Contents

Govt brings more items under duty drawback ... 2
India may slap safeguard duty on sodium nitrite imports ... 3
US not to impose countervailing duty on Indian shrimp exports ... 3
India slaps $9/kg anti-dumping duty on a bulk drug from EU ... 5
EU may push for deeper auto tariff cuts, insurance FDI hike ... 6
WTO Reports Increase in Antidumping Actions, With Emerging Markets in Lead ... 7
India slaps $787/tn anti-dumping duty on Chinese paracetamol ... 8
India slaps duty on US, EU imports of chemical used in perfume ... 9
EU protests against India's penal import duties ... 10
WTO Reports Sharp Increase In New Safeguard Measures ... 12
Government cuts tariff on imported gold for 2nd straight day ... 14
Fresh blow to car exports to EU; import duties to go up from January ... 15
India mulls export incentives for sectors ineligible for EU sops ... 17
Korea wants duty cuts for auto, machinery exports to India ... 18
5% duty on exports retrograde step, say pellet makers ... 19
Antidumping duty likely on Chinese, Korean, Thai alloy wheels ... 20
Ministry of Commerce & Industry: Duty Imposed on Steel Imports by Thailand ... 21
WTO Set to Issue Mixed Ruling on Indian Challenge to U.S. Steel Duties ... 22
I don't think import duty for gold is high: C Rangarajan ... 24
Trade min urges finmin to scrap export duty on iron ore pellets ... 26
India begins probe into stainless steel dumping by China, Korea ... 27
Dumping duty on Chinese nylon tyre cord fabric to continue ... 28
India may back solar duties after probe says US, China dumped ... 29

Govt brings more items under duty drawback

PTI

New Delhi, 15 September 2013: The government on Saturday rationalised the duty drawback and brought more items under the scheme for tax refund to exporters to give a boost to overseas shipments.

The revised All Industry Rates of duty drawback, which have been notified, will come into effect from September 21, a finance ministry statement said.

"Apart from the rate changes, to assist exporters, a large number of rationalisation measures have also been undertaken to realign entries, provide rates on more items...," it said.

The rationalisation measures is to better differentiate all industry rates for export products with higher duty incidence and to address classification issues on export products, it added.

"With the revised rates, the central government will continue to support exporters with substantial total drawback," it said.

The government had taken into account the recommendations of the committee headed by Planning Commission Member Saumitra Chaudhuri. He is also a member of the Prime Minister's Economic Advisory Council.

Moreover, the statement said, for expeditiously addressing exporters concerns, the term of the Committee has been continued for another three months.

The panel was set up to promote exports with "fair and representative" rebate of the incidence of customs and central excise duties and service tax related with the manufacture of export goods.

India's exports rose to a two year high of 13 per cent in August on account of the improved global situation.

[Back to top]

India may slap safeguard duty on sodium nitrite imports

PTI

New Delhi, 22 September 2013: India may impose safeguard duty on import of sodium nitrite, a chemical used by textiles and pharma industries, to protect domestic producers from "serious injuries" caused by the rising inward shipments.

Acting on a complaint of domestic producers of the chemical, the Directorate General of Safeguards (DGS) in the Finance Ministry carried a probe and concluded there has been a significant increase in imports and recommended levy the of the safeguard duty.

"Increased imports of sodium nitrite into India have..., caused and threaten to cause serious injury to the domestic producers...and it will be in the public interest to impose safeguard duty on imports of Sodium Nitrite...for a period of one year and three months," said the DGS in its 'Final Findings'.

It has recommended the duty at the rate of 30 per cent ad valorem for the first year and 28 per cent ad valorem for last three months, which is "considered to be the minimum required to protect the interest of domestic industry".

Sodium nitrite is imported from several countries, and primarily from China and Germany. China constituted 81 per cent of total imports in India in 2012-13.

Safeguard duty is a WTO-compatible temporary measure that is brought in for a certain time-frame to avert any damage to domestic industry from cheap imports.

The final findings and the recommendations of DGS is considered by the Standing Board on Safeguards headed by Commerce Secretary. Then the views of the Board are placed before the Finance Minister for approval in respect of safeguard duties and to the Commerce Minister for imposition of quantitative restrictions.

The chemical is mostly used in pharmaceutical, dye, meat processing and textiles industries, among others.

The imports increased from 14,290 MT in 2009-10 to 22,162 MT in 2012-13. The domestic producers had a market share of 55 per cent in 2010-11 which declined to 41 per cent in 2012-13. On the other hand, the market share of import increased from 35 per cent in 2010-11 to 45 per cent in 2012-13.

The domestic producers of the chemical include Deepak Nitrite Ltd (Pune), Punjab Chemicals & Pharmaceuticals Ltd (Chandigarh), National Fertilizers Ltd (Noida), and Rashtriya Chemicals and Fertilizers (Sion, Mumbai). Deepak Nitrite Ltd is the last producers of the chemical in the country.

The DGS used data for the period 2009-10 to 2012-13 for the investigations.

[Back to top]

US not to impose countervailing duty on Indian shrimp exports

PTI

New Delhi, 23 September 2013: The United States has said it will not impose countervailing duty on imports of frozen warm water shrimp from India and six other countries.

The United States International Trade Commission (USITC) has said that the US industry is "neither materially injured nor threatened with material injury" by reason of imports of frozen warm water shrimp from countries including India, China, Ecuador, Malaysia, and Vietnam.

As per the WTO Agreement on Subsidies and Countervailing Measures, a country can launch its own investigation and ultimately charge extra duty (countervailing duty) on subsidised imports which it finds are hurting domestic producers.

"As a result of the USITC's negative determinations, US Commerce will not issue countervailing duty orders on imports of these products from India. The decision brings a great relief to Indian shrimp industry and its exports," an official statement said today.

According to an industry estimate, India's seafood exports including frozen shrimp stood at USD 3.5 billion in 2012-13. About a fifth of the exports were to the US.

The decision comes ahead of Prime Minister Manmohan Singh's scheduled visit to Washington later this week.

