinum bars from the existing two per cent to four per cent, and on non-standard gold from five per cent to 10 per cent. The duty increase was also extended to gold ore/concentrate and ore bars for refining from one per cent to two per cent.

Rajiv Jain, chairman of the Gems & Jewellery Export Promotion Council (GJEPC), says the increase in import duty would promote the bringing in of precious metals through illegal channels. The government should have, instead, waited for the impact of the earlier increase in January (2012), when the government doubled customs duty, he said. In fact, gold imports had already started falling.

According to an analysis by Emkay Commodity Research, the indicative duty change will result in a price rise of Rs 556 per 10g of gold at current prices.

Apart from gold and platinum, the minister proposes to impose import and excise duty on a host of items, while exempting only a few. For instance, he has imposed a duty of two per cent on cut and polished coloured gemstones.

As a measure to control unaccounted money, a customer buying jewellery worth over Rs 200,000 by paying cash would also have to pay tax at one per cent of transaction value (which the seller is to collect and deposit with the government). Excise duty has also been extended to unbranded jewellery in the Budget, restricted till now to branded products. However, the one per cent duty on such unbranded jewellery would be charged on 30 per cent of the transaction value declared in the invoice.

Likewise, the excise duty on gold jewellery sold from export units into the Domestic Tariff Area was increased from five to 10 per cent, while that on refined gold was raised from 1.5 to three per cent. There’s full exemption from excise duty on goldsmith and silversmith wares of precious metals or of metals coated with precious metals and not bearing a brand name. Gold coins of a purity 99.5 per cent and above, and silver coins of a purity of 99.9 per cent and above, are also fully exempted now from excise duty. And, so will branded silver jewellery; so far, only unbranded silver jewellery was exempt.

While the key proposal relates to the import duty on gold, will it impact demand? "Gold demand in India is likely to remain firm despite the higher duty, as consumers are unlikely to shift from gold to alternative metals like silver, especially for wedding jewellery," said Ajay Mitra, managing director of the World Gold Council (India & Middle East).

The increase is also seen as a contrast to recent measures taken by China. Anjani Sinha, managing director of the National Spot Exchange, notes the government of China, which promotes individual buying through various means.

Sanjay Kothari, vice-chairman of the GJEPC, noted there were other ways to restrict import, detailing some.

[Back to Top]

# Customs duty reduction no big deal, says mining industry

Business Standard

Mar 17, 2012: To encourage value addition (conversion of low-grade iron ore into pellets) and augment overall ore supplies, the finance minister announced reduction of basic customs duty from 7.5 per cent to 2.5 per cent on imported plant and machinery for setting up of pellet plants and ore beneficiation ones.

This should benefit companies engaged in export of low-grade ore from Goa and Karnataka. A majority of the 55 million tonnes of iron ore exported by Goa last year was low-grade (below 55-56 per cent ferrous content). About 25 per cent of Karnataka's ore exports are of low-grade. The government charges 30 per cent duty on ore exports.

However, the industry feels the duty reduction would not make much difference. For example, a company setting up a four-mt per annum capacity pellet plant requires an investment of Rs 1,200 crore, which includes an import content of Rs 100-150 crore. With a customs duty of 2.5 per cent for machinery, the units will not save much more than Rs 5 crore, said Vinod Nowal, director and chief executive officer, JSW Steel.

Agreeing with him, R K Sharma, secretary general, Federation of Indian Mineral Industries, said: "More than importing machinery, the big cost for companies is towards water and power. More, there are no new mining leases being allotted in various states." He said the sector had wanted news on reduction of the export duty from 30 per cent, but was disappointed to find the minister hadn't touched the subject.

Presently, India has a capacity of 18 mt of pellets annually, of which 2.5 mt are exported. Sharma said there was a huge difference between the price of pellets and iron ore. "It would not make economic sense for many steel mills to use pellets rather than ore directly. Hence, not many are interested enough to invest in one," he said.

Further, the impact of a reduction in customs duty on coating material for manufacture of electric steel from 7.5 per cent to five per cent is negligible. Total electrical steel capacity in India is just 374,000 tonnes.

However, enhancing the export duty on chromium ore from Rs 3,000 per tonne to 30 per cent ad valorem is likely to make exports unfavourable, making the ore available for Indian steel makers.

[Back to Top]

# Some respite for steel makers

Business Standard

*STEEL: Tariff up, imports costlier, enabling firms here to raise prices*

Mar 17, 2012: The finance minister has proposed to increase the customs duty on flat steel import to 7.5 per cent from the present five per cent. Nittin Johari, director (finance), Bhushan Steel, said, "This will help local companies sell more, as imports will get expensive. Also, local steel makers may look to increase the price by one to two per cent, or Rs 500-1,000 per tonne." Ravindra Deshpande, equity analyst, Elara Capital India, said, "This is good news for Indian steel companies. They have been asking this for some time."

The current financial year has been a difficult one for makers at home, battling slowing demand amid a high input cost regime. Deshpande said, "Demand growth this year has been excessively below expectations. Companies will (now) try to raise prices by at least Rs 1,000 per tonne."

With the demand slowdown, prices could not be increased to address the higher input costs. Steel demand in India was expected to grow at eight to 10 per cent this year. However, at the end of the April-February period, it had risen by only 5.2 per cent. And, imports in these 11 months have gone up by 3.4 per cent, to 6.23 million tonnes, much to the vexation of domestic steel companies, who saw this as a lost opportunity for them. They now hope the increase in customs duty would help bring down imports.

Despite the slowing witnessed in home steel demand, the government's Economic Survey for the year, tabled on Thursday, was fairly satisfied with the sector's performance and termed it 'optimistic'. The Survey blamed inflationary pressures, interest rate rises and the depressed global economic scenario for the lower growth in steel demand here.

India consumed 70 million tonnes of steel in 2010-11. The number, assuming a 10 per cent growth rate, should have reached 77 million tonnes at the end of the current financial year. However, the apparent consumption in April-February was about 66 million tonnes and is expected to be no more than 71-72 million tonnes for the full year.

