

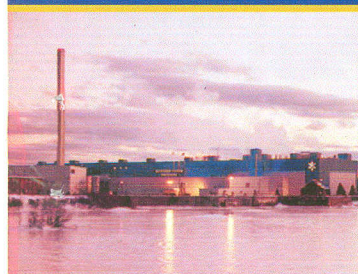
Implications of the WTO Tariff Proposals on Indian Paper and Newsprint Industry



RIS

Research and Information System
for Developing Countries

A research project in collaboration with
CENTRAL PULP AND PAPER RESEARCH INSTITUTE (CPPRI)
and
supported by
DOIPP, MINISTRY OF COMMERCE AND INDUSTRY



Final Report (unedited)

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PREFACE

This final report has been prepared under the project, “Implications of the WTO tariff proposals on Indian paper and newsprint industry”, undertaken by Research and Information System for Developing Countries (RIS), in collaboration with Central Pulp and Paper Research Institute (CPPRI) and supported by CESS committee, Department of Industrial Policy and Promotion (DOIPP), Ministry of Commerce and Industry. The project was initiated in January 2005.

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This report has been prepared by the Research Team under supervision of Dr. Rajesh Mehta, Principal Investigator of the project. The core research team comprised Ms. Pooja Agarwal and Ms. Richa Chintan. The questionnaire survey on Non-Tariff Barriers and a report based on its responses have been prepared by Prof. R.G. Nambiar and his team comprising Mr. Sunil Arora and Ms. Harini Mittal from Institute of Management, Nirma University of Science and Technology, Ahmedabad. Thanks are expressed to all of them.

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Chapter – I

INTRODUCTION

The General Agreement on Tariffs and Trade (GATT) signed in 1947 aimed at providing an international platform to improve market access on traded goods thereby ensuring freer trade between member countries. The Uruguay Round of GATT negotiations (1986-94) further speeded up this process of world trade liberalisation. The Uruguay Round finally resulted in the establishment of the World Trade Organisation (WTO) in 1995, as an apex international body dealing with rules of trade between member countries. Ever since then WTO has been enforcing various agreements that were concluded in the Uruguay Round.

The November 2001 declaration of the Fourth Ministerial Conference of WTO in Doha, Qatar, provides the mandate for future negotiations on a range of subjects like agriculture, services, TRIPs, Trade facilitation, market access for non-agriculture products etc.

The process of non-agriculture market access (NAMA) negotiations is being conducted by Negotiating Group of Market Access (NGMA) under the premises of WTO. In this direction NGMA had been proposing different approaches for negotiations with the main emphasis on Swiss formula. The main objectives of this study have been to send early signals to Indian paper industry regarding the progress of negotiations. In other words we would try to analyze the impact of WTO/NGMA approaches on the Indian paper industry as and when the new proposals get unleashed. Besides we have also worked on the following areas:

1. Quantification of global consumption pattern of specific commodities of paper industry.
2. Likely scenario and production targets for such commodities and expected level of India's imports taking into account the tariff scenario emerging out of WTO negotiations.

3. India's current bindings in terms of domestic sensitivities.
4. Impact on domestic industry.
5. Identification of items that are sensitive with respect to imports and suggest bound rates for such items for future negotiations with justification.
6. Understand and document various Tariff and Non Tariff Barriers (NTBs) or Measures faced-by Indian exporters of product lines of pulp and paper industry, particularly in major-developed countries like US, EC, Japan etc.
7. Restructuring (including minimum quality standard) required by Indian Industry to meet the requirement of market access owing to domestic and global tariff reduction over the next five years.
8. Items that could be excluded from WTO bindings along with justification.

This report is prepared eleven chapters and categorized in three broad Parts. After two introductory chapters, Part I (chapters III and IV) gives the consumption, production and trade scenario and forecasts for paper industry at global level followed by an overview of the state of play of Indian paper industry outlining the competitiveness of the Industry. This is followed by Part II (chapters V,VI,VII,VIII and IX) which outlines the tariff barriers faced by Indian paper industry while Part III (chapters X and XI) presents covers the Non Tariff Measures (NTMs) and enumerates various types of NTMs based on a literature survey on NTMs and Primary survey. This section also identifies NTMs on paper products of export interest to Indian paper manufacturers and provides non-exhaustive information on various types of NTMs faced by Indian exporters.

It should be noted from the outset that a comprehensive examination of NTMs is difficult due to data limitations. Availability of data on NTMs which is of relevance to paper industry is limited not only in the WTO Secretariat, but also in other NTM databases. Information on NTMs is usually provided by the private sector; information from the private sector in paper industry is scant which limits the data contained in this report.

Chapter – II

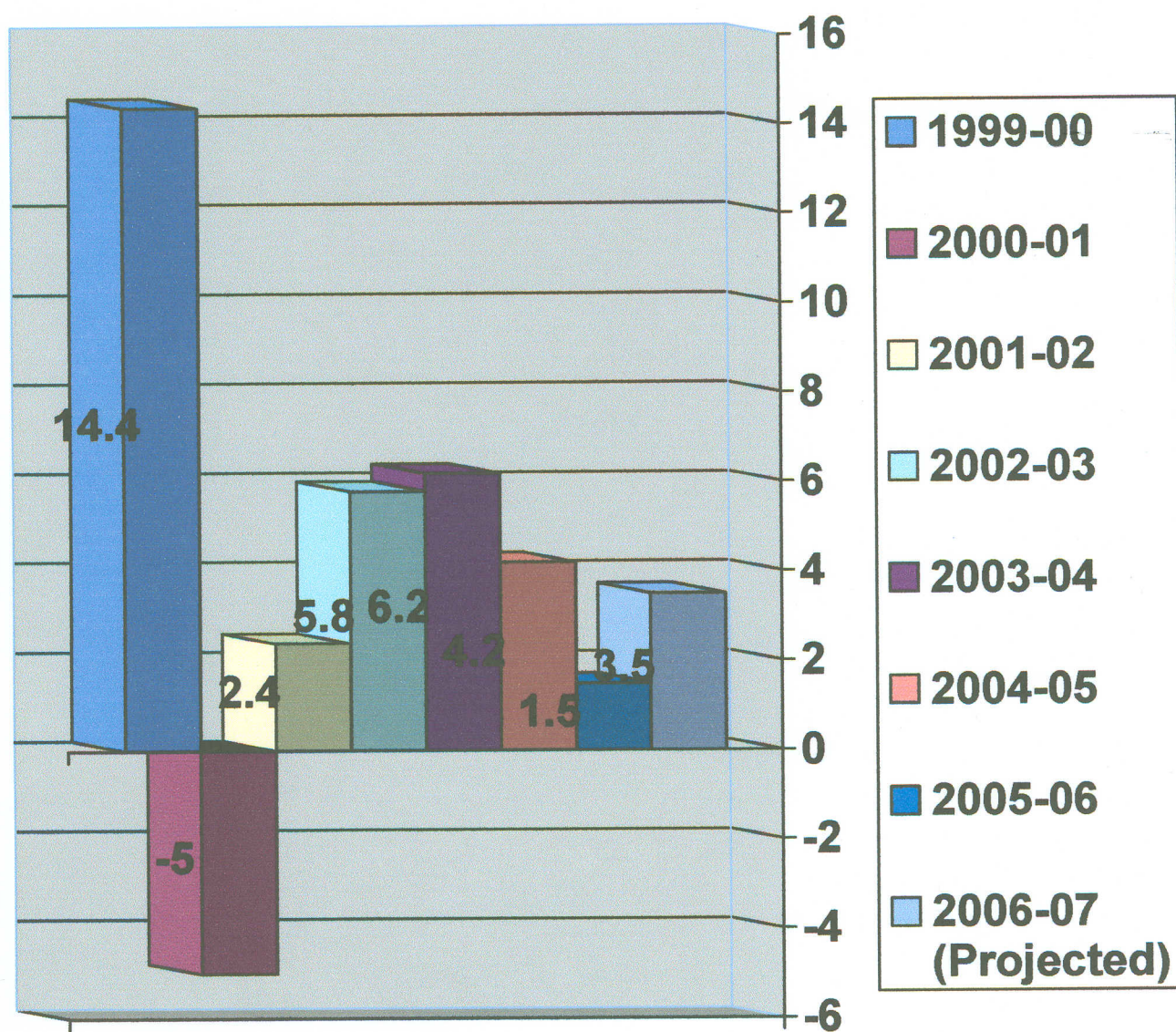
NTBs: METHODOLOGY OF THE STUDY

Indian Paper Industry is one of the oldest industries of our country. The first paper machine was set up more than 175 years ago. Despite of the sufficient domestic production lot of paper products are imported in the country. Presently the Indian paper manufacturers import paper wastes such as food packaging waste, cartons, packing material of beverage cups, waste paper etc., process it further and then sell it in the domestic market (KF)¹. The domestic demand for paper is higher than the installed capacity of paper manufacturers. The demand for paper in India is growing at the rate of 6% per annum compared to 1.8% in North America, 4.3% in South Asia and 4.9% in China; and per capita consumption is projected to grow to at least 8 kg by 2010 (West Coast Paper Mill Ltd, Annual Report, 2005). In a buoyant demand scenario, when the future growth potential of the paper industry appears bright, production growth has remained subdued especially in 2005-06 and imports have grown at double digit rate to fill the demand-supply gap (CMIE, 2006). As a result, the number of paper exporters in India is limited.

With this backdrop, it becomes very important to analyse the impact of WTO/NGMA approaches on the Indian paper industry as and when new proposals get unleashed. Hence, this study aims at documenting the various tariff and non-tariff barriers/ measures (NTBs/NTMs) faced by Indian exporters of product lines of pulp and paper industry so as to suggest a negotiating strategy for Indian paper manufacturers in the ongoing negotiation round.

¹ Abbreviations in parenthesis represent name of company/s, whose observations are quoted.

Figure II.1 - Paper production Growth in India (%)



Source: Centre for Monitoring Indian Economy

II.1 Methodology: Types of Non-Tariff Barriers faced by Indian Industry

In order to fulfill the objective of NTM/NTB objective of our study, primary and secondary data was collected. To gather primary data, a questionnaire was prepared and administered on the Indian paper industry firms. The questionnaire is attached in Annexure I and the list of paper and paper firms to whom the questionnaire was sent is provided in Annexure II.

The questionnaire was mailed to 140 respondents (given in Annexure II) through direct mailers by Central Pulp and Paper Research Institute (CPRI) followed up by several rounds of personal contacts/emails by Institute of Management, Nirma University of Science and Technology and the RIS.

Despite repeated reminders, response was received from 10 firms, 2 of whom filled in the questionnaires while other 8 gave their responses in the form of in-depth interviews. The list of final respondents is attached in Annexure III.

Besides designing a structured questionnaire, some primary information was also collected through expert paper industry meetings conducted by RIS. The following chapter and Part III provide the observations made from the data collected beginning with an overview of the consumption, production and trade scenario and forecasts.

Part I

**The Consumption, Production and Trade
Scenario and Likely Forecasts**

Chapter – III

GLOBAL AND INDIA: PRODUCTION, CONSUMPTION AND TRADE PATTERNS

The Paper and Pulp industry is an important industrial sector having a bearing on the socio-economic development of the country. The Indian paper industry is more than 100 years old, and the first mechanised paper machine was set up sometimes in 1830. During the last few decades, the industry has made a steady progress and today, there are more than 600 pulp & paper mills producing nearly 5.5 million tons of paper and board against the capacity of around 7.4 million tons. In contrast to this the world production stands at around 340 million tones. However, the per capita consumption of paper & board in India is quite low at around 5.5 Kg when compared with the global average of 54 Kg. The highest per capita consumption is in the United States of about 312 tonnes. Even though there is sufficient domestic production, certain specialty papers are still being imported. This sector employs more than 0.3 million people directly, and about one million indirectly. Comparing this with the European industry, it consists of around 1260 mills which employ about 0.3 million people directly and about 3.5 million people indirectly.

The consumption of paper and allied products has been increasing over the years across the world. In India itself the paper consumption has grown at 5.7 per cent per annum since 1980. Table 1 shows world consumption of paper, pulp and newsprint over a period of five years.

Table III.1: World Consumption of Paper, Pulp and Newsprint

Years	Quantity Consumed world over (Paper, Pulp and Newsprint) in Metric Tonnes	Percentage Growth (Annual)
2001	548,117,111	
2002	553,632,037	1.01
2003	568,240,956	2.64
2004	584,966,734	2.94
2005	580,289,670	-0.80

Source: FAOSTAT, 2006

The data shows an increasing trend over the entire period with a slight decline in the year 2005. The annual percentage growth is around one percent in 2002 which increases to 2.6 and around three percent in 2003 and 2004 respectively. However, in the year 2005 the annual growth is a negative percentage. Asia has the highest consumption of paper and paperboard with a share of 32 per cent followed by North America (31 percent) and Europe (28 percent).

A recent FAO Advisory Committee Report (2006) focuses on the role of three emerging economies, viz. China, Russia and India, in the paper and forest products world market. China is identified as an economy with rapidly rising consumption of paper and paper products and newsprint along with other forest products like panels, plywood and sawn wood. And with limited per capita forest resources and other supply-side constraints, this rise in domestic consumption is fuelling a rapid increase in the import of the same products, so much so that the wood products imports of China are forecasted to increase to about 250-300 million m³ by the year 2015 (FAO, 2006).

According to another estimate by Nilsson in the same report (FAO, 2006) the demand for paper and paperboard in China is expected to increase from 54.7 million tons in 2004 to 68.6 million tons by 2010 while imports are expected to increase by about 1 million tons during the same period, the demand for wood pulp by 5 million tons to 15 million tons in 2010, and for recovered paper will reach about 35 million tons in the same year. Thus, the rapidly growing demand will be satisfied by an increase in domestic production of nearly 15 million tons for paper and paperboard, and to nearly 7 million tons for wood pulp by 2010 (Nilsson, 2006).