The USITC imposed a 5.85 per cent countervailing duty on Indian shrimp exports last year in response to alleged price advantages enjoyed by Indian exporters due to government subsidies.

The final decision of the USITC came in favour of India and six other countries and negate the US Department of Commerce's (USDOC) decision.

"Due to this, none of the seven countries including India need to pay duties for their shrimp exports to US," it said.

In December 2012, the Coalition of Gulf Shrimp Industries filed a petition claiming that subsidies provided by the Indian government to its shrimp industry gives an unfair advantage to the country's shrimp exports to the US, resulting in Indian exporters selling their products at lower prices.

It also said that if countervailing duty was imposed, it would have helped Thailand and Indonesia to monopolise the US shrimp market, and market access of Indian shrimp would have been affected.

[Back to top]

India slaps $9/kg anti-dumping duty on a bulk drug from EU

PTI

New Delhi, 20 October 2013: India has slapped anti-dumping duty of up to USD 9 per kg on import of a bulk drug from the European Union to protect the domestic industry.

The Revenue Department has imposed the duty - a levy to discourage cheap imports - on bulk drug Cefadroxil Monohydrate originating in or exported from the EU for five years. It has been levied following recommendations by the Directorate General of Anti-dumping and Allied Duties (DGAD). The duty "shall be levied for a period of five years (unless revoked, amended or superseded earlier)," a notification by the Central Board of Excise and Customs said.

Depending on different factors, the duty will be USD 7.88 and USD 9.03 per kilogramme on import of bulk drug.

The DGAD had carried a probe in the imports and concluded the bulk drug entered the Indian market from EU below normal value resulting in dumping and thus causing "material injury" to the domestic industry. The investigation was done after DGAD received an application from pharma major Lupin, Mumbai, on behalf of the domestic industry, alleging dumping of the bulk drug "originating in or exported from the European Union". Hyderabad-based Aurbindo Pharma had supported the application.

Bulk drug Cefadroxil Monohydrate is an active pharmaceutical ingredient (a raw material) used for the manufacturing of pharmaceutical formulations.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in below- cost imports. As a counter-measure, they impose the duty, which is WTO compatible.

[Back to top]

EU may push for deeper auto tariff cuts, insurance FDI hike

Dilasha Seth, Economic Times

New Delhi, 29 October 2013: A visiting EU parliamentary delegation is likely to push for deeper auto sector tariff cuts and raising of the foreign direct investment (FDI) cap in insurance at a meeting with commerce and industry minister Anand Sharma.

This follows EU chief negotiator Ignacio Garcia Bercero's stand last month that progress on the India-EU free trade agreement would be difficult without "significant commitment" from India. "It is not possible to imagine the EU concludes an agreement with India with tariffs on some key sectors, such as cars at 60-100%. There will have to be substantive efforts to bring this down," Bercero said at the EU-India FTA discussions in September. "Again, without key outcomes on sectors such as banking, and insurance, then it will not be possible to conclude the negotiations."

The EU parliamentary delegation is expected to reinforce this stand at the meeting, expected this week. Negotiations for the broad-based investment and trade agreement (BITA) between India and EU began in 2007, and the two sides have had 15 rounds of talks over the last six years. However, agreement on some contentious issues remains elusive. For instance, the EU wants auto-sector tariffs to eventually become zero, but India is reluctant as it sees such a move hurting domestic industry.

Analysts say the upcoming elections in India and several EU countries could also delay in any such pact. The EU has also been demanding a hike in the foreign direct investment (FDI) limit in insurance and banking.

The Indian Cabinet has cleared the increase in the FDI limit in insurance to 49% from 26%, but it still requires parliamentary approval.In banking, India has set a cap on the number of branches a foreign lender can operate.

"To be clear, the current situation is that the European banks established in India have limited opportunities to open new branches. The EU hopes the new policy announced by the Reserve Bank of India is going to be implemented quickly," Bercero said.

The Reserve Bank of India is expected to relax norms for entry of foreign banks into the country. BITA will be India's first bilateral agreement (including services) with a large trading partner and EU's first comprehensive agreement with a large emerging economy.

India, on the other hand, is seeking 'Mode 4' of the proposed pact, which will allow Indian professionals to work in EU member states, a segment where India sets to gain the most. After the economic crisis and the ensuing impact on employment in Europe, the EU added a safeguard clause under Mode 4,which will clock in when 20% of the limit is touched. Since these safeguards are sectoral, the safeguard clause will impact IT companies the most.

"The EU has offered its greatest flexibility on Mode 4, than it has done for any of its previous negotiations with other trading partners," Bercero said.

[Back to top]

WTO Reports Increase in Antidumping Actions, With Emerging Markets in Lead

Daniel Pruzin, WTO Reporter

29 October 2013: The World Trade Organization has reported an increase in the number of antidumping investigations launched by its members over the past year, with emerging markets such as Brazil and India reporting the sharpest jump.

In its annual report for 2013 circulated Oct. 29, the WTO's antidumping committee said that 209 new AD investigations were initiated between July 1, 2012 and June 30, 2013, up slightly from the 200 investigations initiated over the previous year.

Brazil led the way with 38 new AD investigations, up from 31 the previous year. India ranked second with 31 new investigations, almost double the 16 investigations in the earlier reporting period.

Rounding out the top five were: Argentina (15 investigations), China (13) and Turkey (12). Malaysia, Mexico and South Africa reported six new investigations apiece.

The U.S. reported 11 new AD investigations for the year ending June 30, down from 13 the previous year, while the European Union reported nine investigations, down from 16 the previous year. Australia and Canada reported 11 new investigations apiece, both down from the previous year.

Japan and Russia both reported no new AD investigations over the past year.

The overall figure for new AD investigations is certainly larger due to the exclusion of Indonesia. The antidumping committee said that while Indonesia submitted figures on its antidumping actions to the WTO, the figures were not included in its report pending technical corrections.

The initiation of an antidumping investigation often has an immediate trade-dampening impact because affected exporters reduce shipments of the targeted good due to market uncertainty.