[Back to Top]

# European Union whines despite India agreeing to halve import duty on its wines

Amiti Sen,ET Bureau

22 Mar, 2012,NEW DELHI: India has proposed to halve import duties on wines and spirits bought from the European Union under the bilateral free trade agreement being negotiated between the two, but the 27-country union is demanding steeper cuts.

Last month, EU officials argued liquor imported from the region would become affordable for Indian customers only if there are 'meaningful' cuts in duties.

"They said that state taxes on liquor were extremely high in some cases which raised the incidence of duty on foreign liquor to very high levels. Customs duty on liquor, therefore, needed to be reduced substantially," an official familiar with the talks said.

India imposes 150% customs duty on wines and spirits, which it has now proposed to cut to about 75% for the EU countries.

New Delhi has also offered to reduce duties further to about 40% on some categories of alcohol over the next four years after implementation of the FTA.

The EU has demanded an immediate reduction in import duties to about 30% so that there is a substantial dent in the total incidence of taxes, an official said.

EU trade commissioner Karel De Gucht had last month expressed his unhappiness with India's offers. Due to high taxes imposed by states, incidence of taxes on foreign liquor was as high as 200%-790% of the sale price, depending on the type of liquor and its price and also the state in which it is being sold, an EU report had noted.

India's import of alcoholic beverages went up 55% in the first three quarters of the fiscal to 593 crore, compared to 382 crore in the same period last year, according to figures compiled by the commerce department.

Given these imports, India is reluctant to make steeper cuts as its domestic industry is still in its nascent stage and slashing tariffs is a politically sensitive issue.

"We have insulated the liquor sector from all free trade agreements we have signed so far. Although we are ready to cut duties on both wines and spirits for the EU, it cannot expect us to be insensitive to the demands of our industry," the official said.

These offers are, of course, linked to EU's readiness to open markets for items such as textiles and fisheries and substantially liberalise its services sector. Both sides hope to implement the FTA in goods, services and investments, later this year.

[Back to Top]

# US hikes dumping duty on Indian shrimp imports

C.J. Punnathara , Hindu Business Line

*Increase unlikely to impact trade, says exporters body*

Kochi, March 2: The Sixth Administrative Review on shrimp exports to the US has fixed a 2.51 per cent anti-dumping duty on Indian shrimp consignments, up from 1.69 per cent awarded last year.

However, what is noteworthy of the latest review is that another company, Falcon Marine, has been awarded de-minimus status - they have been awarded duty of 0.5 per cent or less, sources in the Seafood Exporters Association of India (SEAI) said.

Earlier, Devi Seafood had already come under the sub-minimus status. While there have been a small increase in the rate of duty for the country as a whole, SEAI sources said that it will not have any serious implication for trade.

The findings of the Sixth Administrative Review were announced in the US on February 29 and India is still to get the detailed report.

What is salutary, SEAI source pointed out, is that Indian shrimp exports to the US should be out of ‘zeroing' at the end of the Seventh Administrative Review period – February 2012 to January 2013.

*What is zeroing*

While it is inevitable that every country would be forced to sell a very small portion of its export consignment beneath fair-value price mainly under distress conditions, the practice of the US Customs to identify these specific consignments and charge anti-dumping duty on all shipments is known as zeroing.

The World Trade Organisation, in recent rulings ,has declared zeroing as an illegal practice under the WTO guidelines as it was found violating several international and multilateral trade rules.

The removal of zeroing will be welcomed by the Indian trade and is expected to strengthen the country's shrimp exports further.

India's seafood exports increased to Rs 12,191 crore during April-December 2011, with shrimp exports contributing the bulk.

*Frozen shrimp*

Frozen shrimp exports constituted over 51 per cent of the total value of seafood exports during the period. What is further noteworthy is the fact that US was the single most important shrimp export destination during the period.

The US accounted for 33 per cent of India's total shrimp exports and realised 42 per cent of the shrimp export realisations.

The low rates of anti-dumping duty and positive moves on zeroing would have far reaching positive impact on India's seafood exports.

[Back to Top]

# Anti-dumping duty likely on imports of soda ash

PTI

New Delhi, February 23 2012: India may impose an anti-dumping duty of up to USD 38.79 per tonne on a chemical, used mainly in detergents, imported from seven places including China, EU, Pakistan and the US, to protect domestic players against cheaper imports.

The Directorate General of Anti-dumping and Allied Duties (DGAD) has recommended imposition of the duty on imports of 'soda ash', the Commerce Ministry said in a notification dated February 17.

The Directorate's recommendation comes on the basis of its findings that increased imports have caused "material injury" to the domestic industry, it said.

Alkali Manufacturer’s Association of India had filed a petition for imposition of an anti-dumping duty on behalf of the domestic industry.

The duty ranged between USD 2.38 per tonne and USD 38.79 per tonne, it said.

The DGAD, which is under the Commerce Ministry, in its recommendations said that the chemical has been exported to India below its normal value from China, European Union (EU), Kenya, Iran, Pakistan, Ukraine and the US.

"... the Authority is of the view that imposition of definitive anti-dumping duty is required to offset the dumping and injury," it added.

Soda ash is an essential ingredient in the manufacturing of detergents, soaps, cleaning compounds, float glass, container and specialty glasses and other industrial chemicals. It is also widely used in textiles, paper, metallurgical industries and desalination plants.

Anti-dumping duty is recommended by the Commerce Ministry, while the Finance Ministry imposes the same.

The country has already imposed anti-dumping duty on imports of fabric, yarn, nylon tyre cord and several chemicals.

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

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in cheap imports.

As a counter-measure, they impose duties under the multilateral WTO regime.

[Back to Top]

# WTO ruling to help Indian shrimp get out of US anti-dumping duty net

C. J. Punnathara, Business Line (The Hindu)

17 February 2012: Indian shrimp exporters are hoping to get out of the US anti-dumping duty net. In a notification dated February 14, the International Trade Administration coming under the US Department of Commerce said that they will be doing away with zeroing methodology on imports. This, the Seafood Exporters Association of India (SEAI) said, could be first step in getting out of the US anti-dumping duty for Indian shrimp exports.