Similarly, for Russia the study identifies that she has become a major importer of paper and paperboard over the past few years with the growth in demand between 1998 and 2004 being 229 per cent. The study notes that the Russian pulp and paper industry is very consolidated, with the top five companies producing over 40 percent of all pulp and paper products. However, since 1990 there have not been many Greenfield investments (only one paper machine and one pulp mill scheduled to go into operation in 2006). It is worth noting that the exports of paper and paperboard as well as pulp have grown between 1998 and 2005 by 167 per cent and 18 per cent respectively (Nilsson, 2006).

For the Indian paper industry the study identifies the creation of infrastructure a major challenge (Vederah, 2006). The study points out that there “is an aggressive portfolio addition comprising value-added variants, as well as the improvement of the quality of paper in terms of visual appeal and functional characteristics”. The capacity expansion in medium scale paper mills is ranging between 15000- 25000 tons per annum, as is quality benchmarking with international standards with improvement in technology used to produce cleaner and brighter paper.

The projected demand increase for pulp and paper across the world is about 12 million tones by 2015. In comparison to some of the other south Asian countries like Thailand, Indonesia, China, the demand in India is expected to rise much slowly over this period. And this rise in demand in these countries provides for a strong potential for the growth of exports from India (CPPRI, 2005). Tables III.2 and III.3 give the top ten items imported in and exported from India.

Table III.2. India: Top Ten Items Imported Commodities (for the year 2003-04)			
S.No.	Commodity Name	HS Code	Quantity (In Tones)
1	Light weight coated paper other graphic papers out of total fibre contents fibre obtained by mechanical process > 10% by weight	48102200	55844
2	Self adhesive paper and paperboard	48114100	49992
3	Other	48101990	22363
4	Other coated paper and paperboard	48109900	19293
5	Other	48101390	7605
6	Currency note paper	48025760	6118
7	Other craft paper and paperboard weighing < 150g/m ²	48043900	5215
8	Others	48119099	3993
9	Kraft paper/paperboard weighing 225g/m ² , unbleached	48045100	3512
10	Felt paper and paperboard	48055000	3486

Table III.3. India: Top Ten Items Exported Commodities (For the year 2003-04)			
S.No.	Commodity Name	HS Code	Quantity (In Tones)
1	Labels	48211020	33233
2	Other coated paper and paperboard	48109900	31327
3	Other	48026990	26659
4	Other	48026190	25339
5	Others	48025490	19828
6	Exercise books	48202000	12907
7	Hand made paper	48021010	11093
8	Others	48201090	9820
9	Other	48101390	8676
10	Decorative laminates	48239019	8004

The tables III.3a and III.3b below give a list of the top traded commodities in the Paper, Pulp and Newsprint industry, across the world, which fall in the tariff line (HS Codes) 47, 48 and 49.

Table III.3a: World: Top Importing Commodities	
HS Code	Description
490199	Books, brochures, leaflets and similar printed matter, nes
481011	Paper, fine, woodfree, in rolls or sheets, ≤ 150 g/m ² , clay coated
470321	Chemical wood pulp, soda or sulphate, coniferous, semi-bl or bleached, nes
480100	Newsprint, in rolls or sheets
480252	Paper, fine, woodfree, in rolls or sheets, ≥ 40 g/m ² , ≤ 150 g/m ² , uncoated, nes
470329	Chemical wood pulp, soda/sulphate, non-coniferous, semi-bl/bleached, nes
480260	Paper, fine, woodcontaining, in rolls or sheets, uncoated, nes
481840	Sanitary articles of paper, incl sanit towels & napkin (diapers) f babies
490290	Newspapers, journals and periodicals, nes
481021	Paper, fine, light weight coated, in rolls or sheets
491110	Trade advertising material, commercial catalogue and the like
481920	Cartons, boxes and cases, folding, of non-corrugated paper or paperboard
481910	Cartons, boxes and cases, of corrugated paper or paperboard
481091	Paper, multi-ply, in rolls or sheets, clay coated, nes
481139	Paper, in rolls or sheets, coated/impregnated or covered with plastics, nes
481190	Paper, in rolls or sheets, coated, impregnated, covered, surface-colored, surface-decorated or printed, nes
481029	Paper, fine, woodcontaining, in rolls or sheets, clay coated, nes
480411	Paper, Kraftliner, in rolls, unbleached, uncoated
482390	Paper and paper articles, nes
481131	Paper, in rolls or sheets, ≥ 150 g/m ² , coated, impregnated or covered with plastics, nes
Source: PC-TAS, 2004	

Table III.3b: World: Top Exported Commodities	
HS Code	Description
481011	Paper, fine, woodfree, in rolls or sheets, ≤ 150 g/m ² , clay coated
490199	Books, brochures, leaflets and similar printed matter, nes
480252	Paper, fine, woodfree, in roll/sheets, ≥ 40 g/m ² , ≤ 150 g/m ² , uncoated, nes
470321	Chemical wood pulp, soda or sulphate, coniferous, semi-bl or bleached, nes
480100	Newsprint, in rolls or sheets
480260	Paper, fine, woodcontaining, in rolls or sheets, uncoated, nes
481840	Sanitary articles of paper, incl sanit towels & napkin (diapers) f babies
470329	Chemical wood pulp, soda/sulphate, non-coniferous, semi-bl/bleachd, nes
491110	Trade advertising material, commercial catalogue and the like
490290	Newspapers, journals and periodicals, nes
481021	Paper, fine, light weight coated, in rolls or sheets
481920	Cartons, boxes and cases, folding, of non-corrugated paper or paperboard
481091	Paper, multi-ply, in rolls or sheets, clay coated, nes
481910	Cartons, boxes and cases, of corrugated paper or paperboard
481139	Paper, in rolls o sheets, coated/impregnated o coverd with plastics, nes
481190	Paper, in rolls o sheets, ctd, impreg, cov, surf-col, surf-dec o printd, nes
480411	Paper, Kraftliner, in rolls, unbleached, uncoated
481029	Paper, fine, woodcontaining, in rolls or sheets, clay coated, nes
482110	Paper labels of all kinds, printed
481121	Paper, self-adhesive, in rolls or sheets, nes
Source: PC-TAS, 2004	

It may be noted that most of the traded products (imported as well as exported) belong to the HS tariff line 48 – paper and paperboard, articles of paper pulp. India also is a major importer of Newsprint (HS tariff line 4801), though it accounts for only about 3.5 per cent of world's total consumption and about two percent of world's total production. A look at the major product categories gives a clearer picture.

In the following tables (Tables III.4a to III.4e) we look at the product groups – Newsprint, Paper and Paperboard, Pulp for paper, Recovered paper and Wood pulp – which cover a majority of the products falling under the product lines 47, 48, 49 belonging to the paper, pulp and newsprint industry. The tables give the global (world) production, consumption (derived as production + imports – exports), and per capita production and consumption. The tables also contain the same figures for the top ten countries (arranged on the basis of production in each product group).

The product group *Paper and paperboard (excluding newsprint)* records the highest production levels among the selected product groups. The group of 25 European Union countries accounts for the highest production of Paper and paperboard (excluding newsprint), amounting to more than a quarter of world's total production (see Table III.4b). The United States of America (USA) is a close second with about 25 per cent of share in world production. The USA, however, is the largest consumer of this product group with a little more than 25 percent of the world's share in consumption of paper and paperboard (excluding newsprint), while EU (25) follows a close second accounting for about a quarter of world's total consumption. India stands at number 11 in the list of top producing countries as far as this product group is concerned with approximately only one percent of share in world production and consumption.

Table III.4b also shows that the highest per capita production of paper and paperboard is in Canada (36.8 and 38.8 tonnes in 2003 and 2004 respectively) followed by USA (26 and 26.2 tonnes in 2003 and 2004 respectively), while the highest per capita consumption is recorded in the USA (29 tonnes in 2003 and 27.3 tonnes in 2004). India accounts for a meager 0.3 tonnes of per capita production and per capita consumption.

In the production of the product groups Newsprint and Pulp for Paper, India figures in the top 10 countries in the world (see tables III.4a and III.4c). India is the eighth largest producer of Newsprint in the world and the ninth largest in the production of Pulp for Paper. However, she accounts for only about two per cent of world's total production in both the product groups with EU 25 and USA being the largest producers of Newsprint (more than a quarter, about 28 percent) and Pulp for Paper (about 30 percent) in the world. In the product group of Pulp for paper Canada has the highest per capita production (82 tonnes) as well as per capita consumption (around 47 tonnes) in the world and ranks third in the world's total production, the top producer being the USA followed by EU 25.

Table III.4a: Production and Consumption of NEWSPRINT in the World and TOP 10 Countries

Country	Production			Consumption			Per capita production		Per capita consumption		
	2003	2004	2005	2003	2004	2005	2003	2004	2003	2004	2004
World	38372025	39121176	38235411	37881960	3888204	38038089					
European Union (25)	9651300 (25.2)	9900797 (25.3)	9710450 (25.4)	9950160 (26.3)	10030907 (25.8)	10006108 (26.3)	2.1	2.2	2.2	2.2	2.2
Canada	8487000 (22.1)	8180000 (20.9)	7769000 (20.3)	263000 (0.7)	537000 (1.4)	520000 (1.4)	26.8	25.6	0.8	1.7	1.7
United States of America	5148246 (13.4)	5096537 (13)	4891515 (12.8)	10883124 (28.7)	10398999 (26.7)	9612539 (25.3)	1.8	1.7	3.7	3.5	3.5
Japan	3552000 (9.3)	3695000 (9.4)	3695000 (9.7)	3813000 (10.1)	3917000 (10.1)	3917000 (10.3)	2.8	2.9	3.0	3.1	3.1
China, Mainland	2510479 (6.5)	2856925 (7.3)	2856925 (7.5)	2849973 (7.5)	3328599 (8.6)	3328599 (8.8)	0.2	0.2	0.2	0.3	0.3
Russian Federation	1814000 (4.7)	1978000 (5.1)	2007000 (5.2)	619000 (1.6)	684000 (1.8)	652000 (1.7)	1.3	1.4	0.4	0.5	0.5
Korea, Republic of	1538000 (4)	1679000 (4.3)	1679000 (4.4)	1280000 (3.4)	1196000 (3.1)	1196000 (3.1)	3.2	3.5	2.7	2.5	2.5
India	630000 (1.6)	684000 (1.7)	684000 (1.8)	1161647 (3.1)	1357804 (3.5)	1357804 (3.6)	0.1	0.1	0.1	0.1	0.1
Indonesia	556000 (1.4)	557000 (1.4)	557000 (1.5)	331230 (0.9)	325483 (0.8)	325483 (0.9)	0.3	0.3	0.2	0.2	0.2
Australia	499000 (1.3)	437000 (1.1)	437000 (1.1)	773000 (2)	750000 (1.9)	750000 (2)	2.5	2.2	3.9	3.7	3.7

Source: FAO (Online), FAO Statistics and World Bank, *World Development Indicators 2006*, CD-ROM

Notes:

-All figures for Production and Consumption are in metric tonnes.

-The countries have been arranged in the given order on the basis of production.

-Consumption is derived as (Production + Import – Export).

*India does not come in the top 10 countries

-Figures in the parentheses represent percentage of the world total

Table III.4b: Production and Consumption of PAPER AND PAPERBOARD (EX NEWSPRINT) in the World and TOP 10 Countries										
Country	Production			Consumption			Per capita production		Per capita consumption	
	2003	2004	2005	2003	2004	2005	2003	2004	2003	2004
World	302099944	314375242	314226935	302851646	313029650	313258318				
European Union (25)	82553502 (27.3)	86540793 (27.5)	87308112 (27.8)	73141536 (24.2)	73669898 (23.5)	74622543 (23.8)	18.1	18.9	16.0	16.1
United States of America	75563922 (25)	76987832 (24.5)	76545126 (24.4)	84390728 (27.9)	80165690 (25.6)	78970464 (25.2)	26.0	26.2	29.0	27.3
China, Mainland	40489524 (13.4)	46077074 (14.7)	46077074 (14.7)	45395314 (15)	51180413 (16.4)	51180413 (16.3)	3.1	3.6	3.5	3.9
Japan	26905000 (8.9)	25558000 (8.1)	25558000 (8.1)	27753000 (9.2)	25930000 (8.3)	25930000 (8.3)	21.1	20.0	21.8	20.3
Canada	11633000 (3.9)	12419000 (4)	11904000 (3.8)	7461000 (2.5)	7649000 (2.4)	7287000 (2.3)	36.8	38.8	23.6	23.9
Korea, Republic of	8610000 (2.9)	8832000 (2.8)	8832000 (2.8)	6943000 (2.3)	10005000 (3.2)	7047000 (2.2)	18.0	18.4	14.5	20.8
Brazil	7648000 (2.5)	8088000 (2.6)	8088000 (2.6)	6445477 (2.1)	6821737 (2.2)	6821737 (2.2)	4.2	4.4	3.6	3.7
Indonesia	6484000 (2.1)	6666000 (2.1)	6666000 (2.1)	4894267 (1.6)	4731652 (1.5)	4731652 (1.5)	3.0	3.1	2.3	2.2
Russian Federation	4563000 (1.5)	4852000 (1.5)	5017000 (1.6)	4075000 (1.3)	4322000 (1.4)	4722000 (1.5)	3.2	3.4	2.8	3.0
Mexico	3956000 (1.3)	4139000 (1.3)	4139000 (1.3)	5496400 (1.8)	5840400 (1.9)	5840400 (1.9)	3.9	4.0	5.4	5.6
India	3444600 (1.1)	3444600 (1.1)	3444600 (1.1)	3526100 (1.2)	3436911 (1.1)	3436911 (1.1)	0.3	0.3	0.3	0.3

