

BD plans strategies to offset losses from anti-dumping duty

February 12, 2024

Online Desk: The government plans to develop strategies to offset losses incurred due to India's imposition of anti-dumping duty (ADD) on jute goods, sources say.

It also plans to take necessary steps against a possible imposition of countervailing duty (CVD) — also known as anti-subsidy duty — despite the existing ADD on these products in the Indian market, they added.

The commerce ministry has sought relevant information from various government agencies and private entities, including the industries ministry, revenue board, private jute millers and associations, by February 20.

It has requested details on the production capacity of mills and factories, the volume of raw jute produced, exports and firms between 2010 and the present.

The ministry has also requested information on the volume of jute goods exported from Bangladesh to India.

This move comes due mainly to the huge losses faced after the Indian authorities imposed ADD, a commerce ministry official said.

In November 2023, the commerce ministry urged India not to impose the countervailing duty and conveyed its stance in favour of the Bangladesh government.

In October 2023, Bangladesh and India met for a consultation meeting in Delhi to present their arguments and counterarguments regarding the proposed Indian countervailing duty on jute goods.

The commerce ministry concluded its preliminary observations on the petition filed by the Indian Jute Mills Association and shared its findings with the Indian trade remedy directorate.

“Based on the observations, the view of the Government of Bangladesh is that there is no prima facie evidence to initiate an investigation based on the petition. Therefore, the Bangladesh government requests the Directorate General of Trade Remedies not to initiate any investigation as required under Article 11.9 of the Agreement on Subsidies and Countervailing Measures,” the observations read.

During the meeting in Delhi, both parties strongly advocated for their respective positions on anti-subsidy duty issues. Bangladesh reiterated its request to the Indian side to refrain from imposing such a duty.

Md Hafizur Rahman, a member of the Bangladesh Competition Commission who led the Bangladesh delegation at the meeting, earlier said there is no provision in the World Trade Organization (WTO) or the existing Indian law to impose anti-dumping and anti-subsidy duties simultaneously on the same product.

Mr Rahman, a former director general of the WTO cell under the commerce ministry, said that Bangladesh does not provide actionable subsidies for its jute products.

India launched an investigation into Bangladesh jute goods imports last year, intending to impose a new duty based on a complaint petition from Indian jute mill owners. The Indian trade remedy directorate initiated the inquiry in August 2023.

The Indian directorate subsequently proposed resolving the anti-subsidy duty issue amicably through a consultation meeting with the Bangladesh High Commission in Delhi.

Indian jute mill owners alleged that Bangladesh provided whopping subsidies for importing capital machinery used by local jute industries.

They claimed these subsidies harmed the Indian jute industry, as subsidised Bangladeshi mills manufactured jute sacks and other bags.

However, a commerce ministry document argues that the subsidy programme outlined in the petition is non-actionable and none of the involved jute industries are located in Special Economic Zones (SEZs) or Export Processing Zones (EPZs).

Furthermore, Section 9B (1) of the Indian Customs Tariff Act 1975 explicitly prohibits imposing both anti-dumping and countervailing duties on the same product.

The law states that “no article shall be subjected to both countervailing duty and anti-dumping duty to compensate for the same situation of dumping or export subsidisation.”

Therefore, official documents conclude that the investigation into countervailing duty on jute products lacks legal support under Indian law.

Jute goods exported from Bangladesh have already faced significant anti-dumping duty since 2017.

This duty, ranging from \$6.03 to \$351.72 per tonne, was imposed based on allegations of dumping goods like jute yarn, twine, jute sacking bags and hessian fabric.

According to commerce ministry officials, Dhaka is currently pursuing diplomatic and political channels to persuade Delhi against imposing a countervailing duty, highlighting the detrimental impact of the existing anti-dumping duty on Bangladesh’s export earnings from India.