



DEPARTMENT-RELATED PARLIAMENTARY STANDING  
COMMITTEE ON COMMERCE

**One Hundred and Forty-Fifth Report on 'Impact of Chinese Goods on Indian Industry'**

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The Department Related Parliamentary Standing Committee on Commerce, under the Chairmanship of **Shri Naresh Gujral, MP, Rajya Sabha** presented the **One Hundred and Forty-Fifth Report on 'Impact of Chinese Goods on Indian Industry'** to the Rajya Sabha on 26<sup>th</sup> July, 2018. The Report has simultaneously also been laid on the Table of Lok Sabha. The full Report is available on the website [www.rajyasabha.nic.in](http://www.rajyasabha.nic.in). Gist of main recommendations of the Committee is given below:-

**TRADE REMEDIAL MEASURES AND ENFORCEMENT**

- The Committee notes that China faces the major chunk of anti-dumping investigations which is a clear indication that Chinese goods are causing unfair trade disruption. The problem runs deep and all the industries affected by the dumping are not able to reach Directorate General of Anti-Dumping & Allied Duties (DGAD) on account of high cost involved in moving the application. The investigation being undertaken by DGAD are protracted and by the time the duty is notified, the injury caused to the domestic industry leaves it weak and bleeding forever. It desires that DGAD must play a proactive role to offset any disadvantage incurring on account of WTO non-compliant subsidies to Chinese industry. A platform for continuous dialogue with industry for this purpose may be created. (Para 3.13)
- The anti-dumping framework also suffers with lax implementation. The unscrupulous elements are able to import the Chinese goods by circumventing the goods put under anti-dumping framework through misclassification of products. The Government must take strong punitive measures so that the importers desist from such activities. (Para 3.15)
- The Committee expresses its deep concern over lax implementation of law since it makes the problem to persist and domestic industry suffers in the form of shutdown of the units and loss of employment. (Para 3.17)
- The problem of under invoicing of Chinese goods is also rampant. While addressing these problems are paramount, the Committee believes that a formal arrangement may be

worked out with China, whereby the Indian Customs administration could easily get price and other relevant information for imports suspected of under invoicing. (Para 3.27)

- Necessary amendments may be introduced in the Customs Act to complete investigations and prosecution of violators within a short time so that they become an effective deterrent to such unscrupulous elements. (Para 3.28)

## **QUALITY AND STANDARDS**

- It is important that public opinion is created in the country to discourage buying of sub-standard imported products. Industry forums have a greater responsibility to enlighten the people about the dangers of buying sub-standard products. (Para 4.2)
- A strong quality control framework and supporting infrastructure is the need of the hour to avert cheap and poor quality products from China which negatively impact Indian industry and consumers. (Para 4.3)
- The Committee is of the view that delays in firming up the Quality Control Orders (QCO) helps the Chinese industry monopolise its low quality goods in the market. The Committee is greatly concerned over such delays and it recommends the Department to implement the QCO at the earliest. (Para 4.10)
- The Committee finds it unfortunate that in the name of Ease of Doing Business, we are more than willing to give market access to Chinese goods which is destroying our manufacturing while China is smartly protecting its industry from Indian competition. The Committee strongly recommends that BIS must also reciprocate in the same manner as the Chinese. (Para 4.14)

## **OTHER MEASURES**

- Timely and regular bilateral discussions should be undertaken to take corrective steps ensuring the industry does not suffer from injury due to re-routing of Chinese imports through Preferential/FTAs. (Para 5.3)
- The Committee wishes to underline the need for caution during the Regional Comprehensive Economic Partnership (RCEP) negotiations. It recommends the Government to calibrate its approach in such kind of Agreement. Nothing should be agreed to at the cost of our industrial health. (Para 5.4)
- The Committee desires that the Government may explore the possibility of increasing the applied duty to bound rates for the products suffering Chinese dumping. The Government tariff protection must also be accompanied with production subsidy or incentives which can be a match to Chinese assistance so that our domestic production gets a real boost. (Para 5.6)

## **Solar Industry**

- The solar power industry must also explore the avenues of protection under Countervailing Duties (CVD) since Chinese solar industry enjoys WTO non-complaint subsidies of the Chinese Government. (Para 5.22)

## **Textile Industry**

- There is a need to look at the Least Developed Countries (LDC) arrangements wherein imports from LDCs are fully exempt. However, the unscrupulous elements are taking advantage of full exemption and are being benefitted from this scheme. It has become an easy route to escape from trade defence measures. (Para 5.30)

## **Toy Industry**

- Though the Quality Control Order (QCO) for toys has been prepared by Department of Industrial Promotion and Policy but the same has not been notified. The Committee recommends the Department to quicken the process of issuing the QCO for toys and ensure toxic and cheap quality Chinese toys do not enter the country. (Para 5.38)

## **CONCLUSION**

- The Committee wishes to underline that it is not against trade with China but recommends complete protection to Indian industry against any illegitimate, protectionist and unfair trade practices of any country. (Para 6.7)
- The Committee finds that monitoring, surveillance and enforcement of the trade remedies and other trade rules in the country requires more attention. The Government needs to work in this direction with more urgency and alarm. (Para 6.8)

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