Source: FAO (Online), FAO Statistics and World Bank, World Development Indicators 2006, CD-ROM

Notes:

- All figures for Production and Consumption are in metric tonnes.
- The countries have been arranged in the given order on the basis of production.
- Consumption is derived as (Production + Import - Export).
- *India does not come in the top 10 countries
- Figures in the parentheses represent percentage of the world total

Table III.4c: Production and Consumption of PULP FOR PAPER in the World and TOP 10 Countries

Country	Production			Consumption			Per capita production		Per capita consumption		
	2003	2004	2005	2003	2004	2005	2003	2004	2003	2004	2004
World	185162713	189731589	187631938	185895405	191454308	190469235					
United States of America	52541713 (28.4)	53816955 (28.4)	53816955 (28.7)	53519644 (28.9)	54463003 (28.7)	54375955 (29)	18.1	18.3	18.4	18.5	
European Union (25)	38505300 (20.8)	39821634 (21)	38867983 (20.7)	44646082 (24.1)	46690646 (24.6)	46093804 (24.6)	8.4	8.7	9.8	10.2	
Canada	26003000 (14)	26222000 (13.8)	25216000 (13.4)	15080693 (8.1)	15122829 (8)	15005963 (8)	82.2	82.0	47.7	47.3	
China, Mainland	15395000 (8.3)	15395000 (8.1)	15395000 (8.2)	21103762 (11.4)	22295035 (11.8)	22295035 (11.9)	1.2	1.2	1.6	1.7	
Japan	10572000 (5.7)	10703000 (5.6)	10703000 (5.7)	12736400 (6.9)	12942000 (6.8)	12942000 (6.9)	8.3	8.4	10.0	10.1	
Brazil	9104000 (4.9)	9529000 (5)	9529000 (5.1)	6860300 (3.7)	5899824 (3.1)	5899824 (3.1)	5.0	5.2	3.8	3.2	
Russian Federation	6605000 (3.6)	6780000 (3.6)	6817000 (3.6)	4840000 (2.6)	5059000 (2.7)	5032000 (2.7)	4.6	4.7	3.3	3.5	
Indonesia	5587000 (3)	5587000 (2.9)	5587000 (3)	3771228 (2)	4539001 (2.4)	4539001 (2.4)	2.6	2.6	1.8	2.1	
India	3212700 (1.7)	3424700 (1.8)	3424700 (1.8)	3446135 (1.9)	3780735 (2)	3780735 (2)	0.3	0.3	0.3	0.4	
Chile	2759000 (1.5)	3338000 (1.8)	3338000 (1.8)	664000 (0.4)	810000 (0.4)	810000 (0.4)	17.3	20.7	4.2	5.0	

Source: FAO (Online), *FAO Statistics* and World Bank, *World Development Indicators 2006*, CD-ROM

Notes:

-All figures for Production and Consumption are in metric tonnes.

-The countries have been arranged in the given order on the basis of production.

-Consumption is derived as (Production + Import - Export).

*India does not come in the top 10 countries

-Figures in the parentheses represent percentage of the world total

Table III.4d: Production and Consumption of RECOVERED PAPER in the World and TOP 10 Countries

Country	Production			Consumption			Per capita production		Per capita consumption		
	2003	2004	2005	2003	2004	2005	2003	2004	2003	2004	2004
World	152648883	158978754	161872773	154924130	160134058	160303264					
European Union (25)	44376953 (29.1)	47801330 (30.1)	48652064 (30.1)	41026975 (26.5)	42196303 (26.4)	42432395 (26.5)	9.7	10.4	9.0	9.2	
United States of America	43033995 (28.2)	44076543 (27.7)	45231926 (27.9)	30784863 (19.9)	31761002 (19.8)	31206147 (19.5)	14.8	15.0	10.6	10.8	
Japan	20442616 (13.4)	21506992 (13.5)	22315408 (13.8)	18570616 (12)	18752992 (11.7)	19561408 (12.2)	16.0	16.8	14.6	14.7	
China, Mainland	13270000 (8.7)	13270000 (8.3)	13270000 (8.2)	22650709 (14.6)	24851130 (15.5)	24851130 (15.5)	1.0	1.0	1.8	1.9	
Korea, Republic of	6611000 (4.3)	6875000 (4.3)	6875000 (4.2)	7780000 (5)	8260000 (5.2)	8260000 (5.2)	13.8	14.3	16.3	17.2	
Brazil	2873000 (1.9)	2873000 (1.8)	2873000 (1.8)	2882700 (1.9)	2884077 (1.8)	2884077 (1.8)	1.6	1.6	1.6	1.6	
Australia	1924000 (1.3)	2184000 (1.4)	2184000 (1.3)	1617000 (1)	1772000 (1.1)	1772000 (1.1)	9.7	10.9	8.1	8.8	
Russian Federation	1870000 (1.2)	1900000 (1.2)	1900000 (1.2)	1836000 (1.2)	1731000 (1.1)	1723000 (1.1)	1.3	1.3	1.3	1.2	
Canada	1478000 (1)	1478000 (0.9)	1478000 (0.9)	3139000 (2)	2831000 (1.8)	2582000 (1.6)	4.7	4.6	9.9	8.9	
Indonesia	1163000 (0.8)	1163000 (0.7)	1163000 (0.7)	3159366 (2)	3349545 (2.1)	3349545 (2.1)	0.5	0.5	1.5	1.5	
India	850000 (0.6)	850000 (0.5)	850000 (0.5)	2174000 (1.4)	2261853 (1.4)	2261853 (1.4)	0.1	0.1	0.2	0.2	

Source: FAO (Online), *FAO Statistics* and World Bank, *World Development Indicators 2006*, CD-ROM

Notes:

- All figures for Production and Consumption are in metric tonnes.
- The countries have been arranged in the given order on the basis of production.
- Consumption is derived as (Production + Import - Export).
- *India does not come in the top 10 countries
- Figures in the parentheses represent percentage of the world total

Table III.4e: Production and Consumption of WOOD PULP in the World and TOP 10 Countries

Country	Production			Consumption			Per capita production		Per capita consumption		
	2003	2004	2005	2003	2004	2005	2003	2004	2003	2004	2004
World	171246813	175388509	173254938	171897049	176743242	175856845					
United States of America	53196713 (31.1)	54471955 (31.1)	54471955 (31.4)	53962071 (31.4)	54929771 (31.1)	54789955 (31.2)	18.3	18.6	18.6	18.7	
European Union (25)	38262300 (22.3)	39589554 (22.6)	38608983 (22.3)	44621187 (26)	46533053 (26.3)	46116451 (26.2)	8.4	8.6	9.8	10.2	
Canada	26204000 (15.3)	26423000 (15.1)	25417000 (14.7)	15163693 (8.8)	15211770 (8.6)	15111814 (8.6)	82.8	82.6	47.9	47.6	
Japan	10504000 (6.1)	10635000 (6.1)	10635000 (6.1)	12741000 (7.4)	12941000 (7.3)	12941000 (7.4)	8.2	8.3	10.0	10.1	
Brazil	9149000 (5.3)	9580000 (5.5)	9580000 (5.5)	6860300 (4)	5843894 (3.3)	5843894 (3.3)	5.0	5.2	3.8	3.2	
Russian Federation	6763000 (3.9)	6971000 (4)	7011000 (4)	4895000 (2.8)	5127000 (2.9)	5086000 (2.9)	4.7	4.8	3.4	3.6	
Indonesia	5482000 (3.2)	5482000 (3.1)	5482000 (3.2)	3835707 (2.2)	4692578 (2.7)	4692578 (2.7)	2.6	2.5	1.8	2.2	
China, Mainland	3695000 (2.2)	3695000 (2.1)	3695000 (2.1)	9679789 (5.6)	10879189 (6.2)	10879189 (6.2)	0.3	0.3	0.8	0.8	
Chile	2759000 (1.6)	3338000 (1.9)	3338000 (1.9)	664000 (0.4)	810000 (0.5)	810000 (0.5)	17.3	20.7	4.2	5.0	
South Africa	2211000 (1.3)	2076000 (1.2)	2076000 (1.2)	1221513 (0.7)	843533 (0.5)	843533 (0.5)	4.8	4.6	2.7	1.9	
India	1746700 (1)	1826700 (1)	1826700 (1.1)	2071779 (1.2)	2322571 (1.3)	2322571 (1.3)	0.2	0.2	0.2	0.2	

Source: FAO (Online), *FAO Statistics* and World Bank, *World Development Indicators 2006*, CD-ROM

Notes:

-All figures for Production and Consumption are in metric tonnes.

-The countries have been arranged in the given order on the basis of production.

-Consumption is derived as (Production + Import - Export).

*India does not come in the top 10 countries

-Figures in the parentheses represent percentage of the world total

The following Tables (Tables III.5a to III.5e) show the data on export, import, export as percent of production and import as percent of production. Canada exports the highest share of world's total export of the newsprint (about 40 percent). Most of the production in this product group (nearly 95 percent) in Canada is exported outside the country. The EU 25 comes a close second in the exports and exports amount to roughly 50 percent of her total newsprint production. India's share is negligible in the exports amounting to about 0.03 percent. India imports about four percent of total newsprint trade in the world. In India the imports form about 95 percent of the total production. The top exporter of the paper and paperboard in the world is the group of EU 25 accounting for nearly 60 percent of the exports and 40 percent of the total imports. India's share is only about 0.2 percent in the world in both exports and imports. In the recovered paper category, India imports huge amounts and imports form 166 percent of its production implying that India's consumption of recovered paper is satisfied by huge imports.

Table III.5a: Export and Import of Newsprint in the World and TOP 10 Countries

Country	Export			Import			Exports As % Of Production			Imports As % Of Production		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
World	18271244	18411498	17827451	17781179	18178526	17630129	47.62	47.06	46.63	46.34	46.47	46.11
European Union (25)	5622929 (30.77)	5995309 (32.56)	5725178 (32.11)	5921789 (33.30)	6125419 (33.70)	6020836 (34.15)	58.26	60.55	58.96	61.36	61.87	62.00
Canada	8289000 (45.37)	7705000 (41.85)	7324000 (41.08)	65000 (0.37)	62000 (0.34)	75000 (0.43)	97.67	94.19	94.27	0.77	0.76	0.97
United States of America	609699 (3.34)	559314 (3.04)	654315 (3.67)	6344577 (35.68)	5861776 (32.25)	5375339 (30.49)	11.84	10.97	13.38	123.24	115.01	109.89
Japan	245000 (1.34)	262000 (1.42)	262000 (1.47)	506000 (2.85)	484000 (2.66)	484000 (2.75)	6.90	7.09	7.09	14.25	13.10	13.10
China, Mainland	11869 (0.06)	8648 (0.05)	8648 (0.05)	351363 (1.98)	480322 (2.64)	480322 (2.72)	0.47	0.30	0.30	14.00	16.81	16.81
Russian Federation	1198000 (6.56)	1297000 (7.04)	1358000 (7.62)	3000 (0.02)	3000 (0.02)	3000 (0.02)	66.04	65.57	67.66	0.17	0.15	0.15
Korea, Republic of	405000 (2.22)	522000 (2.84)	522000 (2.93)	147000 (0.83)	39000 (0.21)	39000 (0.22)	26.33	31.09	31.09	9.56	2.32	2.32
India	5958 (0.03)	5930 (0.03)	5930 (0.03)	537605 (3.02)	679734 (3.74)	679734 (3.86)	0.95	0.87	0.87	85.33	99.38	99.38
Indonesia	227270 (1.24)	250177 (1.36)	250177 (1.40)	2500 (0.01)	18660 (0.10)	18660 (0.11)	40.88	44.92	44.92	0.45	3.35	3.35
Australia	4000 (0.02)	2000 (0.01)	2000 (0.01)	278000 (1.56)	315000 (1.73)	315000 (1.79)	0.80	0.46	0.46	55.71	72.08	72.08

Source: FAOSTAT, online

Notes:

-All figures for Import and Export are in metric tonnes.

-The countries have been arranged in the given order on the basis of production.

*India does not come in the top 10 countries

-Figures in the parentheses represent percentage of the world total

Table III.5b: Export and Import of Paper and Paperboard (Ex Newsprint) in the World and TOP 10 Countries

Country	Export			Import			Exports As % Of Production			Imports As % Of Production		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
World	85909136	94245336	93680578	86660838	92899744	92711961	28.44	29.98	29.81	28.69	29.55	29.50
European Union (25)	51604524 (60.07)	55222878 (58.59)	54352791 (58.09)	42192558 (48.69)	42351983 (45.59)	41667222 (44.95)	62.51	63.81	62.25	51.11	48.94	47.72
United States of America	1467158 (1.71)	8473542 (8.99)	8955682 (9.56)	10293964 (11.88)	11651400 (12.54)	11381020 (12.28)	1.94	11.01	11.70	13.62	15.13	14.87
China, Mainland	1079221 (1.26)	927105 (0.98)	927105 (0.99)	5985011 (6.91)	6030444 (6.50)	6030444 (6.50)	2.67	2.01	2.01	14.78	13.09	13.09
Japan	631000 (0.73)	1418000 (1.50)	1418000 (1.51)	1479000 (1.71)	1790000 (1.92)	1790000 (1.93)	2.35	5.55	5.55	5.50	7.00	7.00
Canada	6973000 (8.12)	8417000 (8.93)	8407000 (8.97)	2801000 (3.23)	3647000 (3.93)	3790000 (4.09)	59.94	67.78	70.62	24.08	29.37	31.84
Korea, Republic of	2334000 (2.72)	2474000 (2.62)	2474000 (2.64)	667000 (0.77)	3647000 (3.93)	689000 (0.74)	27.11	28.01	28.01	7.75	41.29	7.80
Brazil	1467158 (1.71)	1649159 (1.75)	1649159 (1.76)	264635 (0.31)	382896 (0.41)	382896 (0.41)	19.18	20.39	20.39	3.46	4.73	4.73
Indonesia	1815067 (2.11)	2261553 (2.40)	2261553 (2.41)	225334 (0.26)	327205 (0.35)	327205 (0.35)	27.99	33.93	33.93	3.48	4.91	4.91
Russian Federation	1261000 (1.47)	1410000 (1.50)	1392000 (1.49)	773000 (0.89)	880000 (0.95)	1097000 (1.18)	27.64	29.06	27.75	16.94	18.14	21.87
Mexico	153600 (0.18)	201600 (0.21)	201600 (0.21)	1694000 (1.95)	1903000 (2.05)	1903000 (2.05)	3.88	4.87	4.87	42.82	45.98	45.98
India *	104000 (0.12)	271469 (0.29)	271469 (0.29)	185500 (0.21)	263780 (0.25)	263780 (0.28)	3.02	7.88	7.88	5.39	7.66	7.66

Source: FAOSTAT, online

Notes:

-All figures for Import and Export are in metric tonnes.

