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EU wants testing requirements for car imports removed in FTA

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The European Union (EU) is pushing for the removal of homologation and testing requirements for car imports to India. Combined with a proposed sharp customs duty cut under the ongoing Free Trade Agreement (FTA) talks, this would help companies such as Volkswagen and Peugeot significantly save on time and costs while importing new models.

A meeting with Commerce Ministry officials on this matter is expected on Friday with visiting members of an EU trade delegation, according to Government sources. The FTA negotiations itself have faced much delay over vast mandate and differences of the two sides, and are now expected to be concluded by year end.

"The Europeans want to incorporate everything in the FTA. They say their testing requirements are stricter, so we

should remove our homologation requirements. However, they are not looking to give up the same for our exports," an official involved in the talks said.

The testing/ standards requirements are based on two UNECE (United Nations Economic Commission for Europe) global agreements (1958, 1998). Except the US, which has self-certification, in most other countries Government-accredited agencies test and approve vehicles before local sale.

With a focus on the existing non-tariff barriers both in India and the EU, the meeting will also be attended by the Society of Indian Automobile Manufacturers, apart from officials from the Textile and Chemicals Ministries.

Under the FTA talks, EU had asked for an elimination of car import duties - currently at 60 and 75 per cent (above \$40,000). India has reportedly

offered a significant reduction to between 15 and 30 per cent, with a Tariff Rate Quota (allowing a fixed unit of imports at the lower rate).

TYRES

EU negotiators have also asked for an exemption for its tyre-makers from mandatory quality certification in the country.

From May, 2010, tyres imported and sold in the aftermarket have to be tested and get an approval from the Bureau of Indian Standards (BIS), though imports by carmakers directly are exempt. This is because carmakers are believed to have done their own tests for tyres.

Meanwhile, at the Friday meeting, India also expects to tackle issues like the restrictions of Indian textile imports because of European objections on local labour laws (child labour) and environmental ramifications.

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