WTO members reported the imposition of 133 final AD duty orders between July 1, 2012 and June 30, 2013, up from 103 the previous year.

India ranked first with 28 new AD duty orders, the same as the previous year, followed by Australia and Russia (10 apiece), the U.S., the EU and Malaysia (9 apiece), and Canada, China, Pakistan and Thailand (8 apiece).

WTO members reported that 103 existing AD duty orders were revoked over the past year, down from 116 the previous year. India revoked 29 duty orders over the past year, followed by the EU (21), Argentina (11) and the U.S. (7).

As of June 30, WTO members had a total of 1,374 AD duty orders in force, up from 1,336 in mid-2012. The U.S. has the most duty orders in force (243), followed by India (215), Turkey (120), China (118) and the EU (111).

[Back to top]

India slaps $787/tn anti-dumping duty on Chinese paracetamol

PTI

New Delhi, 30 October 2013: India has imposed anti-dumping duty of USD 787 per tonne on import of Paracetamol, a widely used medicine, from China for five years to protect interest of domestic players from the cheap shipments.

"The anti-dumping duty imposed (on Paracetamol) under this notification shall be effective for a period of five years...," said the Central Board of Excise and Customs (CBEC) in the Revenue Department.

The duty will be at USD 787 per tonne, it said.

The duty has been slapped on recommendation of the Directorate General of Anti-dumping Duty, which carried out a review of the impact of the levy on its import from China.

The anti-dumping duty, a WTO compatible levy to discourage imports, was first imposed on the bulk drug in 2001 and extended through different stages till September 2013.

The DGAD after a 'Sunset Review' had concluded that despite the anti-dumping measures, dumping of paracetamol originating in or exported from China has continued unabated causing injury to the domestic industry.

"Should the present anti-dumping duties be revoked, dumping of the subject goods may in all likelihood intensify, causing further injury to the domestic industry," the Authority had concluded while recommending to the revenue department continuation of the levy in August.

Paracetamol is a bulk pharmaceutical active ingredient, displaying analgesic and antipyretic properties. It is used in a number of OTC drug formulations in the form of powders, granules, injectibles and tablets.

The DGAD carried the review or probe for 15 months January, 2011 to 31st March, 2012.

Import of the drug increased from 6,385 tonne in 2008-09 to 10,834 tonne during the period of investigation (POI).

Capacity utilisation of the domestic industry was 85 per cent in 2008-09, but it has come down to 79 per cent in the POI. The annual demand for the drug is about 25,380 tonnes.

[Back to top]

India slaps duty on US, EU imports of chemical used in perfume

PTI

New Delhi, 27 October 2013: India has imposed anti-dumping duty of up to USD 0.36 a kg on import of a chemical, used in manufacture pharmaceuticals and fragrance products, from EU, US and Korea to protect domestic players from cheap shipments.

"The anti-dumping duty imposed (on Methylene Chloride) under this notification shall be levied for a period not exceeding six months...," said the Central Board of Excise and Customs (CBEC) in the Revenue Department.

The duty has been imposed to discourage the import based on recommendation of the Directorate General of Anti Dumping and Allied Duties (DGAD).

Acting on the complaint of Chemplast Sanmar and Gujarat Fluorochemicals, the DGAD had carried out a preliminary probe into the imports and concluded that "subject goods (Methylene Chloride) have been exported to India from the subject countries (EU, US and Korea) below its normal value...(and) the domestic industry has suffered material injury".

The initial probe found that material injury has been caused by the dumped imports of the chemicals.

Countries initiate anti-dumping probes to check if domestic industry has been hurt because of a surge in below- cost imports. As a counter-measure, they impose the duty, which is WTO compatible.

[Back to top]

EU protests against India’s penal import duties

Amiti Sen, Business Line (The Hindu)

New Delhi, 31 October 2013: The European Union has accused India of imposing higher penal duties on imports of certain products such as steel and rubber chemicals than what the situation may warrant to protect its domestic industry.

While claiming that its penal duties were in response to aggressive exports by some countries, India conceded that it would look into complaints made on the initiation of safeguard investigation on steel pipes and tubes.

India has initiated the highest number of safeguard investigations in 2013 and half the products being investigated are already subject to anti-dumping duties, the EU pointed out at a recent meeting of the World Trade Organisation’s (WTO) Safeguards Committee.

The WTO allows members to impose penal duties called anti-dumping duties if it can be proved that the imports are being dumped into the country at lower prices than those prevailing in domestic market of the exporting country.

A second penal duty known as safeguard duty can be imposed by a member in case there is a sharp increase in imports of a product over a period of time leading to disruption in the domestic market. Recently, India notified four safeguard investigations – on seamless pipes, tubes and hollow profiles of iron or non-alloy steel, on sodium nitrate, on methyl acetoacetate, on phthalic anhydride, and on PX-13 (a rubber chemical).

The safeguard initiation on steel products has led to protests from a number of WTO members including the EU, Russia and the US.

The EU said that it was very concerned that in the steel case, imports had decreased and that there was no evidence of injury caused by imports on the domestic industry.

Russia shared EU’s concerns in the steel case, and pointed out that the increase in imports was caused by just one country – China. Japan also expressed concern.

India’s representative said that the concerns would be conveyed to the Government and a reply would be given.

On India’s investigation on PX-13, the EU said that the extension of the safeguard measure would not be warranted, as this product was already subject of an anti-dumping duty.

The US, too, sought clarification regarding the investigation. India said it would forward the questions to New Delhi.

Over the last few years, India has resorted to imposition of safeguard duties on cheap imports instead of anti-dumping as it is more difficult to prove that dumping has actually happened.

While most of the safeguard duties are imposed to protect Indian producers against cheap imports from China, other countries, too, get affected as these duties are applicable to all.

[Back to top]

WTO Reports Sharp Increase In New Safeguard Measures

Daniel Pruzin, WTO Reporter

5 November 2013: Members of the World Trade Organization have sharply increased the number of new safeguard actions aimed at protecting domestic producers from increased imports, according to the latest figures circulated by the WTO October 29.