-The countries have been arranged in the given order on the basis of production.

*India does not come in the top 10 countries

-Figures in the parentheses represent percentage of the world total

Table III.5c: Export and Import of PULP FOR PAPER in the World and TOP 10 Countries												
Country	Export			Import			Exports As % Of Production			Imports As % Of Production		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
World	38791949	40833406	40102657	39524641	42556125	42939954	20.95	21.52	21.37	21.35	22.43	22.89
United States of America	5113620 (13.18)	5449849 (13.35)	5569000 (13.89)	6091551 (15.41)	6095897 (14.32)	6128000 (14.27)	9.73	10.13	10.35	11.59	11.33	11.39
European Union (25)	10193089 (26.28)	10581037 (25.91)	10532096 (26.26)	16333871 (41.33)	17450049 (41)	17757917 (41.36)	26.47	26.57	27.10	42.42	43.82	45.69
Canada	11392421 (29.37)	11380276 (27.87)	10533851 (26.27)	470114 (4.19)	281105 (0.66)	323814 (0.75)	43.81	43.40	41.77	1.81	1.07	1.28
China, Mainland	24709 (0.06)	26691 (0.06)	26691 (0.07)	5733471 (14.51)	6926726 (16.28)	6926726 (16.13)	0.16	0.17	0.17	37.24	44.99	44.99
Japan	167600 (0.43)	179000 (0.44)	179000 (0.45)	2332000 (5.90)	2418000 (5.68)	2418000 (5.63)	1.59	1.67	1.67	22.06	22.59	22.59
Brazil	2579100 (6.65)	4026101 (9.86)	4026101 (10.04)	335400 (0.85)	396925 (0.93)	396925 (0.92)	28.33	42.25	42.25	3.68	4.17	4.17
Russian Federation	1806000 (4.66)	1744000 (4.27)	1811000 (4.52)	41000 (0.10)	23000 (0.05)	26000 (0.06)	27.34	25.72	26.57	0.62	0.34	0.38
Indonesia	2375587 (6.12)	1676750 (4.11)	1676750 (4.18)	559815 (1.42)	628751 (1.48)	628751 (1.46)	42.52	30.01	30.01	10.02	11.25	11.25
India	25500 (0.07)	13823 (0.03)	13823 (0.03)	258935 (0.65)	369858 (0.87)	369858 (0.86)	0.79	0.40	0.40	8.06	10.80	10.80
Chile	2110000 (5.44)	2545000 (6.23)	2545000 (6.35)	15000 (0.04)	17000 (0.04)	17000 (0.04)	76.48	76.24	76.24	0.54	0.51	0.51
Source: FAOSTAT, online												
Notes:												
-All figures for Import and Export are in metric tonnes.												
-The countries have been arranged in the given order on the basis of production.												
*India does not come in the top 10 countries												
-Figures in the parentheses represent percentage of the world total												

Table III.5d: Export and Import of Recovered Paper in the World and TOP 10 Countries

Country	Export			Import			Exports As % Of Production			Imports As % Of Production		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
World	30939729	35776942	38751129	33214976	36932246	37181620	20.27	22.50	23.94	21.76	23.23	22.97
European Union (25)	13405364 (43.33)	16159033 (45.17)	17193680 (44.37)	10055386 (30.27)	10554006 (28.58)	10974011 (29.51)	30.21	33.80	35.34	22.66	22.08	22.56
United States of America	12611403 (40.76)	12821280 (35.84)	14520534 (37.47)	362271 (1.09)	505739 (1.37)	494755 (1.33)	29.31	29.09	32.10	0.84	1.15	1.09
Japan	1990000 (6.43)	2835000 (7.92)	2835000 (7.32)	118000 (0.35)	81000 (0.22)	81000 (0.22)	9.73	13.18	12.70	0.58	0.38	0.36
China, Mainland	1085 (0.004)	1000 (0.003)	1000 (0.002)	9381794 (28.25)	11582130 (31.36)	11582130 (31.15)	0.01	0.01	0.01	70.70	87.28	87.28
Korea, Republic of	158000 (0.51)	158000 (0.44)	158000 (0.41)	1327000 (3.99)	1543000 (4.18)	1543000 (4.15)	2.39	2.30	2.30	20.07	22.44	22.44
Brazil	3800 (0.01)	3923 (0.01)	3923 (0.01)	13500 (0.04)	15000 (0.04)	15000 (0.04)	0.13	0.14	0.14	0.47	0.52	0.52
Australia	334000 (1.08)	470000 (1.31)	470000 (1.21)	27000 (0.08)	58000 (0.16)	58000 (0.16)	17.36	21.52	21.52	1.40	2.66	2.66
Russian Federation	90000 (0.29)	172000 (0.48)	180000 (0.47)	56000 (0.17)	3000 (0.01)	3000 (0.01)	4.81	9.05	9.47	2.99	0.16	0.16
Canada	689000 (2.23)	1026000 (2.87)	1156000 (2.98)	2350000 (7.07)	2379000 (6.44)	2260000 (6.08)	46.62	69.42	78.21	159.00	160.96	152.91
Indonesia	17700 (0.06)	15355 (0.04)	15355 (0.04)	2014066 (6.06)	2201900 (5.96)	2201900 (5.92)	1.52	1.32	1.32	173.18	189.33	189.33
India*	0 (0)	2686 (0.008)	2686 (0.01)	1324000 (3.99)	1414539 (3.83)	1414539 (3.80)	--	0.32	0.32	155.76	166.42	166.42

Source: FAOSTAT, online

Notes:

-All figures for Import and Export are in metric tonnes.

-The countries have been arranged in the given order on the basis of production.

*India does not come in the top 10 countries

-Figures in the parentheses represent percentage of the world total

Table III.5e: Export and Import of Wood Pulp in the World and TOP 10 Countries												
Country	Export			Import			Exports As % Of Production			Imports As % Of Production		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
World	40195357	42471590	41679462	40845593	43826323	44281369	23.47	24.22	24.06	23.85	24.99	25.56
United States of America	5304566 (13.2)	5643849 (13.29)	5817000 (13.96)	6069924 (14.86)	6101665 (13.92)	6135000 (13.85)	9.97	10.36	10.68	11.41	11.20	11.26
European Union (25)	10457121 (26.02)	10824566 (25.49)	10664262 (25.59)	16816008 (41.17)	17768065 (40.54)	18171730 (41.04)	27.33	27.34	27.62	43.95	44.88	47.07
Canada	11516421 (28.65)	11497335 (27.07)	10622000 (25.48)	476114 (1.17)	286105 (0.65)	316814 (0.71)	43.95	43.51	41.79	1.82	1.08	1.25
Japan	193000 (0.48)	206000 (0.49)	206000 (0.49)	2430000 (5.95)	2512000 (5.73)	2512000 (5.67)	1.84	1.94	1.94	23.13	23.62	23.62
Brazil	2639100 (6.57)	4148031 (9.77)	4148031 (9.95)	350400 (0.86)	411925 (0.94)	411925 (0.93)	28.85	43.30	43.30	3.83	4.30	4.30
Russian Federation	1916000 (4.77)	1866000 (4.39)	1950000 (4.68)	48000 (0.12)	22000 (0.05)	25000 (0.06)	28.33	26.77	27.81	0.71	0.32	0.36
Indonesia	2375087 (5.91)	1677300 (3.95)	1677300 (4.02)	728794 (1.78)	887878 (2.03)	887878 (2.00)	43.33	30.60	30.60	13.29	16.20	16.20
China, Mainland	3803 (0.01)	12329 (0.03)	12329 (0.03)	5988592 (14.66)	7196518 (16.42)	7196518 (16.25)	0.10	0.33	0.33	162.07	194.76	194.76
Chile	2110000 (5.25)	2545000 (5.99)	2545000 (6.11)	15000 (0.04)	17000 (0.04)	17000 (0.04)	76.48	76.24	76.24	0.54	0.51	0.51
South Africa	1049414 (2.61)	1300552 (3.06)	1300552 (3.12)	59927 (0.15)	68085 (0.15)	68085 (0.15)	47.46	62.65	62.65	2.71	3.28	3.28
India*	25000 (0.06)	13561 (0.03)	13561 (0.03)	350079 (0.86)	509432 (1.16)	509432 (1.15)	1.43	0.74	0.74	20.04	27.89	27.89
Source: FAOSTAT, online												
Notes:												
-All figures for Import and Export are in metric tonnes.												
-The countries have been arranged in the given order on the basis of production.												
*India does not come in the top 10 countries												
-Figures in the parentheses represent percentage of the world total												

In 2003-04, many global players in this industry reported negative margins but their large turnover made up for the lower margins. The lower margins across the world were due to high input costs on account of global shortage. The Indian industry experienced growth in margins during the same period but the profitability was low in comparison (CRISIL Report, 2005).

According to Jaakko Poyry Consulting more than 60 percent of global new paper machine investments were in the Asia-Pacific region. Of this China alone accounted for a 54 percent of the total capacity increase. The foreign investment drive in China has made China surpass Japan as the second largest producer. In case of paper production in the world, China is now next only to USA (Paper Asia, 2006).

Chapter – IV

LIKELY SCENARIO AND FORECASTS

The Paper industry is a fast emerging industry. The demand for paper is showing an increasing trend worldwide with the demand growth shifting towards the emerging markets in Asia. The demand for paper in this region is expected to grow at an average annual growth rate of 6-10 per cent and it is also anticipated that Asia will account for about a third of world's total paper consumption over the next ten years (Sharma, 2006). According to the FAO (Food and Agricultural Organisation) reports the worldwide demand for paper and paperboard is expected to grow at 3.1 per cent annually up to the year 2010 and therefore the demand would increase to 440 million tons in the same year. The reports also say that the Asia-Pacific region is the fastest growing consumer of paper and paper products and that it will account for about 50 per cent of total global consumption by 2013. Although the region remains a net importer of pulp and paper, it produced 101 million tons of paper products in 2001 which was 31.7 per cent of the world total as against 25.1 per cent of the world total in 1990.

According to one of the estimates the average annual rate of demand growth for paper and paperboard during 2000-2015 is expected to be the highest in East Europe at about 4.6 per cent, followed by China at about 4.4 per cent, and Asia (excluding China) at 3.9 per cent. The average annual growth rate for overall Asia over the same period is expected to be around 4 per cent. The projections for Latin America stand at around 3.4 per cent, for Africa at 2.9 per cent, 1.7 per cent for Western Europe, 0.8 per cent for Japan and 0.6 per cent for North America (Jaakko Poyry Consulting).

A Computable General Equilibrium (CGE) analysis of the forestry sector in the East Asian countries of Indonesia, Malaysia and Thailand points out that during the period of economic crisis, the sectors which employ more of land and other natural resources tend to gain while those using more of the labour and capital inputs tend to suffer in the process of sectoral adjustments and movement of resource among different sectors (Feridhanusetyawan

and Damuri, 2004). The simulation results in the study confirmed the actual findings which show that during the economic crisis in the East Asian countries during the late 1990s the sectors like agriculture, fishing, and mining gained and the production in these sectors increased. The sectors like manufacturing suffered losses and experienced a decline in total production. The sectors that suffered during this period also include the forestry and forestry related manufacturing industries like pulp and paper and other wood product industries. The simulation results in the forestry related sectors are relatively consistent with the actual figures. The output of forestry sector was predicted to decline by about 6.1 per cent, while in reality it declined by 8.5 per cent in 1997-98 and again declined further by 4.3 in 1998-99. In the pulp and paper sector also the decline predicted (7.9 per cent) was quite close to the actual decline of 4 per cent in 1997-98, though the actual decline in the wood products (25.3 per cent) sector exceeded the predictions (1.9 per cent) by huge amounts.

It is often argued that at low levels of income there is little demand for paper and paperboard, while at middle income levels demand for all kinds of paper increases rapidly and at higher levels of income the focus shifts towards quality and the demand for lower grades of paper is replaced by a demand for higher grades of paper (Whiteman, 2005). However, analysing the reasons for increased paper consumption (demand), especially in the developing countries, it is argued in contrast that as the national wealth increases, paper consumption as a whole tends to increase, regardless of the grade (Vianna, Goncalves, Manhaes, 2006). The study compares the paper consumption in different countries with GDP per capita of the same countries and finds that the GDP per capita explains 80 per cent of the paper consumption behaviour. Specifically studying the demand for chemical market pulp across different regions the study finds that the growth in paper consumption pulls up the market pulp business. The average annual increase in the demand for chemical market pulp from 1995 to 2005 was 3.5 per cent and the forecast for the same is an annual increase of 2.4 per cent from 2005 to 2009. This trend is quite high for the fast growing economies like Asia (7.6 per cent), especially China as compared to the relatively mature markets like Europe (3.5 per cent).

