

## Govt. should stop abuse of FTA for stainless steel flat products: ISSDA



Indian Stainless Steel Development Association (ISSDA), the flagship body representing the domestic stainless steel manufacturers has recently urged the Govt to have a check on the Stainless Steel exports from ASEAN countries and certain domestic importers, who are working in collusion with foreign firms in order to claim undue preferential tariff benefits under the CECA & FTA agreement between India and Malaysia.

In the light of the Comprehensive Economic Cooperation Agreement (CECA) between Government of India and the Government of Malaysia with a view to promote trade and boost economic development, some companies are twisting the rules and indulging in the malpractice of abusing the rules of origin of the partnership agreement.

N.C Mathur, President, Indian Stainless Steel Development Association (ISSDA) said “The basic custom duty on import of Stainless Steel Flat Products in India is 7.5%. However, imports of such products from Malaysia attract nil duty because of the tariff concessions offered by the Government of India under the CECA. The fundamental premise for claiming such benefit is that

the export product should have undergone minimum 35% value addition in the country of export.”

It is a matter of knowledge that there are no melting/hot rolling facilities for stainless steel in ASEAN countries (including Malaysia) and accordingly the entire input (Hot Rolled coil) required for cold rolling is imported from countries



outside the ASEAN region like China & South Africa. In order to gain undue tariff benefits, some foreign companies are furnishing Preferential Certificates of Origins to convince custom authorities in the country of import that the material has originated in the country of export.

Giving the example of M/s Bahru

Stainless, Malaysia, which is a subsidiary of M/s. Acerinox, Spain and imports Hot Rolled coils from its group companies/parent company M/s. Columbus, South Africa / M/s. Acerinox, Spain and China, have got preferential Certificate of Origin (Form A1) from Malaysian authorities by claiming 35% value addition by abusing the provisions related to Rules of Origin under the Free Trade Agreement (“FTA”).

The association feared that some other companies might also be abusing the FTA agreement in order to gain undue advantage, which at large should be categorised into unethical practices.

The Association asked the government to probe that how Bahru Stainless, Malaysia is able to get a preferential Certificate of Origin (Form A1) from Malaysian authorities by claiming 35% value addition because they are only undertaking limited cold rolling operations.

The association also requested the Govt to investigate all those cases where preferential tariff benefits have been availed by Bahru Stainless, Malaysia on exports to India.