

DGTR for imposing countervailing duty on copper tubes, pipes from Malaysia, Thailand, Vietnam

The commerce ministry has recommended the imposition of countervailing duty on copper tubes and pipes from Malaysia, Thailand and Vietnam for five years, a move aimed at guarding domestic players against imports that are subsidised by these countries. The ministry's investigation arm Directorate General of Trade Remedies (DGTR) in its findings after a probe has stated that the investigation was initiated on a suo-motu basis and was notified to all interested parties.

The DGTR added that adequate opportunity was given to the domestic industry, embassies of these countries, exporters, importers and other interested parties to provide positive information on the aspect of subsidisation, injury and causal link.

"Having initiated and conducted an investigation into subsidisation, injury and causal link...the authority is of the view that imposition of countervailing duty is necessary," the DGTR has said in a notification. The recommended duty ranges between 2.3 per cent of CIF (cost, insurance, freight) value to 14.76 per cent of CIF value.

"The authority recommends imposition of definitive countervailing duty...for a period of five years," it added. Now, the finance ministry would take the final call on the imposition of the duty. The DGTR has concluded that the volume of imports has increased in absolute terms as well in relation to consumption in India.

The Directorate in July/ August 2020 received representations from the Bombay Metal Exchange expressing concern over the vanishing domestic production of copper tubes and pipes and a steep decline in production in India. This is due to a significant increase in imports from these countries on account of huge subsidies/benefits that are available to the producers in those nations and tariff concessions, the Exchange said.

They also raised concerns regarding the limitation to file a fully documented petition as the industry is being fragmented and dispersed. Taking into consideration the representations, the DGTR initiated an investigation on September 25, 2020, of subsidy being granted by the governments of Malaysia, Thailand and Vietnam on exports of copper pipes and tubes to India on a suo-motu basis without a fully documented petition. Only in 2020, two trade remedy investigations were initiated by the Directorate on a suo-motu basis after more than two decades.

Normally, the DGTR conducts a probe of trade remedies on the basis of a fully documented petition but in cases where the industry is fragmented and dispersed, in such exceptional circumstances resorts to suo-motu investigations to provide relief to

the ailing domestic industry from such unfair trade practices so as to ensure a level playing field.

Countervailing duty is a country-specific duty imposed to safeguard the domestic industry against unfair trade subsidies provided by the local governments of the exporting nations.

Under the global trade rules of the World Trade Organization (WTO), a member country is allowed to impose anti-subsidy to countervailing duty if a product is subsidised by the government of its trading partner.

These duties are trade remedies to protect the domestic industry. Subsidy on a product makes it competitive in price terms in other markets. Countries provide this to boost their exports.

Source: The EconomicTimes