In India, the paper industry is an important industrial sector and has been identified as one of the 35 high priority industries contributing around Rs.2500 crore annually to the national exchequer. The industry has evolved from the days of relatively closed market

scenario to facing tough international competition as the domestic economy started integrating with the global economy. The industry has traditionally faced challenges of unavailability of good quality of cellulosic raw materials, inadequate infrastructure, uneconomical scale of operation, and technology obsolescence (Jain, Singh and Kulkarni, 2005). The new concerns that the industry now faces in addition to these traditional ones include that of gearing up for and competing in international markets with better quality and competitive prices, and environmental concerns under the international commitments of reduction in pollution levels.

An analysis of total factor productivity of 13 major manufacturing sub-sectors of India over the period of 1979–80 to 1997–98 shows that the paper sub-sector had the second lowest productivity growth rate (Unel, 2003).

The Indian industry is also fragmented into a mix of small, medium and large mills with capacity ranging from two tons per day to 1000 tons per day. The Indian paper industry is greatly influenced by the global economic factors and changes in global demand and supply changes. With rising demand in the Asian countries as well as an expectation of the domestic literacy rates going up, the prospects for the Indian industry appear brighter (Chaturvedi, Jain, Singh, Kulkarni, 2006).

India exports paper and paperboard but only in small and highly changeable quantities. This suggests that the exports are not regular and sustained. Moreover, the export volumes are consistently smaller than imports, implying that India is a net importer of paper and paperboard. The widening consumption–production gap further implies the paper and paperboard market in India will remain characterised by its increased reliance on imports for the foreseeable future. Moreover, with per capita income and rate of literacy showing signs of improvement, many suggest that India's average annual per capita consumption of paper and paperboard will rise to 8 kg by 2010. The Jaakko Poyry study (2002) puts the rise at 8.75 kg by 2015 (Bhati and Jha, 2006).

Given that newsprint is also one of India's major traded commodities, India is likely to face stiff competition from China in the Asian markets as China has recorded an impressive growth of about 60 per cent over the past five years in the newsprint sector.

However, on account of over-production and heavy reduction in prices in North America, both China and India are likely to face strong competition in the international markets.

To conclude some general observations on Indian paper industry are:

- (1) India is the net importer of paper waste
- (2) Indian per capita consumption of paper is at around 5.5 kg
- (3) Consumption has been increasing over the years
- (4) Almost half of the consumption requirements are met by imports
 $(3.6[\text{consumption}] = 1.8[\text{production}] + \{1.8[\text{Import-Export}]\})$ See Table III.4a
- (5) Possibilities of exports are further deteriorated with the presence of competitive products from China and N. America in the international market.

IV.1 State of Play of Indian Paper Industry: Impression from Primary Survey

Indian paper manufacturers have a good market presence in countries like Sri Lanka, African belt, Bangladesh, Singapore, Yemen, Tehran and Middle East especially Dubai.

Low labor costs

Labor forms a major part of input costs for paper product companies and India enjoys a competitive advantage in this front.

Recycled paper

Due to paucity of forest resource raw material, bulk of the raw material is sourced from waste paper and therefore, most of the produce of Indian paper industry is recycled (details given below). With mounting environmental regulation in developed countries, there is a huge demand for recycled paper all over the world which could be an opportunity for India. In fact, India is one of the unique countries in the world which produces paper out of all types of raw materials (EM). In fact, Australia has an import restriction which states “paper made from non-conventional raw material” are acceptable (EM). This restriction has augured well for India and some of the Indian paper manufacturers supply hand made paper to Australia (NS).

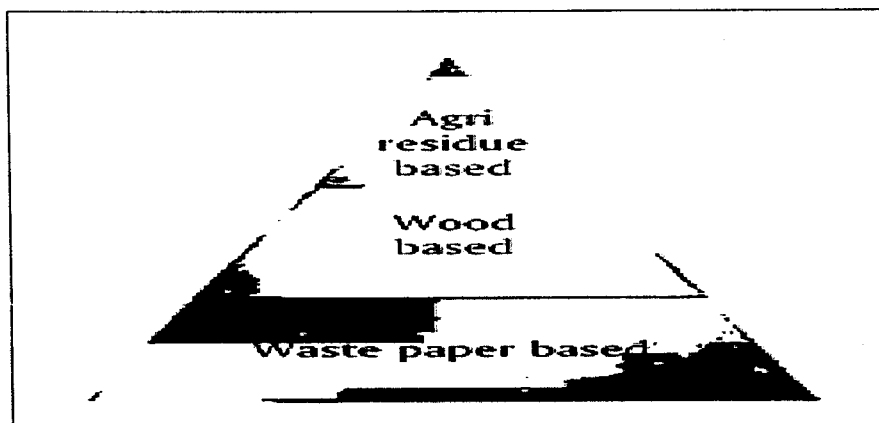
Indian paper Industry is not price competitive

The quality of paper manufactured in India is not superior and paper is available at a cheaper rate from outside. The reasons cited by the respondents (of primary survey) of the study for such high prices are

- i. *High raw material costs (KF).*
- ii. *Raw material availability is scarce*

This is due to the fact that the main source of raw material for paper being forests is not accessible for Indian paper industry. This is because, social forestry is minimal in India (KF) and National Forest Policy barred paper manufacturers from deriving wood from government-owned forests (Annual Report of AP Paper Mills, 2004-05). Paper industry is not allowed to grow its own raw materials in the degraded forest areas. Most of the agro material is used for generation of power while bagasse is used mostly for sugar manufacturing. Of the 55 million tones of bagasse available in India only 8% is being used to manufacture of paper (Annual Report of AP Paper Mills, 2004-05). As a result, paper industry has to rely on paper wastes as source of raw material although it is not a preferred source on account of low fiber content, low input-output ratio, low domestic availability and low collection rate of 20% and prices linked to international pulp prices (Annual Report of AP Paper Mills, 2004-05). About 1/3 of the total production of paper and paper board is from Waste Paper in our country (KP).

Figure IV.1: Raw Materials used in Pulp and Paper Industry in India



iii. *Heavy dependence on imported waste paper for raw material*

The collection of waste paper within the country is hardly 20% as against 60 to 70% in other countries (SP). In such a situation, paper wastes are imported by both manufacturers and traders and the wastes imported by the traders do not always go to the paper manufacturers as waste paper is used as a substitute of other products in other industries. This results in further scarcity of raw materials and loss of revenue for the Government as waste paper attracts lower import duty (SP).

iv. *Diseconomies of scale*

Indian paper units are mostly small scale in nature. This is because the expenditure involved in setting up a large scale paper mill is very high as it is a capital intensive industry. As a result in India, there are only three paper mills whose capacity exceeds 500 MT per day while the highest capacity is 900 MT (KF). Only 16 companies possess a capacity of more than 50,000 tonnes per annum. This is very low as compared to their counterparts in other developing countries.

v. *High energy costs.*

Paper production is an energy intensive activity. World over, energy costs represent 25% of the total manufacturing costs in paper industry (Datamonitor, 2007). For Indian paper industry, escalating power costs is a major obstacle.

vi. *Low return high costs*

Indian paper industry generates a return of no more than around 11% on its employed capital, based on the historical costs of its gross block. A new 100,000 ton wood-based paper plant with an investment of about Rs. 80,000 per ton would generate even lower returns, at all in the first few years (Annual Report of AP Paper Mills, 2004-05).

vii. *Outdated technology and environment unfriendly*

The technology and process used by Indian paper units are outdated. The technology for paper testing and making is also way below the international standards (EM).

There are no norms for pollution control in paper industry as a result of which pollution is widespread in the paper industry in India (KF). The perception is that paper industry destroys the green cover in its pursuit of raw material depletes coal reserves to generate power and pollutes natural water resources through the release of harmful chemicals (chlorine and compounds) (Annual Report of AP Paper Mills, 2004-05). It also consumes huge amount of water in its production process. This does not augur well for Indian paper industry as environmental concerns have assumed a lot of importance under the international commitments of reduction in pollution levels.

viii. *Minimal research and development activity*

R&D activity is almost non-existent in domestic paper industry. This is because R&D entails huge investments and Indian players mostly being small scale cannot afford to have their own independent R&D set-ups. Besides, the Government does not provide much of incentives and the formalities for availing income tax benefits are lengthy (SP). Low quality of the Indian paper coupled with almost non-existent R&D activity, does not augur well for Indian paper industry.

ix. *Unorganized sector and fragmented*

More than 50% of the firms in Indian paper industry belong to the unorganized sector (SP). There is not much of interaction amongst industry players as well. There are more than 450 paper mills in India with installed capacities ranging from 1,000 TPA to over 1,50,000 TPA; and in 2004-05 India's 10 leading manufacturers accounted for 38.68% of the country's paper production. Hence, it is a highly fragmented industry (Annual Report of AP Paper Mills, 2004-05).

x. *Cyclical*

Like a number of commodity businesses, the paper industry is cyclical, marked by periods of over capacity leading to low realizations, shakeout, gradual increase in demand, creeping shortage and increasing realizations (Annual Report of AP Paper Mills, 2004-05).

Part– II

Tariffs

Chapter – V

WTO-NAMA AND INDIAN PAPER AND NEWSPRINT INDUSTRY

The 6th ministerial conference of World Trade Organization (WTO) held at Hong Kong during December 13 to 18, 2005. This confluence of 149 trade ministers ended with a mixed outcome. The fate of many crucial agreements were postponed for the next mini-ministerial to be held in 2006. But this deadline was also missed. In a final hope to conclude this Agenda (DDA) G-6 meeting was supposed to be held in the end of July 2006 that also got cancelled. Finally, the trade talks got suspended for an indefinite period in Geneva. The US apprehension in the reduction of its trade distorting domestic support in agriculture sector in return of the accessing the markets in developing countries for non-agricultural products caused this debacle.

The draft ministerial text released on the last day of the conference contained the brief review of the progress made and desired on the negotiations in agriculture, Non-Agriculture Market Access (NAMA), Services, Cotton, Environment, Trade facilitation, DSUs etc. On NAMA the most important development that has been noticed is the broad specifics of the tariff reduction modality has been determined. To put it simply a Swiss formula with more than one coefficient is going to be adopted as final modality of negotiations.

Non-agriculture market access (NAMA) negotiations being the important item of Hong Kong ministerial declaration had been under close scrutiny. The discussions that were going on since the release of Hong Kong ministerial declaration were focused around (1) reaching a consensus on the range of the fixed coefficient to be used in Swiss formula for the tariff reduction purpose, (2) flexibilities to be given to developing countries, and (3) treatment of unbound tariffs. The declaration released after Hong Kong contained the mandate on various issues. The new addition in the ministerial text² this time was the

² WTO, WT/MIN (05)/W/3/Rev.2.

paragraph 24 striving on achieving a balance between agriculture and non-agriculture. It states that:

"We recognize that it is important to advance the development objectives of this Round through enhanced market access for developing countries in both Agriculture and NAMA. To that end, we instruct our negotiators to ensure that there is a comparably high level of ambition in market access for Agriculture and NAMA. This ambition is to be achieved in a balanced and proportionate manner consistent with the principle of special and differential treatment."

For Indian paper and newsprint industry (IPNI) being part of non-agriculture industry these NAMA negotiations meant a lot. In the following chapters we would present a review of progress made in key issues under NAMA negotiations in Hong Kong and would find out their impact on Indian paper industry.

Chapter – VI

TARIFF REDUCTION FORMULA

VI.1 Background

Market access for goods in the WTO means the conditions, tariff and non-tariff measures, agreed by members for the entry of specific goods into their markets³.

The different rounds of trade negotiations under General Agreement on Tariff and Trade (GATT) /World Trade Organisation (WTO) have led to increase in market access of industrial goods. As part of agreement on market access, the member countries have made reductions in the tariff and non-tariff barriers to trade.

The NAMA negotiations were commenced after Doha declaration (2001) mandated for the reduction or elimination in tariff including tariff peaks, tariff escalation, high tariffs, and non-tariff barriers along with comprehensive product coverage, including less than full reciprocity in reduction commitments for developing countries. Paragraph 16 of Doha Declaration as contained in WTO document WT/MIN (01)/DEC/1 states that:

“We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without *a priori* exclusions. The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII *bis* of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations.”

³

http://www.wto.org/english/tratop_e/markacc_e/markacc_e.htm

A negotiating group on market access (NGMA) was formed within WTO to conduct these negotiations. To take stock of the progress made in these negotiations the Cancun ministerial took place in 2003, which collapsed later. Later to bring back these talks on track the chairman of the World Trade Organization released a draft after a series of meetings conducted in July 2004 also known as July framework. This July package came out as the old wine in the new bottle since there was no difference between the 'Cancun draft' and the 'July package' for NAMA negotiations except the newly added first paragraph. The text adheres to a non-linear formula to be applied on each tariff line for further reduction. As per the July 2004 Framework Agreement Negotiating Group was supposed to concentrate on:

“a non-linear formula applied on a line-by-line basis which shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments”⁴.

The application of the formula will be based on the following elements:

base rate: tariff reduction or elimination on all non-agricultural products⁵ from the bound rates after full implementation of current concessions⁶. However, for unbound items, the basis for commencing the tariff reductions shall be two times the MFN applied rate⁷; the base year for MFN applied tariff rates shall be 2001; non-ad valorem duties shall be converted to ad valorem equivalents; HS nomenclature: negotiations to commence on the basis of Harmonized System (HS) 1996, and

⁴ WTO, Paragraph 4, Annex. B, WT/GC/W/535, Page B-1, July 2004.