The US Department of Commerce's move comes in the wake of several adverse rulings from the World Trade Organisation. Countries including Argentina, Brazil, Canada, Ecuador, EU, Japan, Mexico, South Korea and Thailand had taken the process of zeroing to the WTO and were relieved of the need to pay anti-dumping duty for their exports to the US. The Government of India was yet to take the issue to the WTO and Indian shrimp exporters had been paying anti-dumping duties on their shrimp consignments all this while, SEAI sources said.

Zeroing is the practice under which a very small percentage of the country's exports are sold at sub-fair value prices because of some extraneous consideration or other - often under distress conditions. Under the previous practice, the US Customs used to zero in on these consignments and charge all consignments from that exporter with anti-dumping duty. This practice was deemed unfair by the WTO and countries which had approached it earlier were granted relief.
In earlier judgments, the WTO had ruled that the US was violating global trade rules in using its controversial "zeroing" method to impose anti-dumping tariffs on shrimp from Vietnam. The decision by a three-member panel of WTO was one among several such rulings in which zeroing had been found illegal under WTO agreement. The panel said the US had acted inconsistently with provisions of the Anti-Dumping Agreement and the GATT and said the US should bring its calculation method in line with the two agreements.

Now the US Department of Commerce has recommended revocation of the practice, SEAI said. They said that India would have got relief earlier if the Government had taken the matter to the WTO. Successive administrative review of Indian shrimp imports to the US was found to carry sub-minimus status; the anti-dumping duty level would be 0.5 per cent or less. Indian shrimp exports to the US would not have carried the anti-dumping duty burden in the absence of zeroing, SEAI sources said.

But for the current move of the US Department of Commerce to abide the WTO ruling, India would have had to pay anti-dumping until March 2014 when the results of the Seventh Administrative Review would have been published, SEAI said. We are currently paying anti-dumping duty of 1.69 per cent on shrimp exports to the US.

[Back to Top]

# 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.

[Back to Top]

# In blow to China, Govt all set to OK 19% duty on power equipment import

PranabDhalSamanta, Indian Express

19 February 2012: The government is all set to impose up to 19 per cent tariff on imported power equipment with a clear aim to benefit domestic manufacturers who have lost out to cheaper Chinese equipment in the last few years. Also, a mandatory domestic procurement provision will be inserted in all future tenders for ultra mega power plants (UMPPs).

It's learnt that the decision was firmed up on Friday at a IMG (inter-ministerial group) meeting following intervention by the Prime Minister's Office earlier this month.

The go-ahead came after the Finance Ministry, a holdout till now, gave its consent to 5 per cent custom duty, 10 per cent countervailing duty and 4 per cent additional duty. Countervailing duties are essentially anti-subsidy duties that are to be applied if the country of import has grossly subsidised the product in question.

The IMG also decided that the Power Ministry will draw up a Cabinet note on this by next week and the matter should be brought before the Cabinet Committee of Economic Affairs by February-end. This move is bound to land a telling blow to imports from China because power equipment account for 25 per cent of these imports.

In fact, the other 25 per cent of the imports are in the telecom sector, where again the ministry is preparing a Cabinet note to insert a mandatory domestic procurement clause in all its tenders. As a result, the government is hoping for some correction in trade imbalance affecting bilateral trade at the moment.

This proposal on power equipment imports acquired momentum after Principal Secretary to PM Pulok Chatterji took up the matter at a high-level meeting of Secretaries on February 6.

It was felt that there was a case in arguments being made out by domestic power equipment manufacturers against Chinese power equipment. The Planning Commission Secretary also voiced concern about the quality of imported power plants and lack of remedial action in case an equipment is faulty or damaged.

At the end of the meeting, Chatterji felt that a way had to be found by which domestic manufaturers are encouraged while ensuring timely completion of power projects at a reasonable cost. So it was agreed, sources said, to add a condition on domestic procurement in UMPP tenders. To work this out, an official-level committee has been set up to look into WTO-linked issues and submit its report in 10 days.

The issue of imposing duties on power equipment imports has been under consideration for the past two years after the EGOM on UMPPs suggested forming a group under the Planning Commission to look into the matter. This group, led by Arun Maira, Member, Planning Commission had suggested up to 22 per cent duty which was later brought down to 14 per cent.

The Finance Ministry had, however, not agreed to imposing this duty until the PMO gave it fresh momentum.

[Back to Top]

# 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.

[Back to Top]

# India Lifts Anti-Dumping Duty on Import of Saudi Polypropylene

Rajesh Kumar Singh, Bloomberg

Jan. 2: India has lifted an anti-dumping duty imposed on polypropylene imported from Saudi Arabian suppliers, including Saudi Basic Industries Corp., the world's biggest petrochemical maker.

The change is effective from the day the notification is published in the Gazette of India, the official record of government rules, the Central Board of Excise and Customs said in a statement dated Dec. 30 on its website. There was no reason given for the amendment.
India imposed a 6.5 percent anti-dumping duty in November 2010 on polypropylene imports from Saudi Arabia, Oman and Singapore because it said the shipments were valued at less than normal prices and would hurt domestic manufacturers. Reliance Industries Ltd., controlled by Mukesh Ambani, India's richest man, has a 70 percent share of the country's polypropylene market, according to its website.

Saudi companies affected by the duty, including Advanced Petrochemicals Co. and National Industrialization Co., said at the time they would ask the World Trade Organization to pressure India to lift the tax. India and Saudi Arabia would be able to resolve the dispute without going to the WTO, India's Trade Secretary Rahul Khullar said in December 2010.

Central Board of Excise and Customs Chairman S.K. Goel couldn't immediately be reached on his office telephone for comment.