Thirty-two new safeguard investigations were initiated between mid-October 2012 and mid-October 2013, according to notifications submitted by WTO members and compiled by the organization's safeguards committee. That compares with 15 safeguard investigations initiated over the previous year-on-year period.

Indonesia and India led the way with five new investigations apiece over the past year, followed by Chile, Colombia and Thailand with three apiece. All but two of the new investigations were initiated by developing countries.

Eleven provisional safeguard measures were imposed over the same period, led by Colombia and Egypt with two apiece. In addition, 14 definitive safeguard duty measures were either announced or imposed, led by Indonesia with four and Russia, Thailand and Ukraine with three apiece.

WTO rules allow members to impose a safeguard in the form of increased tariffs or import quotas for up to four years if it determines that increased imports of a particular product are causing, or threatening to cause, serious injury to its domestic industry.

Irrespective of Country of Origin

Unlike antidumping duties, safeguards apply to a specific product irrespective of the country of origin, thus affecting more trade. While the requirements for imposing a safeguard are considered less onerous than those for antidumping duties, a country imposing a safeguard must normally offer compensation—in the form of tariff concessions on other products, for example—to counter the adverse effects of the measure on trade, or risk seeing its goods targeted with countermeasures.

Turkey became the first WTO member to impose countermeasures in reaction to a safeguard measure when it announced in June that it would impose a 23 percent duty on imported walnuts from Ukraine in retaliation for its safeguard duties on imported motor vehicles. The additional duties on the Ukrainian imports took effect on July 12.

Russia also announced in July it would impose additional duties amounting to $36.2 million per year on Ukraine in order to compensate for export earnings lost from the auto safeguard measure.

In a joint communication circulated to WTO members in October 2012, the U.S. joined the European Union, Australia, Canada, Japan, New Zealand, Norway, Singapore, South Korea, and Taiwan in criticizing what they claimed was “an emerging and serious disregard of multilateral rules” in safeguard proceedings.

The group cited concerns about ongoing systemic issues relating to certain safeguard investigations, including procedural, transparency, and due process issues, adding that the "hastiness with which some Members have imposed provisional measures brings into question whether Members are making proper preliminary determinations" as required under WTO rules.

According to the WTO, 43 dispute cases have been initiated alleging a violation of WTO safeguard rules since the organization was established in 1995. Japan initiated the most recent dispute case when it requested WTO consultations with Ukraine October 30 to address the auto safeguard duties.

WTO rulings have been issued in 20 of the disputes, with one case alone—the 2003 ruling condemning U.S. safeguard duties on steel imports—involving eight complaining parties.

[Back to top]

Government cuts tariff on imported gold for 2nd straight day

PTI

New Delhi, 14 November 2013: Government today slashed the import tariff value on gold for the second straight day to $414 per 10 grams and silver to $672 per kg, in line with weak global prices of the precious metals.

The import tariff value, which is the base price at which the customs duty is determined to prevent under-invoicing, was revised downward for gold only yesterday.

According to the notification issued by the Central Board of Excise and Customs (CBEC), the tariff value on imported gold has been brought down to $414 per 10 grams from $417 per 10 grams yesterday. Similarly, the import tariff value on silver has been cut to $672 per kg from $738 per kg in the review period.

However, the tariff value has been hiked on imported brass scrap and some vegetable oils. The import tariff value on RBD palmolein has been raised to $960 per tonne from $899 per tonne that prevailed till yesterday, while crude soyabean oil to $1,023 per tonne from $1,006 per tonne. The tariff value has been changed because of volatility in global prices of these imported items.

In case of gold and silver, international prices are showing a declining trend with rates of yellow metal in the Singapore market ruling down at $1,289 an ounce. However, domestic gold prices closed at Rs 31,720 per 10 grams and silver at Rs 48,000 per kg in the national capital today.

India, the world's largest consumer of gold, imported 393.68 tonnes of the yellow metal during the April-September period of this year, as per official data.

The government has taken several steps to reduce gold imports, including hike in custom duties.

[Back to top]

Fresh blow to car exports to EU; import duties to go up from January

Gireesh Chandra Prasad & Roudra Bhattacharya, Financial Express

New Delhi, 13 December 2013: India's export of cars to Europe, which has already slowed down in the last two years because of the economic slowdown, may face another blow from January next year with the European Union (EU) about to raise customs duty on them from 6.5% at present to 10%.

The move, which is expected to lead to a significant cost increase of around Rs15,000 per car, comes even as auto makers grapple with declining demand and profits at home. EU's decision is part of its new policy of denying preferential tariff to exports from developing nations that have become sufficiently competitive that they no longer require a tax incentive.

EU is the single-largest trade block in terms of car exports from India. In FY13, about 40% of India's total passenger vehicle (PV) exports of 5.54 lakh units went to the EU, 80-90% of which were small cars. Nissan-Renault, Hyundai and Maruti Suzuki, followed by Ford and Mahindra, are currently among the largest exporters of passenger vehicles from India to the 28-nation union.

EU's decision is to graduate a host of exports from India such as motor vehicles, bicycles, aircraft, mineral products, chemicals, raw hides, skins, leather, ships and boats from its Generalised System of Preferences (GSP) as imports of each of these products from India have crossed 17.5% of overall import of these items into EU from developing nations.

In the case of textiles, the threshold for denying duty benefit is kept at 14.5%. Preferential customs duty to exports from developing nations under GSP is an exception to the WTO obligation of member states to give every other member equal and non-discriminatory treatment under the 'Most Favoured Nation' status.

A Maruti Suzuki executive told FE that though the share of EU in its total exports has come down to 35% from 70% four years back, it still remains the single-largest trade block. "Of course there will be an impact of higher duties. EU sales are down because of the economic slowdown and the move will hurt margins further," he said.