⁵ All products not covered by the WTO Agreement on Agriculture.

⁶ Credit may be given for autonomous liberalization provided that the items were bound on an MFN basis in the WTO since the conclusion of Uruguay Round. Thus, in the following cases, credit will accrue by using the base rate that was in place before the autonomous liberalization took place, and the formula reduction would be applied to this higher basis. In the case of items that were not previously bound, two times the MFN applied rate or the new bound rate, whichever is higher, for the year the liberalization took place would be the basis. It is noted that in the cases of the Ministerial Declaration on the Expansion of Trade in Information Technology Products, further initiatives in the Pharmaceutical zero-for-zero sector, and certain other individual initiatives, the bound rate was reduced to zero and through the application of the formula, credits would not be relevant. Thus, for the remaining items, credit could be given for the tariff lines noted in the following WTO documents which have been given legal effect through certifications: European Communities (WT/Let/178), Hungary (WT/Let/441), India (WT/Let/374), Korea (WT/Let/302), Pakistan (WT/Let/424), Sri Lanka (WT/Let/398), and the United States (WT/Let/182).

⁷ When the MFN applied rate in the base year is zero, 5 percent shall be used as the basis.

negotiations to be finalized in HS2002 nomenclature;⁸ and for import data, the years 1999-2001, hereinafter "reference period", shall be used in order to mitigate yearly fluctuations.

Later in Dalian, China a WTO mini ministerial was held on 12-13 July 2005 wherein intense discussions regarding the formula to be adopted, flexibilities, sectoral, treatment of unbound lines, NTB's etc were conducted but nothing concrete came out of it. Hong Kong ministerial text moved a step ahead by declaring the adoption of Swiss formula "with coefficients" as the final modality. Recently in a G-11 meeting held in Geneva during July 2006 developing countries have informally decided that the two coefficients to be used in the formula must differ by 25 percentage points. The higher one for developing and lower one for developed countries.

VI.2 Formulae

The Hong Kong ministerial text finally laid down the following propagation on the non-agriculture market access formula⁹ "We adopt a Swiss Formula with coefficients at levels which shall *inter alia*:

Reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries; and

Take fully into account the special needs and interests of developing countries, including through less than full reciprocity in reduction commitments.

We instruct the Negotiating Group to finalize its structure and details as soon as possible."

The above excerpt of ministerial text makes obvious the adoption of Swiss formula for negotiating the access in the markets of WTO member nations.

The two variations of this formula are as follows:

⁸ If Members so desire, they may commence with HS2002 nomenclature if the corresponding concordance tables are provided.

⁹ "Draft Ministerial Declaration", WT/MIN(05)/W/3/Rev.2 ,Para. 14,Page 4, 18 December 2005,WTO.

Swiss formula by application of limited number of coefficients. US¹⁰, Norway¹¹ and Pakistan¹² have proposed the use of two different coefficients in the formula. Also as Chile, Columbia and Mexico¹³ has proposed the number of these coefficients can rise up to four in the same formula.

$$T_i = [B_i \times T_0] / [B_i + T_0]$$

$$i = 2 \text{ or } 4,$$

Where,

B is fixed coefficient,

T₀ is base rate.

Swiss formula with multiple coefficients. These coefficients may vary for one member nation to another. Proposals by NGMA¹⁴, Argentina-Brazil-India¹⁵ (ABI) and Caribbean¹⁶ countries also fall in this category

$$T_i = [B_i \times T_0] / [B_i + T_0]$$

$$i = 1, 2, \dots, n; \text{ where } n \text{ is number of countries}$$

Where,

B is fixed coefficient,

T₀ is base rate.

B_i can vary from country to country. It can depend upon tariff averages, etc. B_i can be written in somewhat general form (based on different proposals submitted to WTO) as

$$B_i = [(A + C_i) \times TA_i], \text{ where}$$

$$TA_i = \text{Average bound rate of member country, } i$$

$$C_i = \text{Constant value which change from country to country, based on}$$

¹⁰ "North Onslaught on South's Industrial Tariffs in NAMA, <http://www.twinside.org.sg/title2/twninfo195.htm>, *Third World Network*.

¹¹ WTO. "A Proposal for a Simple Non-Linear Formula with Credits", Communication from Norway, TN/MA/W7/Add.1, March 2005.

¹² WTO. "The Way Forward", Communication from Pakistan, TN/MA/W/60, July 2005.

¹³ "Squaring the circle of ambition plus flexibility: providing options for developing countries", Communication from Chile, Colombia and Mexico, TN/MA/W/50, February 2005, WTO.

¹⁴ WTO, Annex B, WT/GC/W/535, Page B-1, July 2004.

¹⁵ WTO, "Communication to the Negotiating Group on Non-Agricultural Market Access from Argentina, Brazil and India", TN/MA/W/54, April 2005.

¹⁶ *Bridges*, Year 9 No, 6-7 June/July 2005.

level of development (higher the development level, lower the co-efficient).
This formula is suggested by Caribbean countries.

= 0, for Argentina-Brazil-India proposal.

A = a constant number

The Swiss formula with multiple coefficients to be used in it has various advantages from the perspective of developing countries. This coefficient value can take care of the structure and average level of tariff rates of individual member countries. This means, higher the tariffs greater would be the decline. The Swiss formula tackles the high tariffs, peak tariffs and tariff escalation (to some extent) of member countries automatically. But the rate of reduction is dependent on the value of coefficient B. So by using higher coefficients in the formula for developing countries as compared to that of developed countries lesser percentage reduction in the tariffs of the former can be caused than that of latter. That is why the use of more than one coefficient in this formula is necessary. Figure VI.1 above illustrates the impact of Swiss formula with different values of B on member countries' tariffs.

Two submissions by Argentina-Brazil-India (commonly known as ABI proposal) and Caribbean countries had proposed that the value of coefficient should vary from country to country depending upon the structure of tariffs and levels of their development.

The main features of ABI formula are:

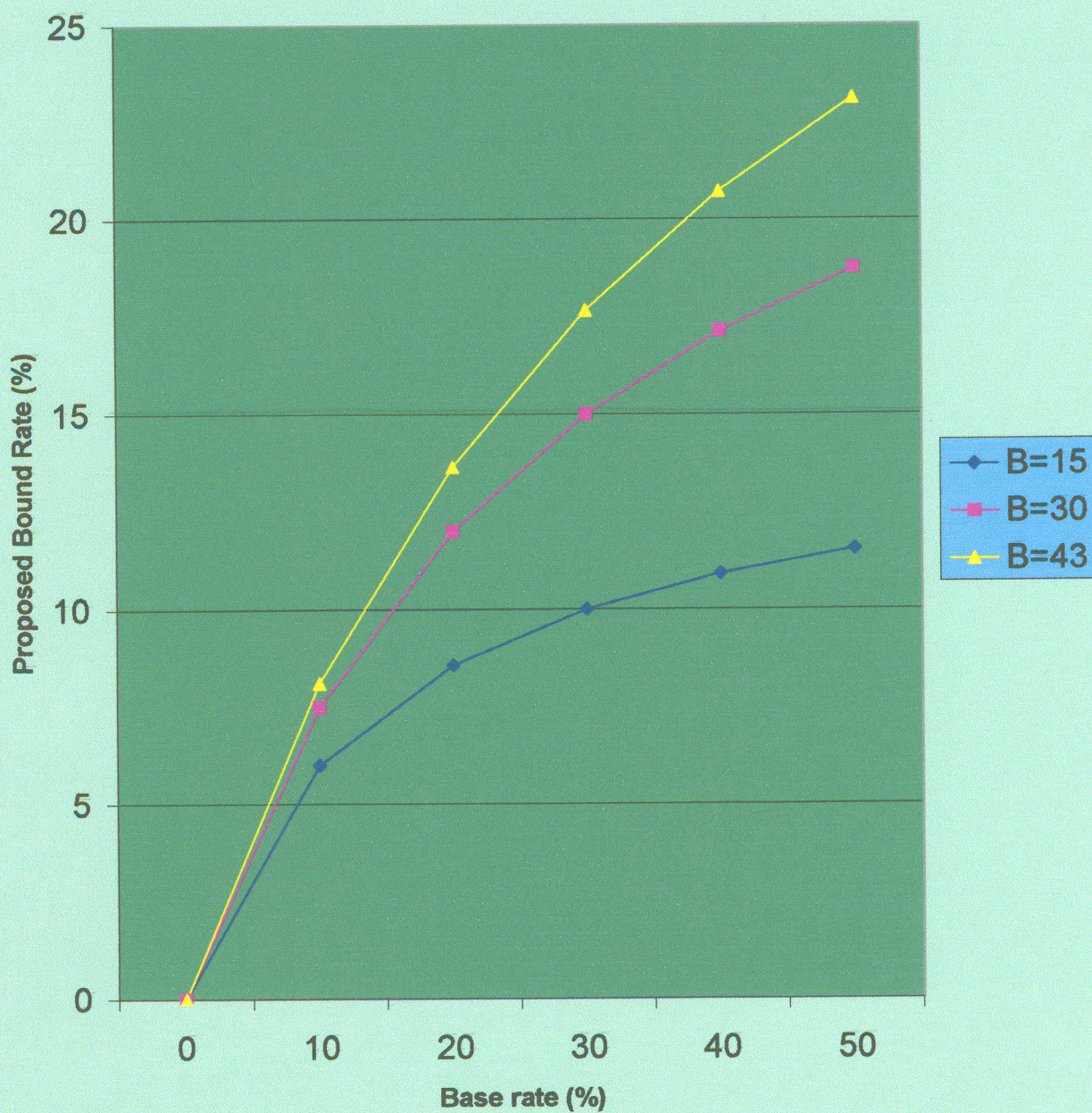
The 'formula' would apply to tariff lines that are bound.

The coefficient 'B' will be varied according to the ambitions in other relevant market access areas being discussed in these negotiations, and

Also, it proposes a separate formula for unbound tariffs to be applied only to their marked-up average and not on a line-by-line basis. This would permit developing countries to maintain high tariffs on items that are of domestic and strategic concern to them. They have to just ensure that the average tariff does not pass the allowed level.

The formula proposed by Caribbean countries counts various elements relevant to the developmental concerns of developing countries and adds them as credit to the base coefficient.

Figure VI.1: Impact of Swiss formula on member countries' tariffs: An Illustration



VI.3 Debate: Swiss Formula with Two/Four coefficients or Coefficient dependent on Tariff Structure

The discussions on tariff reduction formula were miles away from convergence till Hong Kong declaration mandated the adoption of Swiss formula with coefficients. The developed country members of WTO had been adamantly advocating the use of this formula as principle modality. The decline caused by this formula heavily depends on the value of fixed coefficient. . In an analysis conducted earlier it was found out that after the application of Swiss formula using B=15 on a developing country's (i.e. India) non-agricultural tariffs the base average falls down to 10.5 percent from 43.6 percent.

Table VI.1: Base and Proposed bound average of Indian non-agriculture products as per different values of B to be fitted in Swiss formula		
B	Base Average (%)	Proposed Average (%)
15 (Proposed in Tokyo Round)	43.6*	10.5
30(Proposed by Pakistan)	42.3**	16.5
32 (ABI- Bound Items)	33.2	15.8
22.9 (ABI -Unbound items)		22.9
Source: Author's calculations.		
* As suggested by NGMA		
** As suggested by Pakistan proposal		

Table VI.1 gives the base and proposed bound average of Indian non-agricultural tariffs as per different values of B fitted in Swiss formula. As compared to other values i.e. 30, or 32 etc the value of 15 would cause maximum decline in developing country tariffs. This number 15 would bring the entire tariff profile (of India) below that number. As given in table below one can see that with the use of B=15 in the formula the entire Indian (bound) tariff profile is falling in the range below 15 percent. Hence, the tariff reduction will be very significant by use of this formula, using lower value of coefficient.

Although there would be more than one coefficients, with higher value to be applied for developing countries and a lower one for developed countries. But still this formula can hurt developing countries tariffs if the value of coefficient used in the formula is lower than their present level of applied MFN average. For example India's present level of applied MFN average for non-agricultural goods for the year 2006-07 is 12.2 percent¹⁷ which is

¹⁷ Authors calculations based on data from *BIGs Easy Reference Customs Tariff 2006-07*, Silver jubilee 25th Budget Edition by Arun Goyal.

above the proposed bound average as attained by the application of Swiss formula with B=15, i.e. 10.4 percent.

Table VI.2: India: Frequency Distribution of Proposed Bound Rates as per Swiss formula with B=15 for Bound Non-agriculture Products		
	Base rate-% (Final Bound rate as on 1.1.2001)	Proposed bound rates-% (B=15)
	0	0.00
	3	2.50
	5	3.75
	10	6.00
	20	8.57
	25	9.38
	30	10.00
	35	10.50
	40	10.91
	50	11.54
	55	11.79
	60	12.00
	70	12.35
	100	13.04
	150	13.64
	210	14.00
Average	43.5	10.4

Source: Mehta, R. and P. Agarwal, (2005) "Non-agriculture market access-A Balancing act for South Asia", *South Asian Yearbook of Trade and Development 2005*, Centad, October 2005.

The two coefficients suggested by Pakistan proposal for Swiss formula, i.e. 6 for developed and 30 for developing country members possibly look like a bit feasible for developing countries. As it can be noticed from Table VI.2 above that the India's bound average using 30, as the coefficient would arrive at 16.5 percent which is not a bad option given India's present level of applied MFN average. Although developed countries have already expressed their displeasure over the huge difference in the coefficients in the past. Still this option is worth considering keeping in mind the developmental needs and concerns of developing countries. However, it should be remembered that some developing countries have their average tariff more than 30.