Total petrochemical exports from Saudi Arabia to India amount to $200 million a year, Abdulrahman al-Zamil, a trade representative for Saudi petrochemical makers, said on Nov. 28, 2010.

The statement didn't mention the tax on polypropylene imports from Singapore and Oman. The duty was retroactive to July 30, 2009, and valid for five years from then. Polypropylene is used in straws, carpets and garden furniture.

[Back to Top]

# Centre urged to raise import duty of tapioca starch

S. Ramesh, The Hindu

1 Jan, TAMIL NADU, ERODE,: Increase in import has led to drastic fall in prices The farming community has appealed to the Centre to raise the duty on the import of tapioca starch and modified starch to protect tapioca growers and domestic starch and sago manufacturing industry in the State.

The increase in the import of tapioca starch from Thailand and Vietnam had led to the drastic fall in the prices. “The prices, which stood around Rs. 9,000 a tonne, had come down to Rs. 2,700 now, due to the massive import of tapioca starch,” Lower Bhavani Farmers Association President, S. Nallasamy, says.

Since tapioca starch and modified starch are agricultural products, the bound rate of customs duty on these items could go up to 150 per cent, Mr. Nallasamy says.

Over four lakh growers and farm labourers in the State depend on the income from tapioca cultivation. Farmers in Erode, Salem, Namakkal, Dharmapuri and Krishnagiri are the major cultivators of the crop.

These areas are home to most of the sago and starch manufacturing units.

“The government should consider slapping safeguard duty on the import of tapioca starch and modified starch in the country. Though banning the import may not be possible under the WTO regime, it is very much possible for the government to slap safeguard duty and raise the tariff on the import to 150 per cent,” Mr. Nallasamy says.

The raise in the tariff will check the import and enable the farmers to get remunerative prices for their produce.

But the government seems to have taken no notice of the issue, which has been highlighted by the farmers from different parts of the State for a long time, Tamil Nadu Farmers Association district secretary T. Subbu alleges.

Mr. Subbu has appealed to the Tamil Nadu government to take this issue to the notice of the Centre. The extensive use of chemicals for the production of sago led to the fall in the demand, which resulted in the decline of the prices of tapioca.

The government should also take measures to control the use of chemicals in the sago production, he says.

[Back to Top]

# No freezing of Customs duty at current level, says Sharma

Hindu Business Line

New Delhi, Dec 15:  India has ruled out any freezing of Custom duties at current level. It has also deflated the pressure for any dilution of the flexibilities available under the World Trade Organisation (WTO) regime for imposing export restrictions and taxes in case of the agricultural produces.

Addressing a group of 20 countries ahead of the 8th Ministerial Conference of the WTO in Geneva, the Commerce and Industry Minister, Mr Anand Sharma, said, "Tariff standstill (freezing of the custom duties at the current levels) will amount to the developing countries ceding their policy space and being denied any recognition for their autonomous liberalisation."

Besides unhinging the negotiated formula on tariff reductions, it would force the developing countries to take on commitments going much beyond what was envisaged for at the end of the Doha Round, he added. Mr Sharma desired that WTO, while taking up all manner of the new challenges, does not forget the traditional challenge of development.

He called for continued solidarity and reinvigorated engagement so that the current impasse in the Doha negotiations is broken and the attempts to replace the development centric agenda are thwarted.

He cautioned against the possibility of losing the progress and the balance achieved so painstakingly over the last decade, particularly on the reforms of the agricultural trading system. He urged the global community not to allow this opportunity to slip away or allow a dilution of the Doha mandate. Earlier, speaking at the meeting of the G33 countries (a coalition of agricultural economies, coordinated by Indonesia) he called for ushering in much delayed changes in the current agricultural trading regime which negatively impact the livelihood concerns of billions of subsistence farmers in the developing world.

[Back to Top]

# Tyre dealers seek removal of anti-dumping duty

Dilip Kumar Jha, Business standard

Mumbai December 26, 2011: Squeezed between falling demand from local auto sector and depreciating rupee making imports costlier, domestic tyre dealers have urged the government to immediately notify the removal of anti-dumping duty.

On August 2, the Customs, Excise and Service Tax Appellate Tribunal had set aside the anti-dumping duty levied by the government. The tribunal directed the government to immediately withdraw anti-dumping duty on tyre imports from China and Thailand.

Today, All India Tyre Dealers' Federation (AITDF) said the notification is yet to be published in the official gazette, although the government has honoured the order of the tribunal. "Hence, anti-dumping duty continues to be levied even now," according to S P Singh, AITDF convener. "We, therefore, urge the government to immediately notify the withdrawal of the duty."

The designated authority, anti-dumping and allied duties, Department of Commerce had imposed duty of $32 to $90 on import of truck or bus radials. A steep decline in the rupee by 23 per cent in last two quarters has crippled the tyre import even for passengers car radial and two and three-wheeler tyres as well.

The inordinate delay in issuance of tyre quality standard certification by Bureau of Indian Standard (BIS) to the more than two dozen foreign tyre brands according to the Quality Control Order, 2009, implemented on May 13, too has further reduced the import of tyres from Brazil, South Africa, Europe, China, Korea, Japan, Taiwan, Malaysia and Indonesia.

This has been exploited to the hilt by the domestic tyre majors causing hardships to local tyre dealers, road transporters and, in turn, high tyre prices and domestic short supply due to steep increase in tyre exports is resulting in higher transportation caused and consequently pushing up the inflation, Singh added.

Depreciating rupee at 52.84 against the US dollar with 23 per cent decline in last five months has caused a drastic drop in tyre imports, coupled with tariff and non-tariff barriers — high prices and shortage of various categories of tyres and tubes despite onset of traditionally low domestic demand winter seasons in the country.

Consequently, the domestic tyre industry is facing huge difficulty on import of various categories of tyres used for commercial vehicles, passenger cars and SUVs, mining equipment and two, three-wheeler vehicles. Since April 2011, tyre imports in the replacement market have dropped by over 70 per cent and the rupee depreciation has raised the exports 30 per cent, leading to high domestic tyre prices and shortage of various categories of tyres and tubes even during winter season in which the demand traditionally falls 5-10 per cent.