Hyundai Motor India director (finance) R Sethuraman added, "There will be obviously impact because our costs will rise and EU is a very important export market for us. We are trying to de-risk our exports by developing other markets in Africa, South-East Asia and Latin America." For Hyundai, India's largest car exporter with about 40% of production meant for global sales, around a third of exports go to the EU. Nissan Motor India's CFO Sunil Rekhi confirmed that the impact will be significant as the company's cost per car will go up by 150-175 Euros (about R15,000) on average. However, he said that Nissan will be able to absorb the higher costs because of the gains from the recent depreciation of the rupee versus the Euro.

"We cannot increase our prices because the EU market is very tough right now, but we have enough room to absorb it within our margins. With the higher import duty, EU is trying to encourage local manufacturing and blocking imports from developing countries. The good thing is that our exports to EU are up 20% in value terms in FY14 because of rupee depreciation," he said.

For Nissan's India unit, EU accounts for up to 20% of total sales. Nissan exports the Micra from its plant near Chennai, which is sold as the 'March' across Europe, while alliance partner exports the 'Duster' compact SUV from the same plant to the UK. Interestingly, Nissan has already decided to make the next generation Micra for Europe out of Renault's plant in France from 2016.

Small cars have traditionally dominated India's PV exports to the EU, though the trend is now changing in FY14 as exports of compact SUVs like the Ford EcoSport and Renault Duster have gained strength. In fact, the growth in India's total passenger vehicle exports, which were up 9% in FY13, has increased to 13.5% in April-October FY14 largely because of the SUV exports the addition of new companies like Honda, Toyota Kirloskar and Volkswagen to the list of car exporters from India.

Puneet Gupta, principal analyst at IHS Automotive said, "The EU has been putting pressure on India to reduce import duties, so this may be seen as a negative reaction from them. This may force companies to look at other global manufacturing destinations for European exports, especially since margins on small cars are low."

[Back to top]

India mulls export incentives for sectors ineligible for EU sops

Amiti Sen, Business Line (The Hindu)

New Delhi, 11 January 2014: With the European Union (EU), India's largest export market, withdrawing its preferential import duty scheme for some Indian products from 2014, the Commerce Ministry is considering fresh incentives to help these sectors retain their competitiveness.

"We are looking at some domestic schemes to help the affected sectors stay competitive in the EU market," said a senior Commerce Ministry official, speaking to *Business Line*.

The products that are no longer eligible for lower tariffs under the preferential duty scheme are: textiles, chemicals, minerals, raw hides & leather and automobiles, including road vehicles, bicycles, aviation, space, boats and their parts.

Until now, the EU's Generalised System of Preferences scheme provided duty-free or low-duty access to these products in all 27 of its member countries.

'Globally competitive'

The affected products have "graduated out" of the scheme as they have become globally competitive. They will now attract normal import duties of 6-12 per cent.

"The EU is the biggest market for Indian products and losing the preferential duty advantage for key commodities is a big blow," said the official.

The issue was discussed at a review meeting held by Commerce and Industry Minister Anand Sharma earlier this week, the official added.

The Ministry is looking at the option of providing cash incentives to the affected sectors under the existing Market Linked Focus Product Scheme.

Under this scheme, cash benefits are given to exporters of specific products to specific markets, generally ranging between 2 per cent and 5 per cent.

Biggest export market

The EU accounts for 16 per cent of the country's total exports. In April-November 2013, India exported goods worth $33.27 billion to the 27-member bloc, posting 3.5 per cent year-on-year growth.

India, together with China, is among the top beneficiaries of the EU scheme, which provides preferential market access to exports from 90 developing and least-developed countries.

A number of countries, including Argentina, Brazil, Cuba, Uruguay, Venezuela, Russia, Kazakhstan and Malaysia, have graduated out of the scheme this year.

[Back to top]

Korea wants duty cuts for auto, machinery exports to India

Nayanima Basu, Business Standard

New Delhi, 29 January 2014: South Korea has demanded a deep cut in tariffs on its goods entering India, under the Comprehensive Economic Partnership Agreement, signed by the two countries in 2009 and taking effect from 2010.

The two governments had decided to revise the pace, during the recent visit here of South Korea's President Park Geun-hye.

"We have been urging India to liberalise tariff duties, especially in automobiles, auto parts and Korean machinery. We want drastic reduction in this," Dong Seok Choi, director-general, Korea Trade-Investment Promotion Agency, told Business Standard.

Talks for revising the pact are expected to begin by the middle of this year. The first round will be in Seoul, said Dong.

The Indian government has asked South Korea for greater market access for its information technology export, generic medicine and textiles. Dong said Korea was aware of these wishes.

India's trade deficit with Korea rose from $5.1 billion in 2009-10 to $8.9 bn in 2012-13. The matter was raised by commerce and industry minister Anand Sharma with South Korean counterpart Yoon Sang-jick during a meeting here early this month.

On the pending approval for the $12-bn project in Odisha of Posco, the Korean steel giant, Dong said this would induce more Korean companies to invest. "Korean SMEs (small and medium enterprises) are very keen to do business here and Posco will give them a boost. Korea is also keen to invest in India, mainly in aerospace, ship building, construction and urban development," he added.

He also said some Korean companies, such as Hyundai, Samsung and LG, had planned to expand in the country in the next couple of years. "Many Korean companies want to make India their research and development hub," he said.

[Back to top]

5% duty on exports retrograde step, say pellet makers

Business Line (The Hindu)

New Delhi, 28 January 2014: Iron ore pellet makers are miffed at the Government's latest move to levy a 5 per cent duty on exports of the commodity.

"This is a retrograde step which will have far reaching implications. The duty has been levied without taking into consideration the views of pellet makers and is based on erroneous facts," said SK Chatterjee, Secretary, Pellet Manufacturers Association of India in a statement.

The Finance Ministry on Monday announced a five per cent customs duty on export of pellets.
India has become the only country that is discouraging export of a high value added manufactured product, especially when it is not hurting the domestic market, Chatterjee added.

The pellet makers claimed that pellet exports at just over a million tonnes were about 1.2 per cent of the country's installed capacity currently.

