

FICCI Holds Industry Consultation on Sectoral Tariff Negotiations in WTO

Chemicals, Electronics & Electrical Products and Industry Machinery Sectors to Give Feedback on India's Import Tariff Elimination & Reduction by June 15

NEW DELHI, May 31, 2011. The Department of Commerce today held consultations with industry to devise India's future negotiating position in respect of sectoral tariff negotiations in WTO in chemicals, electronics and electrical products and industrial machinery.

The stakeholder consultation organized by FICCI and Centre for WTO Studies along with industry partners, sought to seek industries' interests and concerns on the sectoral initiatives including the Product Basket Approach (PBA) and the EU's proposal in respect of the three identified sectors. It also aimed at identifying products in each of the three sectors in which India can afford to reduce tariffs and listing out sensitive products that must be excluded from tariff elimination in the three sectors.

PBA is a tool to construct sectorals with broad product coverage that reflect Members' interests while providing pragmatic ways to address Members' sensitivities. The PBA builds on long-standing sectoral discussions that have been occurring amongst Members.

Industry is expected to give its detailed feedback to the Centre for WTO Studies by June 15, 2011.

Addressing the meeting, Mr. Tapan Mazumder, Director, Ministry of Commerce and Industry, observed that as per the Hong Kong Ministerial declaration, participation in sectoral initiatives would be voluntary, not mandatory. However, some developed WTO member nations are arguing that trade flows in recent times have been in favour of emerging economies like India, China and Brazil and were therefore seeking mandatory participation by India and some other developing countries in some of the sectoral initiatives.

Mr. Mazumder explained that developed countries were of the view that even after the agreement to reduce bound tariffs based on a non-linear Swiss Formula, there was still a lot of difference between the applied and the bound rates and therefore there was room for further tariff reduction.

Under the sectoral tariff initiatives proposal in WTO, a number of countries have been persistently demanding bringing down India's import duty to zero (or a very low rate close to zero) for various product groups including chemicals, pharmaceuticals, dyestuffs & plastics, electronics & electrical products and equipment and machinery, appliances, engineering goods & machine tools.

According to Mr. Abhijit Das, Head, Centre for WTO Studies, pointed out that sectoral tariff negotiations was being portrayed as a possible roadblock to any progress in WTO trade talks. He sought to allay to industry's apprehension, stating that there was no consensus as yet on the

recent EU compromise proposal on PBA. Even if the proposal goes through, developing countries will have five to six years to implement the new bound rates, he said.

Today' meeting was also attended by representatives of the Consultation partners - CEAMA, EEPC India, ELCINA, FIEO, IEEMA, MAIT, CHEMEXIL, ICC, IDMA and PLEXCONCIL.

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