Tyre imports for replacement bus and truck markets has slumped to nearly 10,000 units in November as compared to nearly 125,000 units early this year.

The most shocking is the stubborn behaviour of oligopoly of domestic tyre majors refusing to relent voluntarily by rolling back the tyre prices to January 2011 level as natural rubber price has dropped to Rs 200 per kg now from the peak Rs 240 per kg in May this year. Instead, the tyre prices of various categories since January 2011 have gone up by 15-20 per cent.

The removal of anti-dumping duty, according to a tyre dealer, will help the trade and the users of the good. What's more, it would contain runaway inflation, which is being contributed by increasing truck freight for past two years, he added.

[Back to Top]

# India ready to block any move to put farm tariffs at WTO meet

Amiti Sen, The Economic Times 2011

12 December, NEW DELHI: India will resist any attempt by developed countries to take away the right of World Trade Organisation (WTO)-member nations to restrict export of food items and raise import tariffs beyond existing levels.

Trade ministers of WTO-member countries are meeting in Geneva on Thursday to try and identify issues that can be discussed till the US presidential elections are over next year.

The meeting is also likely to take up proposals to "cherry-pick" issues from the negotiating agenda of the decade-old Doha round of global trade talks and sign a plurilateral pact. India will oppose this too, a senior government official has said.

"We have already indicated to the WTO that we are not in favour of any of these issues. However, we have to watch out at the ministerial against any attempt by developed countries to put the items on the negotiating table," India's chief negotiator at the WTO, Rajeev Kher, told ET.

The Doha round of trade talks, launched a decade ago to help poor nations benefit from global trade, is almost paralysed because of differences between the US and large developing countries such as India, China and Brazil on removal of tariffs on some industrial goods.

Kher said these proposals are harmful for countries such as India as there are a large number of farm items in which import duties at present are negligible, which gives freedom to the country to increase duties to higher levels whenever required.

"If we freeze duties at the applied levels, we will lose our flexibility to increase it in future," Kher said, adding that developing countries also need to impose food export restrictions when required.

Australia, the EU and the US are at the forefront of the seemingly "innocuous" proposals that would require developing countries to take on commitments that go beyond the Doha agenda.

[Back to Top]

# Palmolein import tax unlikely to be raised

Bloomberg

New Delhi December 1, 2011: India, the world's second-biggest user of cooking oil, will resist calls from local processors to increase tax on refined palmolein imports, as a plunge in the rupee makes overseas purchases abroad more expensive, according to two government officials.

The government will keep $484 a tonne as the base price for taxing imports at 7.5 per cent at least the next three months, said the officials, who have direct knowledge of the matter. An increase in the base rate would have raised the prices of imported oil, fuelling inflation, they said. The rate may be raised in the annual budget in February, they said.

India's rupee fell to a record 52.73 per dollar on November 22, on concern Europe's debt crisis would hurt demand for emerging market assets. The 14.6 per cent slump in the currency this year threatens to boost import costs, fueling inflation. The food price index has stayed above nine per cent for the last 16 weeks.

"If the current base price continues, refined oil imports will likely increase and hurt domestic refiners," said BV Mehta, executive director of the Solvent Extractors' Association of India, a grouping of processors. "Unfortunately, the government is more concerned about the food inflation."

The processors in September asked the government to increase the base price and import duty on refined palmolein after Indonesia, India's biggest supplier, cut export tax on refined palm oil and raised export duty on crude palm oil.

Food minister K V Thomas declined to comment. India set the base price for various cooking oils more than five years ago, while the actual cost of imported fats have surged, according to processors' group. Refined palmolein is imported at about $1,080 a tonne, while buyers need to pay tax only at $484 a tonne, it said. The benchmark prices, introduced to prevent traders from paying lower import duties by understating edible oil prices, are revised in line with international edible oil prices.

[Back to Top]

# 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.

[Back to Top]

# Nylon traders oppose levy of anti-dumping duty

The Times of India

23 October 2011 SURAT: South Gujarat Nylon Traders Association (SGNTA) and South Gujarat Wrap Knitting Association (SGWKA) have jointly opposed levy of anti-dumping duty on nylon filament yarn by the central government.

Sources said the ministry of finance and the ministry of textile have jointly decided to review the levy of anti-dumping duty on nylon filament yarn. Five years ago, the government had levied anti-dumping duty ranging between Rs 40 and Rs 50 per kilogram on the import of nylon filament yarn. This is likely to be increased.

Industry leaders said anti-dumping duty on nylon filament yarn will lead to large-scale unemployment following shut down of weaving units and will have a serious impact on weaving and knitting sectors.

The country's biggest man-made fibre industry in the city, which contributes 40 per cent of the man-made fabric demand in the country, houses about 6 lakh weaving machines, out of which 1.5 lakh machines are using nylon filament yarn as their main raw material. Moreover, the city houses about 750 warp knitting units - there is a total investment of Rs 300 crore in this sector -- using nylon filament yarn as their main raw material.

The monthly requirement of nylon filament yarn is about 5,000 tonnes, out of which 3,300 tonnes, is supplied by the domestic nylon spinners and the rest is imported from countries like China, Taiwan, Malaysia, Indonesia and Korea.

President, SGNTA Vishnu Goenka told TOI, "There should be a level playing field for the importers and end users of nylon filament yarn in the city. We have urged the concerned ministries in the central government to adopt a neutral approach by fixing anti-dumping duty on the goods imported below certain fair value. If we are importing nylon filament yarn at $3 per kilogram and the same is available on similar price in the domestic market then anti-dumping duty should not be levied."

He said about 1,400 tonnes of nylon filament yarn needs to be imported every month to satisfy the manufacturing needs in the city.

"The domestic knitters are facing stiff competition from China as about 250 to 300 tonnes of knitted fabrics is imported per month. The government should impose anti-dumping duty on such products," Goenka said.