Capacity creation

The pellet manufacturing capacity, which stood at 28 million tonnes in 2010-11, has gone up to 60 million tonnes and total investments were estimated at over Rs 30,000 crore.

The Government had encouraged capacity creation in iron ore pellets, a move that was aimed at utilising the low-grade iron ore fines, traditionally considered a mining waste in India.

Moreover, the gradual depletion of high grade reserves had prompted the steel makers and mineral companies to go for processing technologies.

Steel makers

Among the steel makers who have set up — and were in the process of setting up — pellet making capacities include Jindal Steel, SAIL, Essar Steel and KIOCL.

Pellet makers claim their current capacity utilisation is less than 50 per cent owing to the lower off take by the steel industry. Pellet makers are already paying three times more rail freight for pellet meant for exports.

This additional levy will kill the industry, they said, urging the Government to exempt pellet from exports.

Industry body Assocham had urged the Government to impose 30 per cent duty on exports of pellets to ensure higher availability of raw material for domestic steel industry as the production of iron ore had declined in the current year.

[Back to top]

Antidumping duty likely on Chinese, Korean, Thai alloy wheels

PTI

New Delhi, 23 January 2014: Government is likely to impose anti-dumping duty on a certain type of aluminium alloy auto wheels imported from China, Thailand and Korea, to protect domestic players from below-cost imports.

In its preliminary findings, the Directorate General of Anti-dumping and Allied Duties (DGAD) has recommended imposition of duty ranging between USD 1.18 and USD 2.15 per kg on imports of cast aluminium alloy wheels from the three countries, the Commerce Ministry said in a notification.

It further said the import duty has been suggested for alloy wheels of diameters ranging from 12 inches to 24 inches.

The restrictive duty is recommended by the Commerce Ministry, while the Finance Ministry imposes it.

The Directorate's recommendation comes on the basis of its findings that the product has been exported to India from these countries "below its normal value, thus resulting in dumping of the product".

"...imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the goods," it added.

However, it said that the imposition of the duties might affect the price levels of the products manufactured using cast aluminium alloy wheels.

The DGAD, which is under the Commerce Ministry, has initiated the investigations in December 2012. The period of investigation for the purpose was from July 2011 to June 2012.

"Authority considers it necessary and recommends imposition of provisional anti-dumping duty," it said.

Import of the wheels from China, Korea and Thailand increased to 12,497 tonnes (during July 2011 to June 2012) from 3,066 tonnes in 2009-10. The imports stood at 4,719 tonnes in 2010-11 and 12,039 tonnes in 2011-12.

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

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

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

[Back to top]

Ministry of Commerce & Industry: Duty Imposed on Steel Imports by Thailand

India Public Sector News

New Delhi, 5 February 2014: Recently, Thailand imposed a definitive safeguard duty on imports of certain hot rolled steel flat products originating from India at the ad valorem rate of 44.2% for the period 15th September, 2013 to 26th February, 2014. This would be progressively reduced as per the provisions of Agreement on Safeguard under the World Trade Organization (WTO).

Safeguard duty so imposed will have an impact on India's exports of those specific products to Thailand.

Government is constantly reviewing policies and providing support from time to time to make the Indian products competitive in the international market. Apart from the neutralization of duties on imports, Government is providing incentives to various sectors, including engineering sector, by way of Focus Product Scheme, Focus Market Scheme, Market Linked Focus Product Scheme, Interest Subvention, Incremental Growth Scheme etc. To protect the domestic manufacturing sector, amongst others, Government is also monitoring the imports of steel products, so as to ensure that imports which can be avoided by strengthening the domestic manufacture are identified. Government is also invoking Trade Remedial actions by way of Anti-Dumping and Safeguard duties on imports following the rights and obligations under WTO.

The information was given by the Minister of State in the Ministry of Commerce and Industry Dr. E.M. Sudarsana Natchiappan in Rajya Sabha today.

[Back to top]

WTO Set to Issue Mixed Ruling on Indian Challenge to U.S. Steel Duties

Daniel Pruzin and Madhur Singh, WTO Reporter

24 February 2014: A World Trade Organization dispute panel is expected to issue a mixed ruling in April on a challenge filed by India against U.S. countervailing (CV) duties on imports of Indian hot-rolled carbon steel flat products.

A confidential preliminary ruling issued by the panel on Jan. 31 backed a number of key claims made by India against a U.S. Commerce Department investigation, which led to the imposition of the CV duties in 2001 and a renewal of the duty order in 2007, according to sources who spoke on condition of anonymity because the panel's findings are still confidential.

However, the panel rejected several additional claims made by India against the U.S. investigation, as well as the legal measures that served as the basis for the investigation, the sources said.

The preliminary findings are still subject to further review and may change when the panel issues its final ruling to the two parties in the second week of April. Should the preliminary findings be maintained, both sides are expected to claim various degrees of victory.

The final panel ruling is expected to be appealed, most likely by both parties, meaning that a final verdict wouldn't be expected from the WTO's Appellate Body until sometime in 2015.

Commerce concluded that the Indian government, at both the central and state levels, provided a wide range of subsidies to Indian manufacturers of hot-rolled steel products. The U.S. International Trade Commission later determined that those subsidies resulted in material injury to U.S. producers of hot-rolled steel.

The original duties ranged between 8.28 percent and 31.89 percent.

Status of NMDC

One of India's claims reviewed by the panel concerned the status of an Indian entity at the heart of the investigation, the National Mineral Development Corp. Ltd. (NMDC), which was found by U.S. investigators to be a "public entity" under WTO rules providing countervailable subsidies to Indian steel producers through low-cost iron ore.

India argued that the NMDC wasn't a government or public body and therefore couldn't be providing countervailable subsidies. The Indian argument is based on a March 2011 ruling by the Appellate Body which found that the U.S. Commerce Department violated WTO rules by determining that state-owned suppliers of goods to Chinese producers targeted by CV duties were "public bodies" because they were majority-owned by the Chinese government, a criteria used by Commerce in other CV investigations.

