



दि प्लास्टिक्स एक्सपोर्ट प्रमोशन कौन्सिल

(भारत सरकार, वाणिज्य एवं उद्योग मंत्रालय, वाणिज्य विभाग द्वारा प्रायोजित)
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THE PLASTICS EXPORT PROMOTION COUNCIL

(Sponsored by The Ministry of Commerce & Industry, Deptt. of Commerce, Government of India)
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Date: 6th November, 2019

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New Delhi 110107

Sub: Inputs/comments from Plexconcil on issues raised by exporters during the stakeholders meeting chaired by Hon'ble CIM on 28.10.2019

Dear Sir/Madam,

Greetings!

With reference to your email on the above mentioned subject, please find below Plexconcil's inputs on the relevant issues discussed during the stakeholders meeting chaired by Hon'ble CIM on 28.10.2019:-

1. 100% sampling of plastic products at ICD Malanpur which delays the exports and leads to significant economic loss to the exporter:-

Exporters are facing difficulty in exporting their consignment due to 100% inspection being conducted at ICD/Malanpur. We have been informed that (RMS) EDI System for Physical Examination of selected Packages during the period Jan'19 to Mar'19. During Jan' 19 there were physical examination of packages which was 10%, in Feb' 19 it was 80% and in March 2019 it was 100%. Due to this, heavy expenses were incurred on cost of seal, cost of labour for loading/uploading and others at ICD. Beside expenses, due to 100% physical examination there was physical damage in packing of goods.

There was letter dated 15.07.2019 issued by Office of the Deputy Commissioner of Customs, Inland Container Depot. Malanpur Dist. Bhind (M.P) Risk Management Centre for Customs, Directorate General Of Analytics & Risk Management Mumbai (copy attached) which is self-explanatory.

In view of the above we request you to kindly take the matter with Central Board of Indirect Taxes & Customs, Department of Revenue so that aforesaid grievance of the Exporters can be addressed and resolved at the earliest.

3. The issue raised at the stakeholders meeting chaired by Hon'ble CIM on this point was specifically with regard to the dumping/surge in import of the plastic item Masterbatch (HS Code 38249990) from Vietnam and Malaysia under the FTA with ASEAN.

Duty free imports of Masterbatches from Vietnam and Malaysia under the FTA with ASEAN is leading to a serious problem for manufacturers within India.

Import of Masterbatches from Vietnam, primarily Filler Masterbatch has been on a constant rise over the last three years under the FTA. Under the FTA with ASEAN, all Masterbatches imported from Vietnam are exempt of basic Customs Duty.

Filler Masterbatches Imported from Vietnam annually (as per data compiled and received from the Compounds and Masterbatch Manufacturers Association Of India (CMMAI):

HS Code: 38249990 (Please note that HS code rationalisation has occurred since April 2018. Prior years have this product being imported under multiple HS codes given at the end of this point)

2016 : 13,000-14,000 Metric tonnes ; Value : Approx Rs. 30 Crores

2017 : 18,000 – 19,000 Metric tonnes ; Value : Approx : Rs. 60crores

2018 : 25,000 – 30,000 Metric tonnes ; Value : Approx : Rs. 95 Crores

2019 : Estimated value: Rs. 140 Crores.

As seen above, these imports in quantity and value are increasing at an abnormal rate of 40-45% per annum. The products coming in from Vietnam are highly underpriced as the manufacturers in Vietnam have an advantage of nil import duty of their products when imported by India. This has led them being able to sell at a price which would cover only the raw materials costs of domestic manufacturers in India.

Filler masterbatch which constitutes Polymer (polypropylene/polyethylene) and Calcium carbonate, which are both raw materials, attract a MFN Customs duty of 7.5% hence making input costs higher. Although most manufacturers procure these raw materials in India which are already priced considering the import duty cost which are applicable, thus making costs of raw material much higher compared to Vietnam dumping these goods within India duty free.

It must be noted that India is one of the largest consumers of Filler Masterbatch in the world at par with China. The domestic manufacturers have spent good amount of money in capital expenditure to cater to the growing requirements of the nation and to push make in India.

The irony today is that all domestic players are having a spare and excess capacity since customers in India prefer to buy duty free materials due to an unreasonable FTA with ASEAN.

This has also hampered the prospects of India to be globally competitive for exports to other parts of the world as it has weakened the margins in the domestic market and the industry is spiralling into losses to stay afloat. The most affected are the MSME manufacturers.

The total market size of this product in India is worth Rs. 1500 Crores of which nearly 10% has been diluted by Vietnam and there is further damage expected if the government does not intervene to help the Industry.

Industry has requested to either levy a safeguard duty or anti-dumping duty on the said product to help arrest the issue.

(HS Codes being used to import Filler Masterbatch prior to 2018 - 28365000, 38249090, 32064990, 28369990, 38247900, 38249911, 38249911, 38249912, 32061900, 38249912).

4. Demand for rationalisation and review of FTA with ASEAN:

* India's trade agreement with ASEAN has resulted in reduction of duty on import of polyester films in India from Thailand from 10% to near zero. To the contrary, Thailand is charging a duty of 6% on imports of polyester films from India. This anomaly needs to be looked into so that we get better access into Thailand, especially for thick films.

* Duty on import of BOPET films (HS code 39206290) in India from ASEAN is 0%, while the duty on import of the key raw materials for its manufacture i.e. PTA (HS code 29173600) and MED (HS code 29053100) is 5%.

* Our existing FTA with ASEAN has resulted in an inverted duty structure in case of PET films, falling under HS codes 39206210 & 39206290, where import duty has been reduced to 0%, while the import duty on the main raw material for its manufacture i.e. PTA (HS code 29173600) is 5% under the FTA.

In the recent budget the import duty on PVC flooring has been increased to 15% from 10% under MFN category. However, this product is attracting preferential duty (of 0% to 5%) under ASEAN and SAARC FTA and there was no change in the rates as it was covered under FTA.

* Import of Polyester films in India from Thailand attracts near zero duty while export of same product from India to Thailand attracts 6% import duty.

* Duty on import of PVC sheeting (HS code 392043, 392049 & 392112) in India from ASEAN is 0-5%, while the duty on import of the key raw material for its manufacture i.e. PVC (HS code 3904) is 10%.

* The AI Form (AIFTA) reduces the import duty in Indonesia from 15% to 10% and in Vietnam from 25% to 15% respectively, whereas Chinese writing instruments are imported in those countries at 3-5% import duty.

Regards,

Sribash Dasmohapatra

Executive Director

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