[Back to Top]

# India plans to move WTO against US over imposition of penal duties on steel import

Amiti Sen & Meera Mohanty, ET Bureau

Oct 22, 2011, NEW DELHI: India plans to approach the World Trade Organisation over the imposition of 18% to 500% penal duties by United States on imports of hot-rolled steel, a move that has priced Indian producers out of the US market. The move follows India's failure to sort out the issue with the US bilaterally.

The commerce department is shortlisting legal firms to formally lodge a complaint at the WTO against the countervailing, or anti-subsidy, duties, a government official told ET.

The US has imposed levies on steel exports from Indian companies over the past three years, arguing that it considers as subsidies incentives such as duty exemptions to units in special zones, loans from state-owned banks and purchases from government bodies. Coupled with an anti-dumping duty of over 20%, Indian producers of hot-rolled steel, such as Tata Steel, Jindal, Essar and SAIL, have become totally uncompetitive in the US.

"We have not been able to export at all to the US for over three years now," a representative of a top steel-producing company told ET on condition of anonymity.

The WTO allows imposition of countervailing duty on imports if it is proved that the government of the exporting country has subsidized the products.

India wants to challenge the US department of commerce's assumption that the iron ore bought from NMDC is supplied at subsidised rate because it is a "public body''. "This is a totally absurd assumption as NMDC always sells at the prevailing market prices and the government does not control the pricing," the official said.

Commerce minister Anand Sharma has taken up the issue with commerce department officials in the US during his recent visits to the country, but the response has not been favourable. "We have no option now other than approaching the WTO. We have examined the issue closely and are certain that we have a good case against the way the US calculates CVD," the official said.

Once India formally complains to the WTO, it will be directed to hold consultations with the US to see if the issue could be resolved without starting a dispute.

If the consultations fail, India will then request the dispute settlement board of the WTO to set up a panel to decide on the matter.

A WTO panel's recent verdict in favour of China against US imposition of CVD where it ruled that merely because an entity is owned by the government does not mean that the pricing is subsidised could help India in proving its point as well.

[Back to Top]

# Anti-dumping duty on caustic soda imports

Anindita Dey & Rutam Vora, Business Standard

Mumbai/ahmadabad October 16, 2011, 0:42 IST: In a major blow to the manufacturing industry, the finance ministry has imposed an anti-dumping duty on the use of caustic soda till 2013.

The duty will be levied on all imports originating from Saudi Arabia, Korea and the US. While the notification issued by the anti-dumping directorate has not spelt out the duty amount, it has clarified that it would be based on the reference rate which is around $400 and landed cost of the commodity.

Companies such as Hindustan Unilever, Procter & Gamble Hygiene and Health Care, Colgate-Palmolive, Godrej Consumers Products, Nirma, Reckitt Benckiser and Henkel SPIC (India) Ltd are some of the major consumers of caustic soda, besides the paper industry, textiles and pharma sector.

The decision of the Union finance ministry to impose an anti-dumping duty on imports of caustic soda, have failed to impress the domestic industry.

Caustic soda makers termed the quantum of duty “very low” against the already lower international prices, while consumer industries including soap makers, textiles and paper industry cried foul over the sudden spike in caustic soda prices in the domestic market, while import option will be more costly once the government decision comes into effect.

An official with one of the petrochemical companies said: “Caustic soda is a major chemical ingredient and domestic manufacturers have been suppressing a price rise for some time, since import was cheap. Many domestic manufacturers of this chemical refrained from a price rise, even at the cost of lower margins or loss and many industries have leaned down production. But now, with this anti-dumping duty, chemical manufacturers can increase prices which could trigger a price rise of its end products.”

Despite representations by domestic soap makers, including Hindustan Unilever, that their requirements are not met by supplies from domestic companies and they have to resort to imports, the anti-dumping directorate has advocated that the duty is required to provide level-playing field for domestic manufacturers vis- a vis imports.

Caustic soda is a soapy, strongly alkaline, odourless liquid widely used in paper, viscose yarn and staple fibre, aluminium, textiles, toilet and laundry soaps, detergents, dyestuffs, drugs and pharmaceuticals, vanaspati and petroleum refining industry, among others.

Caustic soda companies also see the size of the duty as lower than expected. “The imposition of duty on caustic soda imports is not going to benefit the domestic industry as the quantum of the duty seems to be very low. This duty fails to settle the prevailing disparity between international and domestic prices of caustic soda. Even after paying the duty, international prices would continue to remain lower,” said an industry source.

According to industry insiders, companies that are dependent on imported caustic soda may have to shell out more. Domestic supplies of caustic soda may also get costlier.

It is evident from the fact that soon after the imposition of the duty, the sentiments have already turned bullish as the prices of caustic soda in the domestic markets have started showing upward signs. In the past one week, caustic soda prices have jumped by Rs 3,000 t o Rs 4,000 per tonne.
Caustic soda liquid was priced in the range of Rs 28,000 to Rs 29,000 per tonne, while flax prices hovered around Rs 31,000 to 32,000 per tonne.

“Caustic soda prices have already started rising in the domestic market as a fallout of the imposition of import duty. But it is less likely that consumer industries would pass on this price hike to its finished products, because they are already faced with low demand. Rather they (consumer industry) are more likely to adopt a wait-and-watch strategy for prices to fluctuate,” said an Ahmedabad-based leading caustic soda trader.

But to some, the imposition of import duty may prove to be irrelevant. “We have our own caustic soda plant, with all the in-house raw material supplies available. Hence we do not depend on other companies for our requirements. So it is irrelevant to us if the anti-dumping duty stays or goes,” said a source at Nirma Limited, India’s largest detergent maker.
Meanwhile, sources from Tata Chemicals, India’s leading caustic soda maker, maintained that the imposition of duty would benefit the Indian caustic soda industry. “The move will surely help domestic manufacturers. Going forward, there could be some impact on prices as imports would get costlier,” said a company official, requesting anonymity.

