

US & EU Question Indian Safeguards

Raise transparency issues at WTO; Govt says it will answer all queries

E.T.
3/5/12

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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

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cheap imports.

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.