If the values of the fixed coefficient are decided (in future meetings of the WTO) as per the proposal of ABI then Swiss formula would decrease the India's (bound) average tariff from 33.2 percent to 15.8 percent. The proposed average for unbound lines as given in Table

VI.2 above would be 22.9 percent. It is only Swiss formula with a co-efficient B=15 which seem to contradict the development concerns of some developing countries. It will also not meet the objective of "Less than full reciprocity (LTFR) in reduction commitments for developing countries".

However recently in a G-11 meeting held in Geneva it has been informally decided by the G-11 members they would not accept any Swiss formula if the two coefficients used in it does not differ by 25 points. The higher one for developing and lower one for developed countries. As stated in the NAMA-11 ministerial communiqué released on 29 June 2006,

"Ministers recall that some proposals have sought to ensure "less than full reciprocity in reduction commitments" through an appropriate spread between the coefficients. A Swiss formula with two coefficients, based on reductions from bound rates, may also deliver on this mandate, provided that there is a difference of at least 25 points between the coefficients for developed and developing countries. This is imperative to take into account their respective levels of industrialization and competitiveness; social and economic situations; and their capacity to bear the costs of adjustment."

With respect to this decision it would be interesting to note that the coefficients values suggested by Pakistan i.e. 6 and 30 completely fulfils this criteria of the 25 points difference. Anything beyond this like 10 and 35 etc. would neither suit our concerns nor would be able to achieve LTFR.

Chapter – VII

CLASSIFICATION AND TRADE OF INDIAN PAPER AND NEWSPRINT INDUSTRY (IPNI)

VII.1 Classification

Paper is manufactured from wood fibre. Viewing from one side paper has serious backward linkage effect on our forests and thereby environment. But this highly consumed medium of communication also serves as raw material in some industries and consumer product in others. The importance of paper can be realised from its serious backward and useful forward linkages. The definition of the products contained in IPNI is based on HS Classification at 6-digit level. This Harmonised System (HS) of coding and description of commodities has been adopted by the Export and Import Policy administered by the Ministry of Commerce with effect from October 1995.

The IPNI broadly falls under Section X of Harmonised System (HS) of international trade classification (defined as), i.e. *Pulp of wood or of other fibrous cellulosic material; Recovered (waste and scrap) Paper or paperboard; Paper and paperboard and articles thereof.*

This broad commodity group, i.e. Section X, consists of three major commodity groups (defined as HS Chapters in HS classification):

HS Chapter 47: Pulp of wood or of other fibrous cellulosic material; Recovered - waste or scrap - Paper or paperboard.

HS Chapter 48: Paper and paperboard; article of paper pulp, of paper or of paperboard.

HS Chapter 49: Printed books, newspapers, pictures and other products of the printing industry.

VII.2 Trade

Out of these three commodity groups (HS chapters) India's total import value for HS chapter 47 (Pulp of wood or of other fibrous cellulosic material; Recovered - waste or scrap - Paper or paperboard) have showed an increasing trend as it has almost doubled in the last ten years. It was around US\$ 275.7 million for the year 1995-96 which reached to US\$ 573 million in the year 2005-06 (see Table VII.1). The largest portion of these imports, US\$ 172.11 million in 2005-06, comes from USA. Rests are supplied by Canada, Indonesia, UK and South Africa etc. Table VII.2 gives the list of top 10 importing countries, which fills the gaps of Indian paper industry. Amongst all the products of HS chapter 47 the most heavily imported product is "other waste and scrap" which valued at US \$ 290.12 million in the year 2005-06. For details refer to Table VII.3.

Table VII.1 : India's Total Import from World of Paper and Newsprint: 1996-2006

Commodity Code (HS Chapter)	Commodity Description	(US \$ Mill.)										
		1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
47	Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard.	275.7	231.9	284.3	235.7	255.5	282.7	295.7	344.3	410.2	489.3	573
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard.	473.8	496	494.7	456.6	439.3	444.9	438.5	440.5	646.3	709.3	916.1
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans.	91.11	85.9	150	169.3	144	193.2	228.7	207.9	295.8	368.9	475

Source: India Trades, CMIE.

India's total imports of HS Chapter 48 (Paper and paperboard; article of paper pulp, of paper or of paperboard) have come down steadily from US \$ 473.8 million in 1995-96 to US\$ 438.52 million in 2001-02 and then again rose up to US\$ 916.1 million in 2005-06. Out of which the maximum amount of imports came from Canada i.e. US\$ 127.65 million in the year 2005-06. Other principal importing countries are Russia, Germany, UK and Finland etc. "Newsprint, in rolls or sheets", constituted almost half of the import value of this chapter in the year 2005-06 that was US \$436.5 million.

Table VII.2: Top 10 Countries: India's Import from Destination Countries of Paper and Newsprint, 2005-06			
Countries	Unit	Quantity	Value (US \$ mil.)
CH-47: Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard.			
USA	Kgs	711760946	172.11
Indonesia	Kgs	151684600	77.79
Canada	Kgs	133847168	67.88
UK	Kgs	210784677	33.59
South Africa	Kgs	65306773	33.07
UAE	Kgs	116674958	20.35
Netherlands	Kgs	105661830	20.15
Sweden	Kgs	36970422	20.05
Belgium	Kgs	84089020	14.12
Germany	Kgs	58938640	12.53
CH-48: Paper and paperboard; articles of paper pulp, of paper or of paperboard.			
Canada		0	127.65
Russia		0	100.49
UK		0	83.16
Germany		0	72.48
Korea Republic (South)		0	71.03
Finland		0	61.65
Sweden		0	54.8
USA		0	52.74
China		0	43.51
Indonesia		0	33.16
CH-49: Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans.			
Singapore	Kgs	2819880	258.34
UK	Kgs	5270309	51.2
USA	Kgs	5526724	49.33
Russia	Kgs	1099300	24.58
Germany	Kgs	1146575	17.87
Hong Kong	Kgs	1384571	12.72
China	Kgs	929952	9.34
Austria	Kgs	45618	7.58
France	Kgs	201197	5.97
UAE	Kgs	159805	5.33
Source: India Trades, CMIE.			

On the contrary sharp rise can be seen in the demand of products contained in HS Chapter 49 (Printed books, newspapers, pictures and other products of the printing industry) from US \$ 91.11 million in 1995-96 to US \$ 475 million in 2005-06. Major part of this value is imported from Singapore that was US \$ 258.34 million in 2005-06. Other importing nations were USA, UK, Russia and Germany etc. Most of the imports of this chapter consist of, "revenue or other stamps" with import value of US \$ 208.37 million.

Table VII.3 : Top 20 Commodities: India's Import of Paper and Newsprint at 6-digit HS level				
(US \$ Million)				
Commodity Code (HS 6-digit level)	Commodity Name	Unit	Quantity Mar-06	Value Mar- 06
480100	Newsprint in rolls or sheets	Kgs	696735526	436.5
470790	Othr incl unsorted waste and scrap	Kgs	1685738102	290.12
490700	Unusd pstge rev or smlr stmps of curnt/newissu stmp imprsd papr cheq form bank note stock share certiftcs & smlr titl documnts	Kgs	538225	208.37
470329	Bleached or semi-bleached non-coniferouschemical wood pulp sulphate	Kgs	204610984	104.62
491199	Other printed materials	Kgs	1023393	98.54
480257	Other paper & papr bord wghng 40 g/m2 to 150 g/m2	Kgs	6998158	97.77
49019900	Othr printed books etc ofhdno. 4901	Kgs	10454467	82.91
470200	Chemical wood pulp dissolving grades	Kgs	108347797	82.89
490110	printed books etc in singl sheet w/n folded	Kgs	5519661	47.76
481019	Paprpaprbord other than rolls/sheets	Kgs	46066394	34.32
481013	Paprpaprbord used for writing etc contng fbr by mecnl/chemi-mecnl pross not more than 10% by wt of total fbr in rolls	Kgs	43316347	32.77
481022	Light-weight coated paper othr graphc prps out of totl fibr contntfibr obtnd by mch procs>10% by weight	Kgs	43398633	31.88
482110	Printed labels	Kgs	5371731	28.43
470321	Bleached or semi-bleached coniferouschemical wood pulp sulphate	Kgs	51308003	28.19
481190	Othr paprpaprbord celulose wadng & websof celulose fibrs.	Kgs	15231569	23.99
490600	Plns&drwings fr architrl,engnrng,indstrl, commrc, tpgrphicl, & smlr prps; hnd-writtentxts; phto rprdctns on snstsd ppr&crbn copy	Kgs	12769	22.82
470500	Wood pulp obtained by combination of mechanical & chemical pulp process	Kgs	39198839	18.18
480591	Other uncoated papr & paprbord of wt<=150 g/m2	Kgs	8536538	16.98
481840	Santry towls & tampns napkins & smlr artcl	Kgs	6053080	16.52
482390	Othrtcl of papr pulp paprbord celulose wadng or webs of cel fibrs	Kgs	4711280	16.01

Source: India Trades, CMIE.

Chapter – VIII

TARIFF SIMULATIONS OF THE SWISS FORMULA FOR THE IPNI

In the Uruguay Round of GATT negotiations, member nations agreed to: (i) provide tariff liberalisation on large number of commodities/items, and (ii) remove all types of prohibitions or restrictions (other than duties, i.e. tariff). In this process, member countries have submitted to the WTO the "offer rates", sometimes called "bound level" or "bound trade of duty", for agreed commodities/items. The member countries are required to maintain the applied rate i.e. custom tariff at or below the "bound rates". On the other hand there would be no restrictions regarding application of tariff rates on the certain products, which would not be bound or in other words would be left, unbound. India has agreed to make adjustments in tariff rates to the level of "bound rates" for more than 3300 commodities of non-agriculture. As a result, a number of tariff bindings for industrial products of India like many other developing countries have increased considerably. And almost all the commodities of developed countries are bound at present and the level of average tariff rate is very low (around 4 per cent). It has also agreed to phase out quantitative restrictions on all commodities (except for around 700 commodities at 8-digit or 10-digit HS level, for security and other reasons) by 2002/3, as per mutual agreements with major trading partners and WTO¹⁸.

Total number of commodities (or tariff lines at 6-digit HS) belong to Indian paper industry is 149. Out of which 20 commodities are contained in HS Chapter 47 (Pulp of wood or of other fibrous cellulosic material; Recovered - waste or scrap - Paper or paperboard). Majority of the products i.e. 110 falls in HS Chapter 48 (Paper and paperboard; article of paper pulp, of paper or of paperboard). And the rest 19 belongs to HS Chapter 49 (Printed books, newspapers, pictures and other products of the printing industry). Out of these 149,

¹⁸

Source: R. Mehta and P. Agarwal "WTO Negotiations Towards Cancun: Implication on Indian Paper And Newsprint Industry", *RIS-Discussion Paper* No 57, August 2003.

India has bound 100 products earlier in Uruguay Round of WTO negotiations. Rests of the 49 products were left Unbound. See Table VIII.1.

Table VIII.1: India-Uruguay Round Commitments for IPNI			
HS Chapter	No. of Tariff Lines		
	Bound	Unbound	Total
47	20	0	20
48	68	42	110
49	12	7	19
Total	100	49	149
Source: Author's calculations			

The Table above clarifies all the commodities of HS Chapter 47 were bound by Uruguay round commitments. Around two-third i.e. 68, of the lines falling in HS Chapter 48 are bound the remaining 42 product lines were left unbound. In the case of Chapter 49, 12 commodities out of 19 are bound while the rest 7 are unbound.

Out of 100 bound lines, 71 have the ceiling binding of 40 per cent. And 29 lines were bound at 25 per cent (Table VIII.2).

Table VIII.2: Range of UR Bound Rates of IPNI	
Bound Rate (%)	No. of lines
25	29
40	71
Total	100
Source: Author's calculations	

To study the impact of Swiss formula with various coefficients suggested by different WTO member nations on IPNI tariffs certain simulations were conducted at 8-digit HS classification¹⁹. The Uruguay Round bound rates had been taken as base rates for conducting tariff reduction. The final bound rates at 8 digit 2002 classification are taken from an earlier exercise conducted by RIS. However, for unbound tariff lines twice the value of their MFN applied rate for the year 2001²⁰ is taken as base except in case of ABI case.

Results showed that taking B coefficient equal to 43 taken on the basis of NGMA proposal which talks about taking a multiple of country's base average as coefficient, India's

¹⁹ 8-digit because the present rate of MFN applied tariffs 2006-07 are available only at 8-digit 2002 classification/

²⁰ Based on recommendation of NGMA-CD.

proposed bound average for IPNI declines from 46 per cent (base average of negotiation) to 22 per cent. After applying the Swiss formula with B=15 as suggested by developed nations and B=30 as suggested by Pakistan the same average falls down to 11 and 18 per cent respectively (Table VIII.3).

Table VIII.3: Range of Proposed Bound Rates as per Different coefficients of Swiss Formula				
Base rate* (%)	No. of lines(8 digit HS)	Swiss B=43 ¹ (%)	Swiss B=30 ² (%)	Swiss B=15 ³ (%)
25	36	16.2	13.6	9.4
40	152	21.4	17.1	10.9
50	14	24.0	18.7	11.5
70	74	27.8	21.0	12.4
Avg. 46	276	22	18	11
* Base rate of unbound items is taken as twice the applied tariff of 2001. Simulations exclude three lines whose bound rate could not be determined at 8-digit 2002 classification due to problems in concordance				
1 Based on NGMA proposal				
2 Based on Pakistan formula				
3 As taken in Tokyo round				

Table VIII.4 gives the proposed bound rates for all items of Indian paper and newsprint industry under different values of the coefficient used in proposed Swiss formula. These are as follows:

B=33.4 for bound items as proposed in ABI submission on market access. For unbound items ABI proposal talks about affixing a single average which comes at 22.9 for all unbound non-agricultural items instead of applying Swiss formula on line by line basis,

B=15 as adopted in Tokyo Round,

B=43 as suggested in NGMA proposal and

B=30 which is suggested by Pakistan

Table VIII.4: Indian Paper and Newsprint Industry: Products, HS 8-digit code, Base rate, Proposed Rate as per Different Values of Coefficient B.