The anti-dumping directorate was conducting a sunset review of the duty which had expired in 2008.

The initial appellants were Gujarat Alkalies & Chemicals Limited, Grasim Industries Limited , DCM Shriram Consolidated Limited, SIEL Industrial Complex and Bihar Caustic & Chemicals Limited

Later, the petition had been supported by a host of other companies, including Reliance Industries Limited, Kanoria Chemicals & Industries Limited, Gujarat Fluorochemicals Limited, Solaris Chemtech Limited, DCW Limited and Jayshree Chemicals Limited.

Officials said the views of all stakeholders, including importers were taken before the decision was made. Some of the major importers who have responded are National Aluminium Company (NALCO) and Hindusthan Level Ltd.

The anti-dumping duty on imports from Indonesia, European Union and Taiwan had been levied between 2006 and 2008. The directorate initiated a review of the duty in 2010 following representations from the industry.

[Back to Top]

# Safeguard duty recommended on chemical used in plastic mfg

PTI

New Delhi, 9 October 2011: The Revenue Department has recommended the re-imposition of a safeguard duty on imports of a chemical used in plastic manufacturing with a view to protect the interest of domestic producers.

Earlier, the government had imposed a safeguard duty of 25 per cent on Phthalic Anhydride (PAN) in January, 2009, for six months and subsequently, at 15 per cent till December, 2009.

The Directorate General of Safeguards (DGS), which is under the Revenue Department, after a preliminary investigation, found that increased imports of Phthalic Anhydride have caused grave injury to domestic producers and it will be in the public interest to impose a safeguard duty.

"... Safeguard duty at the rate of 10 per cent ad-valorem, which is considered to be the minimum required to protect the interest of domestic industry, is hereby recommended to be imposed on imports (of PAN)...," the DGS said.

A slowdown in the markets of Europe and America from 2009 onward and worsening global conditions in the last five months due to the crises in some European nations has resulted in surplus production of the chemical worldwide.

"This has resulted in heavy surpluses for the industry, which are being channelled into India, noticing India's growth prospects amidst a looming global recession," the DGS said.

The DGS had conducted a probe into the imports on the basis of a complaint by three of the five domestic producers, which account for 86 per cent of the total country's production.

The chemical is imported from a number of countries, mainly Korea, Israel, Iran and Taiwan. Imports of PAN have shown an increasing trend in absolute terms and also had an impact on the market share of domestic producers, the DGS said.

The imports increased from 28,098 MT in 2009-10 to 61,965 MT in 2010-11, an increase of nearly 221 per cent in absolute terms, "which is phenomenal", it said.

The domestic industry had informed the DGS that their market share had increased in the year 2009-10 due to the imposition of a safeguard duty, but the same declined after the duty expired.

The DGS will hold a public hearing on October 18 before making a final determination on the imposition of a safeguard duty.

PAN is used to produce Phthalate esters, which function as plasticisers. It is an important chemical intermediate in the plastic industry.

In accordance with WTO norms, safeguards protect domestic producers temporary relief while they adjust to the pricing tactics of competitive foreign players. PTI N

[Back to Top]

# India, Saudi Arabia talks on PP anti-dumping tax next month

PTI

Dubai, August 23, 2011-- Saudi Arabia and India will resume talks next month on the prospects of lifting an anti-dumping tax imposed on the kingdom's polypropylene exports, a news report has said, quoting informed sources.

Saudi Arabia's Commerce and Industry Minister, Abdullah Zainal Alireza, will lead the Saudi delegation for new talks in New Delhi, the Indian trade mission in Geneva said, adding that Finance Minister Pranab Mukherjee will lead the Indian team.

According to the Arab News report, analysts have assigned utmost importance to the next round of talks, as previous bilateral negotiations have failed to reach an agreement.

New Delhi imposed an anti-dumping tax on Saudi PP exports in July, 2009.

India imports 25,000 tonnes of polypropylene from Saudi Arabia annually.

Before imposing the anti-dumping tax of 1.5 per cent per tonne, or USD 20-22, Saudi polypropylene was the lowest priced product in the market, the report said.

Saudi Export Development Centre (SEDC) Executive Council Chairman Abdul Rahman Al-Zamil described the 22 per cent tax as "unreasonable" and urged New Delhi to reconsider the decision in the light of the strategic trade relations between the two countries.

According to Al-Zamil, India imposed anti-dumping taxes on Saudi polypropylene exports, saying it had cheaper feedstock.

"The availability of cheap feedstock in the kingdom is quite natural as a result of abundant local gas supply and the location of petrochemical plants closer to gas pipelines," he said.

[Back to Top]

# India exempts Japan from anti-dumping duty on PVC Paste Resin

New Delhi, July 28 (PTI) India has exempted Japan from the anti-dumping duty imposed on chemical used in manufacturing of leather products, while confirming that the levy will remain on China, South Korea, Russia, Thailand, Malaysia and Taiwan.

The imposition of duty, which is for a period of five years, is aimed at protecting the interest of domestic players from cheap inward shipments into the country.

The duty ranges from USD 1,471 to USD 1,707 per million tonne of the Poly Vinyl Chloride (PVC) Paste Resin.

"The product had been exported to India from the subject countries (except Japan) below their associated normal values," the Department of Revenue said.
The dumped imports of PVC Paste Resin have caused a material injury to the domestic industry, it said.

In June 2010, the Directorate General of Anti Dumping and Allied Duties (DGAD) had imposed a provisional duty on imports of these products from countries, including Japan.

Now, the DGAD again reviewed the situation and concluded that the duty will be imposed for a period of five years (unless revoked, superseded or amended) with a retrospective effect from July 26, 2010. This would not be applicable for Japan.

The chemical is used in artificial leather (Rexene), coated fabrics, tarpaulins, toys, automotive sealant and adhesives.

[Back to Top]

# US asks Govt not to raise duties on power gear imports

Arun S., Hindu Business Line

New Delhi, July 12: The US Government has expressed concern over the proposed duty hike on power equipment imports.

