



वाणिज्य सचिव
भारत सरकार
नई दिल्ली-110 011
COMMERCE SECRETARY
GOVERNMENT OF INDIA
NEW DELHI - 110 011

D.O.No.18(22)/07-EPL

29th May, 2007

Dear Shri Mody,

As you are aware, there has been a significant growth in the incidence of non-tariff barriers (NTBs) in world trade even as tariff barriers have reduced. The competitiveness of goods and services exported from developing countries has been adversely affected since the developed countries have increasingly resorted to non-tariff measures to protect their domestic industry. Furthermore, the financial cost of compliance to onerously high standards set by some developed countries is difficult to meet by developing countries restricting their access to these markets. Thus there is an impending danger of serious imbalances emerging in world trade for which remedial action may have to be taken urgently.

2. It is notable that the application of NTBs is through a wide spectrum of measures which are often WTO compatible. However, given the flexibilities and "grey areas" in many WTO agreements, these are prone to frequent misuse by member countries. Furthermore, these measures are not always applied in a transparent manner making the legitimacy of their use very difficult to establish. In addition, there are certain NTBs that are not WTO compatible but are still imposed by countries unilaterally. In this scenario, the task of documenting non-tariff barriers against the exports of any country becomes a very daunting task indeed.

3. Despite the above mentioned difficulties, several countries regularly bring out reports on NTBs imposed on their exports by destination countries. This provides a useful data-base for the exporters to take advance action against these measures and for the Government to evolve appropriate policy interventions / frame suitable strategies for negotiations at the multilateral, regional and bilateral levels.

4. The Department of Commerce had published a study on Non-tariff Barriers Faced by Indian exporters in October 2001 which has since become outdated. It is therefore proposed to initiate a fresh and more comprehensive study on this subject to build a new data base on NTBs which can be updated at regular intervals. I also propose to soon bring out a full Report in this regard.

5. In order to facilitate collection of information in a uniform and codified manner, a proforma has been designed and is enclosed with this letter along with an Annexure which gives an illustrative list of some of the main NTBs. You may kindly arrange for collection of data in the prescribed proforma and send it to the Economic Advisor, Dr. Vinita Kumar at vinita@nic.in latest by 30th June, 07. Any doubts or queries in this regard may also be addressed to her. I would also welcome suggestions and comments from you for further improving the compilation and updation of the NTB database and for publication of the NTB Report.

With regards

Yours sincerely

(G.K. Pillai)

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NON-TARIFF BARRIERS AGAINST INDIA'S EXPORTS (2006-07)

Nature of NTB (Pl. refer to Annexure for code and description)	Name of the Country	Description of NTB	Product groups / Products affected at 2-6 digit level*	Value of Trade during 2006-07 corresponding to col.(4) in US\$	Date of imposition of NTB	Assessment of Trade restrictiveness**	Assessment of cost of compliance (US \$) - wherever possible	Recommended action: (A)/(B)/(c)	Comments (if any)
1	2	3	4	5	6	7	8	9	10

* For Service Sector the BOP classification of the RBI should be followed.
 ** This should include volume and value of exports before and after imposition of the NTB (if possible)
 (A) Whether it should be acted upon (B) Whether it should be negotiated at multilateral, regional or bilateral level (C) Whether it should be ignored as it may boomerang on India

An Illustrative List of NTBs

Code Number	Nature of NTB
1	<u>Restrictive import policies</u> relating to quotas, import charges, other quantitative restrictions, import licensing, customs barriers, (including rules of origin, classification issues, valuation, customs procedures, etc.), transshipment regulations;
2	<u>Standards</u> lacking objective verifiable criteria or wide disparity with conformity assessment bodies, cumbersome and costly testing, labelling, and certification requirements, multiple and overlapping measures, duplicative testing, product redesign, de facto moratorium on approving new products, refusal to accept manufacturers' self-certification of conformance to foreign product standards, etc;
3	<u>Government procurement</u> (e.g. "buy national" policies and closed bidding, etc.);
4	<u>Export subsidies</u> (e.g. export financing on preferential terms and export subsidies that displace India's exports in third country markets, etc.);
5	<u>Market Access Restrictions</u> (taxes, pricing policies, legislations, supply obligations, marketing bans, requirements relating to local content, screening and prior approval

	requirements, etc.)
6	<u>Environmental restrictions</u> relating to design, origin of export, process of production, input usage, energy efficiency requirements, etc.;
7	<u>IPR restrictions</u> such as high patent filing and maintenance fees, data exclusivity, trade marks, etc.
8	<u>Anticompetitive practices</u> (including anticompetitive activities of both state-owned and private firms that apply to services or to goods and that restrict the sale of products to any firm, etc.);
9	<u>Barriers in trade in Services</u> : Non-recognition of Indian qualifications, burdensome entry procedures, including those relating to Visas; imposing numerical quotas on the number of service providers; imposition of an Economic Needs Test and Labour market tests; requirement of wage parity; discriminatory treatment of service providers in terms of tax treatment and contribution to social security; residency and Citizenship requirements.
10	<u>Other barriers</u> not included above