"(A)part from an express delegation of authority in a legal instrument, the existence of mere formal links between an entity and government in the narrow sense is unlikely to suffice to establish the necessary possession of governmental authority," the Appellate Body said.

The U.S. said in its arguments before the panel that, even if the panel agreed with India that Commerce should have applied the Appellate Body's standard of providing evidence other than majority state ownership as proof of government control, the “record evidence indicates that the NMDC is a public body because it is over 98 percent owned by India and has the authority to perform Indian governmental functions.”

India also argued that the iron ore sold by NMDC isn't being supplied at subsidized prices but at prices based on that at which iron ore is exported to markets such as Japan and South Korea, noted one trade analyst familiar with the case, who added that India is one of the top 10 exporters of raw materials that go into the making of steel.

India also says that the U.S. rules serving as the basis for the duty order, Title 19, Part 351 of the U.S. Code of Federal Regulations, as well as certain provisions of the 1930 U.S. Tariff Act, are “as such” in violation of WTO subsidy rules in that they require various practices such as the automatic adoption of benchmark prices and “delivered” prices, as well as the automatic use of adverse facts available.

[Back to top]

I don't think import duty for gold is high: C Rangarajan

Rajesh Bhayani ,Business Standard

New Delhi, 10 March 2014: C Rangarajan**,** chairman, Economic Advisory Council to the Prime Minister, is known for his conservative views on gold, which he calls a 'non-productive asset'. He was amongst the first to flag up the fast-rising import of the yellow metal putting pressure on the current account deficit (CAD). After recommending tightening of gold imports, the government gradually increased the import duty and the Reserve Bank of India tightened import norms.

In an interview to *Rajesh Bhayani,*Rangarajan says CAD will be brought under control at around two per cent of the gross domestic product (GDP). He, however, doesn't see the need to relax duty or import rules. Edited excerpts:

The CAD now seems to be coming under control due to a fall in gold import. What is the accepted level of gold import?
It is expected to remain at around two per cent of the GDP in FY14, much lower than last year (FY13). This is partly due to a fall in gold imports. Gold imports prior to 2009-10 used to be $30-40 billion, which went up after that; last year, it was $54 billion. Gold demand was rising as it was imported for being a hedge against inflation, which was high and also as an asset. In my view, once investors start getting better returns from financial assets and inflation starts moderating, there would be sustained reduction in import of gold. Imports should stabilise at the pre-2009-10 level and $35-40 billion worth of gold import is still possible to absorb and may not cause any serious problem to CAD. If, eventually, Indians bring in fundamental change in the use of gold and reduce its demand, it will be good for the country but those changes don't happen in the short term.

With CAD under control and the gold import bill also much lower, do you think this is a time to relax gold import curbs?
I don't think the Customs duty on gold is so high. If you look at the import duty on many other luxury goods, others have much higher duties.

Isn't gold also a virtual currency?
But it is also a commodity and I don't think the import duty for gold is high. The other thing is the 80:20 rule (80 per cent of import for domestic use and 20 per cent for exports). This seems to be a reasonable rule, as it allows imports and is a self-correcting measure. Therefore, I think a sudden drop in gold import was not due to rules but it was the way they were implemented. Because of that, there was no import of gold for some time.

So, procedures can be simplified, even if basic rules are not changed?
It can be. In the overall current account, around $35 billion worth of gold can be absorbed. That will be consistent in our efforts to contain the CAD in the range of 2-2.5 per cent of GDP.

You may have seen unofficial import of gold estimates. The World Gold Council has estimated unofficial import in 2013 at 200 tonnes. That is due to the high duty and import curbs.
I doubt the estimate of unofficial import could be that high. There is no evidence of reduction in remittances, etc. If gold smuggling has to be financed, it can be either lower remittances or over-invoicing

of imports and so on. The latest numbers don't show any decline in private remittances and, hence, I am not sure whether this number is correct.

[Back to top]

Trade min urges finmin to scrap export duty on iron ore pellets

Financial Express

New Delhi, 7 March 2014:Commerce minister Anand Sharma said Thursday his ministry has urged the finance ministry to remove the 5% export duty on iron ore pellets.

"We have reservations (against 5% export duty) because it (pellet) is a value-added product and the duty, per se, is a disincentive," Sharma told reporters in North Block. He had come to attend a group of ministers meeting on the Amritsar-Kolkata Industrial Corridor.

"We have raised this issue with the finance ministry. The domestic industries were encouraged to increase capacity, and what actually is getting exported is not even 1.5% of the total capacity. Therefore, we should be encouraging and not be disincentivising them," the minister added.

The export of raw iron ore, or fines and lumps, already attracts a duty of 30%. Substantial investmets have happened in pelletisation plants.

Sharma also said Thursday there will be no change in the government's ongoing decision-making process on relaxing norms in foreign direct investment (FDI) in railways and construction due to model code of conduct.

On Wednesday, Chidambaram had said that normal government functions will carry on, and the cabinet and committees will go ahead as usual to clear any decisions pending from before the code of conduct.

[Back to top]

India begins probe into stainless steel dumping by China, Korea

PTI

New Delhi, 25 April 2014: India has initiated an investigation into alleged dumping of a certain variety of stainless steel by China, Korea and Malaysia following a complaint by Jindal Stainless Ltd.

The commerce ministry's designated authority, the directorate general of Anti-Dumping and Allied Duties (DGAD), has begun a probe into alleged dumping of "certain Hot-Rolled Flat Products of Stainless Steel 304 series".

In a notification, the DGAD has said the applicant has provided sufficient evidence that the normal value of the product in these countries is significantly higher than the net export price. The evidences have prima facie indicated that the product is being dumped from China, Republic of Korea and Malaysia, it said.

"The authority finds sufficient prima facie evidence of dumping of subject goods by the countries, injury to the domestic industry and causal link between the dumping and injury, the authority hereby initiates an investigation ...," the notification said. In the probe, the directorate would determine the existence, degree and effect of alleged dumping and will recommend amount of anti-dumping duty, "which if levied would be adequate to remove the injury to the domestic industry".

The DGAD is the nodal agency under the commerce ministry for such investigations.

