

VICTORY AGAINST PROTECTIONISM

Turkey Agrees to Remove Penal Duties on Indian Cotton Yarn

AMITISEN
NEW DELHI

Turkey has agreed to remove penal duties 'wrongfully' imposed on Indian cotton yarn, spelling victory for Delhi that is fighting growing protectionism in several countries against its products.

The two countries are likely to sign a memorandum of understanding on the issue soon, following which India would withdraw its complaint against Turkey filed with the World Trade Organisation early this year, a commerce department official told ET.

"Both countries have reached a satisfactory understanding on the penal duties," the official said. "As soon as the memorandum of understanding spelling details of duty removal is signed, India will withdraw its complaint."

Global economic uncertainty has prompted a number of countries including the US, Egypt and Turkey to raise protectionist walls against imports from other countries including India to safeguard their domestic firms.

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Bitter Battle

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problem with import restrictions as long as countries respect the rules framed by the WTO. But we will definitely fight against all violations," the official said.

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"In the case of Turkey, we are happy that the issue is being amicably settled

without the need for a dispute settlement panel," the official said. Egypt and Turkey are the fifth and sixth largest export destinations for Indian cotton.

Industry body Texprocil, which has been working with the government on the legal aspects of the penal levies imposed by Turkey and Egypt on Indian cotton yarn, says all wrongful attempts to block exports have to be severely discouraged.

"If we do not take action against illegal measures adopted by another country to curb imports, we are in a way encouraging other countries to follow suit," a Texprocil representative had earlier told ET.

Turkey imposed safeguard duties between 12% and 17% over and above the customs duty of 5% with effect from July 2011. This made Indian exports to the country costlier.

Egypt, on the other hand, imposed a specific duty of 55 cents per kilogram of yarn in December 2011. Safeguard duties are import levies imposed over and above the existing duties to protect domestic industry against a surge in imports. India contested Turkey's decision to extend safeguard duties after they expired last year, without carrying out a review to the WTO committee on subsidies and countervailing duties.