The US Trade Representative, Mr Ron Kirk, has written to the Prime Minister, Dr Manmohan Singh, asking the Centre not to increase duties on import of such equipment, official sources told *Business Line*. The 21 per cent duty hike proposed by the Power Ministry — meant mainly to protect local equipment firms such as L&T and BHEL from 'cheap and low quality' Chinese imports as well as create a level-playing field — will also hurt American equipment majors such as GE, it is said.

It is learnt that Mr Kirk has written that the duty hike will make power equipment imports more costly and, in turn, result in higher electricity costs for consumers.

Recently, the Association of Power Producers had written to the Power Ministry saying that increasing customs duty on equipment imports would further increase electricity tariffs and also lead to delays in capacity addition. About half of the coal-based capacities are dependent on power equipment imports, it pointed out.

The private power producers' body also said that financial problems, fuel availability concerns and the distribution utilities being in bad shape had already resulted in higher generation costs. It added that if import duties were hiked at this point, it would adversely affect not only the sector but also the economy.
The Prime Minister's Office had directed the Power Ministry to circulate a Cabinet note on the proposed duty hike. Currently, the Ministries of Commerce, Finance, Heavy Industries and Power are holding discussions on the issue, the sources said.

As of now, there is a 5 per cent customs duty on equipment imports for below-1,000 MW projects. The proposal to hike duties would also affect ultra mega power projects that are exempted as of now, the sources added.

*Differences*

Mr Kirk's letter assumes significance in the backdrop of the recent differences between India and the US on a host of trade and investment issues. The US had already taken India to the World Trade Organisation (WTO) on the ban on poultry imports from the US, while India moved the WTO on US' 'high' visa fee for skilled workers as well as duties on some steel products.

The US Secretary of Commerce, Mr John Bryson, during his visit to India in March, had also raised the issue of India's "high tariffs" on capital goods such as power-generating equipment, some medical products, grapes, citrus, and other fruits. He had termed these as 'barriers' to building US-India economic ties and also said local sourcing requirements in sectors such as solar energy and IT/electronics (telecom) “makes it harder to invest in India.”

The US Ambassador to India, Ms Nancy J. Powell, in April expressed concerned over ‘challenges' to trade and investment in India, including “high tariff and non-tariff barriers, restrictions on foreign investment, lack of transparency, and defence offset requirements”.

[Back to Top]

# India escalates US steel duties dispute at WTO

Reuters

July 13,Geneva: India has asked the World Trade Organization to set up a panel to adjudicate on its dispute with the United States over US duties on some imports of Indian steel products, the WTO said on Friday.

India complained in April that Washington had wrongly slapped punitive tariffs, so-called countervailing duties, on certain hot rolled carbon steel flat products from India.

Countries impose countervailing duties when they believe their manufacturers are suffering because of competition from unfairly subsidised imports.

In its complaint India challenged countervailing duties going back to April 2001, as well as the United States Tariff Act of 1930 and the US Code of Federal Regulations, which it said were inconsistent with WTO rules.

By asking for a dispute panel to be set up, India is indicating that it has failed to resolve the issue via consultations with the United States.

The United States is also in dispute with China over the US use of countervailing duties on a range of imports, including several types of steel products. China requested consultations on May 25 but has not yet asked for a panel to be set up.

[Back to Top]

# FinMin proposes changes in imported edible oil tariff

Anindita Dey & Dilip Kumar Jha, Business Standard

Mumbai, July 15: The finance ministry has proposed to revise the tariff rate for imported edible oil shortly, after almost six years of freezing it at $ 420 per tonne.

According to officials close to the development, the rate will be linked to the market to align it with international prices. The rate hike is likely to be effected primarily for palm oil, which is mainly imported into India.

Tariff rate is the base rate upon which custom duty is charged on imports. The officials, however, cautioned that it will not have any impact on the crude or raw edible oil imported since customs duty on this category is zero. It will only have an impact on the import of refined palm oil to the extent of 7.5 per cent of the total value.

As per data compiled by the Solvent Extractors' Association of India (SEAI), share of refined oil ( RBC palmolein) has increased to 19 per cent in June, while crude oil has decreased to 81 per cent and reported at 5.047 million tonnes (mt) compared to 4.31 mt during corresponding period of previous year.

Further, the SEAI report is of the view that the share of RBD palmolein is likely to increase as current Indonesian inverted duty structure encourages larger export of refined oils (nine per cent export duty) over crude oil (18 percent export duty). Also, the gap between cure and refined palm oil has reduced to just $28 from $73 a year back, discouraging local refining.

Explaining this, officials said the tariff rate may be hiked to around $900-1000 per tonne which would translate into a duty of around $35-40 per tonne. In rupee terms, the increase in tariff value at the current exchange rate will translate into a duty of Rs 1,800-2,200 per tonne. Earlier the ministry of food had recommended for increase in import duty of refined oil.

According to officials, edible oil prices are already high in the retail market, as around 50 per cent of the demand has to be met by imports. Indonesia, from where a majority of the edible oil is imported by India, has raised the duty for export of both crude and processed refined palm oil.

However, the increase in export duty on crude oil is much more than the rise in duty on processed or refined oil, which is why Indian importers are preferring import of refined oil.

Import of vegetable (edible and non edible ) oil declined in June by 9.18 per cent due to traders' shifting from fresh purchases to use existing inventory.

During November 2011 to June 2012, import of refined oil (RBD palmolein) nearly doubled to t 1.21 mt, compared to 638,715 tonnes in the same period the year before.

Besides, the drastic depreciation in the rupee against the dollar has proved as a barrier for import of veg oil into India. The rupee averaged at 55.94 against the dollar in June 2012, compared to 44.81 in the corresponding month of the previous year.

Meanwhile, traders opted to use more quantity from the existing inventory instead of focusing on fresh purchases. Consequently, the overall stocks in the pipelines declined to 1.5 mt as on July 1 compared to 1.56 mt about a month ago, SEAI report suggested.

[Back to Top]