The period of investigation is April 2012 to June 2013. However, for the purpose of analysing injury, the data of previous three years (2009-2012) would also be considered, the notification added.

The country's largest stainless steel producer, Jindal Stainless Ltd, in its submission has said that the "application has been made by or on behalf of the domestic industry".

This particular variety of the steel is used for manufacture of process equipment, re-rolling, reactor vessels, material handling equipments, railways, pipes and tubes, automotive components, building and construction, industrial fabrication and power sector.

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 their domestic industries have been hurt because of a surge in cheap imports. As a counter measure, they impose duties within the multilateral regime of the WTO. Anti-dumping measures are taken to ensure fair trade and provide a level playing field to domestic industry. It is not a measure to restrict imports or cause an unjustified increase in the cost of products.

[Back to top]

Dumping duty on Chinese nylon tyre cord fabric to continue

K. R. Srivats, Business Line (The Hindu)

New Delhi, 20 May 2014: The Finance Ministry has extended by one more year the validity of anti-dumping duty on nylon tyre cord fabric imports from China. The anti-dumping duty, which was earlier valid until April 28 this year, will now be applicable until April 28 next year, the revenue department has said.

NTCF finds application in different kinds of automotive tyres such as bus and truck tyres, two-wheeler tyres, cycle tyres and light commercial vehicle tyres.

This fabric is used for reinforcement of tyres.

This revenue department move follows the Designated Authority in the Commerce Ministry initiating a sunset review on anti-dumping duty imposed on NTCF imports from China.

The Association of Synthetic Fibre Industry on behalf of two of its member companies—SRF Ltd and Century Enka – had filed a petition requesting sunset review by the Designated Authority in the Commerce Ministry.

[Back to top]

India may back solar duties after probe says US, China dumped

Natalie Obiko Pearson, Mint

New York, 14 May 2014: India may recommend duties on US and Chinese solar imports after finding evidence of dumping, broadening a global trade dispute in the $130 billion market.

More than 20 overseas suppliers, including First Solar Inc and Yingli Green Energy Holding Co, sold equipment in India for as little as half the cost as in their home markets and undercut local prices by as much as a third, according to a summary of a 1 1/2 year probe by the Ministry of Commerce & Industry sent to the parties involved on Tuesday and obtained by *Bloomberg News*.

The document indicates the ministry will recommend duties on imports from the US, China, Taiwan and Malaysia, said Jagdish Agarwal, spokesman for the Solar Independent Power Producers Association, which opposes tariffs.

If Asia's third-biggest solar market imposes duties, it would escalate a protectionist trend that's threatening the viability of projects as they compete against conventional power sources. The US applied tariffs as high as 250% on Chinese products in 2012, and the European Union followed with its own measures a year later. Australia on Wednesday announced a dumping probe.

India, which had virtually no solar power in 2010, has built $10 billion worth of projects and driven down the cost of generation by half, making it cheaper today than grid power in Delhi and Mumbai. Tariffs will derail that trajectory, making solar power more expensive and causing projects to fail, said Vinay Rustagi, joint managing director of Bridge to India Energy Pvt., a New Delhi-based consulting company.

'Wafer-thin margins'

It will make most large-scale projects, currently developed on wafer-thin margins, unviable, Rustagi said. Developers, who depend on imports for 90% of panels, could back out of projects, government programs may be scrapped, and India could set itself back two years on its goal to make solar competitive with conventional power, he said.

Tuesday's document was the first indication of which side India's government is favoring since the start of the probe in November 2012. The dispute pits local panel and cell makers against project developers and overseas manufacturers.

We disagree that we have dumped imports, Tempe, Arizona-based First Solar, the largest US panel-maker, said in an e-mailed statement. The preliminary decision by the Indian authorities, if upheld, would make serving the Indian market very difficult.

The ministry has until 22 May to decide whether to impose duties before the case expires. Any tariffs it proposes could take six months to implement and may be scrapped by a new government, said Bridge to India's Rustagi.

Results in national elections will be announced in two days. Narendra Modi, the frontrunner who pioneered India's first incentives for large-scale solar power, has called for a clean- energy revolution during the campaign.

Inferior quality

The document upheld many of the arguments submitted by domestic makers Indosolar Ltd., Websol Energy System Ltd and Jupiter Solar Power Ltd, concluding that the domestic industry suffered material injury due to dumped imports.

The ministry dismissed arguments by the opposing side that Indian products are inferior in quality. Opponents including China Sunergy Co,Canadian Solar Inc, JA Solar Holdings Co. cited World Trade Organization rules, which say an anti-dumping probe can't be initiated if the producers supporting the application account for less than 25% of national production. Indosolar, Websol and Jupiter account for just 12% of production, according to the opponents' submissions.

Project dropped

The value of photovoltaic imports into India has reached $2.4 billion since 2010 when the nation started its solar program, according to commerce ministry data. Domestic manufacturers benefited little from that growth, idling 70% of their production capacity after losing orders to foreign competitors.

Duties won't create globally competitive Indian manufacturers because they can't match the scale of Chinese rivals, according to Bridge to India. BlackRock Inc-backed SunEdison Inc dropped a project in India last month on doubts that local producers can meet demand.

The annual production capacity of China's Yingli, the world's biggest panelmaker, dwarfs the largest Indian maker by 10 times, according to data compiled by Bloomberg. If India imposes tariffs, developers would probably look to Singapore and South Korean suppliers instead, said Jenny Chase, head of solar analysis for Bloomberg New Energy Finance in Zurich.

Parties involved in India's anti-dumping probe have until 16 May to respond to the document.
Yingli spokeswoman Qing Miao wasn't available when called at her office and didn't respond to an e-mail requesting comment. JA Solar Holdings Co. and Canadian Solar Inc., also among the biggest Chinese exporters to India, didn't respond to inquiries.

Commerce secretary Rajeev Kher and D.P. Mohapatra, a director in the ministry who signed the document, didn't respond to e-mails and phone calls seeking comment.

[Back to top]