

**Minutes of the Third Meeting of the Core Group to Study the Applied Rate and Import Duty on Forestry Products for Multilateral/Bilateral Trade Negotiations held on 19<sup>th</sup> July, 2006 under the Chairmanship of Director General of Forests and Special Secretary, Ministry of Environment & Forests, in his Conference Room.**

1. Director General of Forests & Special Secretary, MOEF Welcomed the participants and in his opening remarks commented on the need for a consensus among all stakeholders while deliberating the issues related to applied rates and import duty. At the same time, he said the farmers/growers engaged in agro-forestry and farm forestry should get adequate remuneration for their products. He then requested DIG (SU) to present the theme presentation flagging the issues to be discussed.

2. DIG (SU) made the presentation specifying the forestry items under ITC (HS) classification and their import policy etc. In his brief representation, DIG (SU) specified the Terms of Reference of Core Group and various decisions taken in the Second Meeting of Core Group. He also briefly explained the various steps taken by the Ministry for implementation of decisions taken in the Second Meeting of the Core Group.

3. The meeting started with a brief review of the actions taken after the two meetings of the Core Group held on 6<sup>th</sup> September, 2005 and 9<sup>th</sup> March, 2006. The agenda item discussed in the meeting was regarding the finalization of the following:

- Decision on Duty structure of forestry products.
- Reduction of Tariff in forestry items in accordance to the following:
  - (a) Fast Track Reduction (FTR) i.e. early harvest
  - (b) Normal Track Reduction (NTR)
  - (c) Gradual Track Reduction (GTR)

4. The members of the Core Group started discussion on the '**Others**' Category specified at various places in the ITC (HS) Code. About 50% wood being imported are clubbed in the '**Others**' category. It was decided that the Ministry may take up this matter with DGFT, Customs and Directorate General of Commerce & Intelligence to specify the items which are imported or exported in '**Others**' Category. It has also been decided that Ministry may write to concerned States to specify the items being imported-exported under '**Others**' category. The representative of CII gave suggestions that till the analysis of '**Others**' is not done, **the '**Others**' may be kept in the Negative List, which was unanimously accepted.** In the meeting, it has also been decided that a study will be carried out by the Director IPIRTI on the above points with the help of the concerned States and he has agreed to take up this work and complete within two months.

5. The Core Group was informed that no action had been taken by the States of Punjab, Haryana and Himachal Pradesh in respect of sending a detailed note with justification to the Ministry of Environment & Forests in case of forestry products considered sensitive for agro-forestry and farm-forestry. The representatives of Haryana, Punjab and Himachal Pradesh were again requested to provide detailed note with justification for increase in import duty

**within one month** for approaching the Ministry of Finance (Department of Revenue) and Ministry of Commerce & Industry.

6. Since the representatives of Haryana, Punjab and Himachal Pradesh were finding difficult to submit the detailed note with justification for increase in import duty on the forestry products which are sensitive for agro-forestry and farm forestry, Director General of Forests & Special Secretary suggested that Shri A.K. Bansal, Additional PCCF, Orissa may help the three States of Haryana, Punjab and Himachal Pradesh who will facilitate him with necessary information and another such facilities so that this detailed note with justification can be submitted **within one month**. It was also decided that Chief Secretary and PCCF, Orissa will be requested to spare Shri A.K. Bansal, Additional PCCF, Orissa for the purpose. As the Core Group has to decide the Tariff Structure and Import Duties, it is further decided in the meeting to take the views of southern States, Karnataka and Tamilnadu also in this context.

7. During the course of discussion, the representatives from Haryana, Punjab and Himachal Pradesh requested to increase the import duty on Face veneer from 5% to 15%. However, it was then decided to identify the species first which are used in making of Face Veneer. The Director, IPIRTI and representative of Industry have been asked to provide the list of species which are used in making Face Veneer. The list will be then provided to the State Governments of Punjab, Haryana and Himachal Pradesh for furnishing their comments.

8. After detailed discussions, it was decided that all the items listed under ITC (HS) code under Chapter-44 will continue to be in the Negative List wherever they have already been kept in the Negative List of the particular trading blocks or countries at the time of Bilateral/Multilateral Trade Negotiations. But in future, the decision may be taken for other trading blocks, countries for Bilateral/Multilateral Trade Negotiations in view of decision taken at para No. 9 below.

9. After detailed discussions and necessary decisions on the above issues, the following decisions were also unanimously taken by the Core Group:

- (i) 4401 – Under this code, 'other wood or chips or particles' (44011090) must be kept in the Negative List, whereas the remaining items under this code may be kept '**Free**' from Negative List and tariff reduction may be according to Normal Track Reduction (NTR).
- (ii) 4402 – As decided at Serial No. 4 above, '**Others**' (4402 0090) must be in the Negative List, whereas remaining items will be '**Free**' from the Negative List and reduction of tariff may be according to Normal Track Reduction (NTR).
- (iii) 4403 – Though all the items under this code were kept in the Negative List in the Second Meeting of the Core Group also, it was further reiterated that all the items under this code must be kept in the Negative List. Regarding the tariff structure, industry wanted to reduce the import duty to 0% from the present 5.10%. Director, IPIRTI also specified the similar interest of the ply wood and

veneer industries. But, the State representatives of Haryana, Punjab and Himachal Pradesh strongly advocated for the increase of import duty from 5.10% to 15% at least, to safeguard the interest of domestic growers. The State Governments of Haryana, Punjab and Himachal Pradesh were asked to give detailed note with justification as specified at para 5 and 6 above. Moreover, DGF&SS emphasized the need for analyzing this tariff structure from the growers' point of view also.

- (iv) 4404- '**Others**' (4404 2090) may be kept in the Negative List in view of the decision taken at para 4 above, whereas the items 4404 2010 and 44042020 may be kept '**Free**' from the Negative List and the reduction of tariff for these items may be according to Fast Track Reduction (FTR).
- (v) 4405 – This may be kept '**Free**' from the Negative List and reduction of tariff may be according to Normal Track Reduction (NTR).
- (vi) 4406 – This being the sensitive item must be kept in the Negative List with no reduction in tariff.
- (vii) 4407 – '**Others**' (4407 29, 4407 2990, 4407 99 and 4407 9990) must be kept in the Negative List in view of the decision taken at para 4 above, whereas all the remaining items may be '**Free**' from the Negative List and reduction of tariff may be according to Gradual Track Reduction (GTR).
- (viii) 4408 – All the items under this code were pending in the Second Meeting of the Core Group as the input from the FICCI was required and the representative of FICCI asked to give all the items under this code in the Negative List to safeguard the interest of domestic industries with no reduction in tariff. The representative of FICCI was asked to give a detailed justification for the same.
- (ix) 4409 – '**Others**' (4409 1090 and 4409 2090) may be kept in the Negative List in view of the decision taken at para 4 above, whereas all the items under this code may be kept away from the Negative List and reduction of tariff may be according to Gradual Track Reduction (GTR).
- (x) 4410, 4411, 4412 – All the items under this code could not be decided in the Second Meeting of the Core Group as the input from the FICCI was required. The representative of FICCI desired that all the items under this code must be kept in the Negative List to safeguard the interest of domestic industries with no reduction in tariff. The representative of FICCI was asked to give detailed justification for the same.
- (xi) 4413 – The items under this code may be kept '**Free**' from the Negative List and reduction of tariff may be according to Normal Track Reduction (NTR).

- (xii) 4414 – The items under this code were decided to be kept away from the Negative List and reduction of tariff may be according to Fast Track Reduction (FTR).
- (xiii) 4415 – All the items under this code were kept away from the Negative List and reduction of tariff may be according to Normal Track Reduction (NTR).
- (xiv) 4416 – **'Others'** (4416 0090) must be kept in the Negative List in view of the decision taken at para 4 above and all the remaining items under this code may be kept **'Free'** from the Negative List and reduction of tariff may be according to Fast Track Reduction (FTR).
- (xv) 4417 – The items under this code may be kept away from the Negative List and reduction of tariff may be according to Fast Track Reduction (FTR).
- (xvi) 4418 – **'Others'** (4418 2090 and 4418 9000) must be kept in the Negative List in view of the decision taken at para 4 above, whereas all the items under this code must be kept away from the Negative List and reduction of tariff may be according to Gradual Track Reduction (GTR).
- (xvii) 4419 – All the items under this code may be kept free from the Negative List and reduction of tariff may be according to Fast Track Reduction (FTR).
- (xviii) 4420 – **'Others'** (4420 90 and 4420 9090) must be kept in the Negative List in view of the decision taken at para 4 above, whereas all the remaining items under this code may be **'Free'** from the Negative List and reduction of tariff may be according to Fast Track Reduction (FTR).
- (xix) 4421 – **'Others'** (4421 9019 and 4421 9090) must be kept in the Negative List in view of the decision taken at para 4 above, whereas all the remaining items under this code must be kept **'Free'** from the Negative List and reduction of tariff may be according to Normal Track Reduction (NTR).
- (xx) 4805 – The items under this code were pending in the Second Meeting of the Core Group as the FICCI was willing to give detailed notes with justification specifying the interest and views of the industries. The representative of FICCI desired that the items under this code must be kept in the Negative List with no reduction in tariff. This code was discussed in view of the large scale pollution by burning the rice-husk. The representative of FICCI was asked to give the detailed justification for keeping the items under this code in the Negative List with no reduction in tariff.

The meeting ended with a vote of thanks to the Chair.

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