Description (8-digit)	HS code	Base Rate	Proposed bound rate as per different values of B to be fitted in Swiss formula			
			15	30	33.23	43
Mechanical wood pulp	47010000	25	9.38	13.64	14.27	16.20
Chemical wood pulp, dissolving grades	47020000	25	9.38	13.64	14.27	16.20
Coniferous	47031100	25	9.38	13.64	14.27	16.20
Non-coniferous Semi-bleached or bleached:	47031900	25	9.38	13.64	14.27	16.20
Coniferous	47032100	25	9.38	13.64	14.27	16.20
Non-coniferous	47032900	25	9.38	13.64	14.27	16.20
Coniferous	47041100	25	9.38	13.64	14.27	16.20
Non-coniferous Semi-bleached or bleached:	47041900	25	9.38	13.64	14.27	16.20
Coniferous	47042100	25	9.38	13.64	14.27	16.20
Non-coniferous	47042900	25	9.38	13.64	14.27	16.20
Wood pulp obtained by a combination of mechanical and chemical pulping processes	47050000	25	9.38	13.64	14.27	16.20
Cotton linters pulp	47061000	25	9.38	13.64	14.27	16.20
Pulps of fibres derived from recovered (waste and scrap) paper or paper board Other:	47062000	25	9.38	13.64	14.27	16.20
Mechanical	47069100	25	9.38	13.64	14.27	16.20
Chemical	47069200	25	9.38	13.64	14.27	16.20
Semi-chemical	47069300	25	9.38	13.64	14.27	16.20
Unbleached kraft paper or paperboard or corrugated paper or paperboard	47071000	40	10.91	17.14	18.15	21.40
Other paper or paperboard made mainly of bleached chemical pulp, not coloured in the mass	47072000	40	10.91	17.14	18.15	21.40
Paper or paperboard made mainly of mechanical pulp (for example, newspapers,) journals and similar printed matter)	47073000	40	10.91	17.14	18.15	21.40
Other, including unsorted waste and scrap	47079000	40	10.91	17.14	18.15	21.40
Glazed	48010010	40/25	10.91/9.38	17.14/13.64	18.15/14.27	21.4/16.2
Other	48010090	40/25	10.91/9.38	17.14/13.64	18.15/14.27	21.4/16.2
Paper	48021010	40	10.91	17.14	18.15	21.40
Paperboard	48021020	40	10.91	17.14	18.15	21.40
Photographic base paper, uncoated	48022010	40	10.91	17.14	18.15	21.40
Other	48022090	40	10.91	17.14	18.15	21.40
Carbonising base paper	48023000	40	10.91	17.14	18.15	21.40
Wall paper base Other paper and paperboard, not containing fibres obtained by a mechanical or a chemi-mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres :	48024000	40	10.91	17.14	18.15	21.40
India Paper	48025410	40	10.91	17.14	18.15	21.40
Litho and offset paper	48025420	40	10.91	17.14	18.15	21.40
Duplicating paper	48025430	40	10.91	17.14	18.15	21.40
Airmail paper	48025440	40	10.91	17.14	18.15	21.40
Tissue paper	48025450	40	10.91	17.14	18.15	21.40
Other	48025490	40	10.91	17.14	18.15	21.40
Litho and offset paper	48025510	40	10.91	17.14	18.15	21.40
Drawing paper	48025520	40	10.91	17.14	18.15	21.40

Duplicating paper	48025530	40	10.91	17.14	18.15	21.40
Account book paper	48025540	40	10.91	17.14	18.15	21.40
Bank, bond and cheque paper	48025550	40	10.91	17.14	18.15	21.40
Currency note paper	48025560	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48025570	40	10.91	17.14	18.15	21.40
Other	48025590	40	10.91	17.14	18.15	21.40
Litho and offset paper	48025610	40	10.91	17.14	18.15	21.40
Drawing paper	48025620	40	10.91	17.14	18.15	21.40
Duplicating paper	48025630	40	10.91	17.14	18.15	21.40
Account book paper	48025640	40	10.91	17.14	18.15	21.40
Bank, bond and cheque paper	48025650	40	10.91	17.14	18.15	21.40
Currency note paper	48025660	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48025670	40	10.91	17.14	18.15	21.40
Other	48025690	40	10.91	17.14	18.15	21.40
Litho and offset paper	48025710	40	10.91	17.14	18.15	21.40
Drawing paper	48025720	40	10.91	17.14	18.15	21.40
Duplicating paper	48025730	40	10.91	17.14	18.15	21.40
Account book paper	48025740	40	10.91	17.14	18.15	21.40
Bank, bond and cheque paper	48025750	40	10.91	17.14	18.15	21.40
Currency note paper	48025760	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48025770	40	10.91	17.14	18.15	21.40
Other	48025790	40	10.91	17.14	18.15	21.40
Litho and offset paper	48025810	40	10.91	17.14	18.15	21.40
Drawing paper	48025820	40	10.91	17.14	18.15	21.40
Duplicating paper	48025830	40	10.91	17.14	18.15	21.40
Bank, bond and cheque paper	48025840	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48025850	40	10.91	17.14	18.15	21.40
Other Other paper and paperboard, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemical process:	48025890	40	10.91	17.14	18.15	21.40
Drawing paper	48026110	40	10.91	17.14	18.15	21.40
Poster paper	48026120	40	10.91	17.14	18.15	21.40
Printing paper dyed or marbled in mass	48026130	40	10.91	17.14	18.15	21.40
Account book paper	48026140	40	10.91	17.14	18.15	21.40
Automatic data processing machine paper	48026150	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48026160	40	10.91	17.14	18.15	21.40
Other	48026190	40	10.91	17.14	18.15	21.40
Drawing paper	48026210	40	10.91	17.14	18.15	21.40
Poster paper	48026220	40	10.91	17.14	18.15	21.40
Printing paper dyed or marbled in mass	48026230	40	10.91	17.14	18.15	21.40
Account book paper	48026240	40	10.91	17.14	18.15	21.40
Automatic data processing machine paper	48026250	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48026260	40	10.91	17.14	18.15	21.40
Other	48026290	40	10.91	17.14	18.15	21.40
Drawing paper	48026910	40	10.91	17.14	18.15	21.40
Poster paper	48026920	40	10.91	17.14	18.15	21.40
Printing paper dyed or marbled in mass	48026930	40	10.91	17.14	18.15	21.40

Account book paper	48026940	40	10.91	17.14	18.15	21.40
Automatic data processing machine paper	48026950	40	10.91	17.14	18.15	21.40
Paper for security printing, currency paper, stamp paper	48026960	40	10.91	17.14	18.15	21.40
Other	48026990	40	10.91	17.14	18.15	21.40
In commercial sizes rolls of width size 36 cm and above	48030010	40	10.91	17.14	18.15	21.40
Other	48030090	40	10.91	17.14	18.15	21.40
Unbleached	48041100	40	10.91	17.14	18.15	21.40
Other Sack kraft paper :	48041900	40	10.91	17.14	18.15	21.40
Unbleached	48042100	40	10.91	17.14	18.15	21.40
Other Other kraft paper and paperboard weighing 150 g/m2 or less :	48042900	40	10.91	17.14	18.15	21.40
Unbleached	48043100	40	10.91	17.14	18.15	21.40
Other Other kraft paper and paperboard weighing more than 150 g/m2 but less 225 g/m2 :	48043900	40	10.91	17.14	18.15	21.40
Unbleached	48044100	40	10.91	17.14	18.15	21.40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process	48044200	40	10.91	17.14	18.15	21.40
Other Other kraft paper and paperboard weighing 225 g/m2 or more :	48044900	40	10.91	17.14	18.15	21.40
Unbleached	48045100	40	10.91	17.14	18.15	21.40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process	48045200	40	10.91	17.14	18.15	21.40
Other	48045900	40	10.91	17.14	18.15	21.40
Semi-chemical fluting paper	48051100	40	10.91	17.14	18.15	21.40
Straw fluting paper	48051200	40	10.91	17.14	18.15	21.40
Other Testliner (recycled liner board):	48051900	40	10.91	17.14	18.15	21.40
Weighing 150 g/m2 or less	48052400	40	10.91	17.14	18.15	21.40
Weighing more than 150 g/m2	48052500	40	10.91	17.14	18.15	21.40
Sulphite wrapping paper	48053000	40	10.91	17.14	18.15	21.40
Filter paper and paperboard	48054000	40	10.91	17.14	18.15	21.40
Felt paper and paperboard Other	48055000	40	10.91	17.14	18.15	21.40
Weighing 150 g/m2 or less	48059100	40	10.91	17.14	18.15	21.40
Weighing more than 150 g/m2 but less than 225 g/m2	48059200	40	10.91	17.14	18.15	21.40
Weighing 225 g/m2 or more	48059300	40	10.91	17.14	18.15	21.40
Vegetable parchment	48061000	40	10.91	17.14	18.15	21.40
Greaseproof papers	48062000	40	10.91	17.14	18.15	21.40
Tracing papers	48063000	40	10.91	17.14	18.15	21.40
Glassine papers	48064010	40	10.91	17.14	18.15	21.40
Other	48064090	40	10.91	17.14	18.15	21.40
Straw paper and other straw board, whether or not covered with paper other than straw paper	48070010	40	10.91	17.14	18.15	21.40
Other	48070090	40	10.91	17.14	18.15	21.40
Corrugated paper and paperboard, whether or not perforated	48081000	40	10.91	17.14	18.15	21.40
Sack kraft paper, creped or crinkled, whether or not embossed or perforated	48082000	40	10.91	17.14	18.15	21.40
Other kraft paper, creped or crinkled, whether or not	48083000	40	10.91	17.14	18.15	21.40

embossed or perforated						
Other	48089000	40	10.91	17.14	18.15	21.40
Manifold paper	48091010	40	10.91	17.14	18.15	21.40
Other	48091090	40	10.91	17.14	18.15	21.40
Self-copy paper	48092000	40	10.91	17.14	18.15	21.40
Other	48099000	40	10.91	17.14	18.15	21.40
Imitation art paper	48101310	40	10.91	17.14	18.15	21.40
Art paper	48101320	40	10.91	17.14	18.15	21.40
Chrome paper or paper board	48101330	40	10.91	17.14	18.15	21.40
Other	48101390	40	10.91	17.14	18.15	21.40
Imitation art paper	48101410	40	10.91	17.14	18.15	21.40
Art paper	48101420	40	10.91	17.14	18.15	21.40
Chrome paper or paper board	48101430	40	10.91	17.14	18.15	21.40
Other	48101490	40	10.91	17.14	18.15	21.40
Imitation art paper	48101910	40	10.91	17.14	18.15	21.40
Art paper	48101920	40	10.91	17.14	18.15	21.40
Chrome paper or paper board	48101930	40	10.91	17.14	18.15	21.40
Other Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemical process:	48101990	40	10.91	17.14	18.15	21.40
Light-weight coated paper	48102200	40	10.91	17.14	18.15	21.40
Other Kraft paper and paperboard, other than that of a kind used for writing, printing or other graphic purposes :	48102900	40	10.91	17.14	18.15	21.40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process, and weighing 150 g/m2 or less	48103100	40	10.91	17.14	18.15	21.40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process, and weighing more than 150 g/m2	48103200	40	10.91	17.14	18.15	21.40
Insulating paper	48103910	40	10.91	17.14	18.15	21.40
Electric insulating press board	48103920	40	10.91	17.14	18.15	21.40
Insulation boards (homogenous)	48103930	40	10.91	17.14	18.15	21.40
Other Other paper and paperboard :	48103990	40	10.91	17.14	18.15	21.40
Multi-ply	48109200	40	10.91	17.14	18.15	21.40
Other	48109900	40	10.91	17.14	18.15	21.40
Tarred, bituminised or asphalted paper and paperboard Gummed or adhesive paper and paperboard:	48111000	40	10.91	17.14	18.15	21.40
Self-adhesive	48114100	40	10.91	17.14	18.15	21.40
Other Paper and paperboard, coated, impregnated or covered with plastics (excluding adhesives) :	48114900	40	10.91	17.14	18.15	21.40
Bleached, weighing more than 150 g/m2	48115100	40	10.91	17.14	18.15	21.40
Other	48115900	40	10.91	17.14	18.15	21.40
Paper and paperboard, coated, impregnated or covered with wax, paraffin wax, stearine, oil or glycerol	48116000	40	10.91	17.14	18.15	21.40
Hand made paper and paperboard, rules, lined or squared but not otherwise printed	48119011	40	10.91	17.14	18.15	21.40

Chromo and art paper, coated	48119012	40	10.91	17.14	18.15	21.40
Building board of paper or pulp, impregnated	48119013	40	10.91	17.14	18.15	21.40
Chromo board	48119014	40	10.91	17.14	18.15	21.40
Raw base paper for sensitising, coated	48119015	40	10.91	17.14	18.15	21.40
Surface marbled paper	48119016	40	10.91	17.14	18.15	21.40
Leather board and imitation leather board	48119017	40	10.91	17.14	18.15	21.40
Matrix board Other	48119018	40	10.91	17.14	18.15	21.40
Grape guard paper	48119091	40	10.91	17.14	18.15	21.40
Asceptic packaging paper	48119092	40	10.91	17.14	18.15	21.40
Thermal paper for fax machines	48119093	40	10.91	17.14	18.15	21.40
Thermal paper in jumbo rolls (size 1 mt and above in width and 5000 mt And above in length)	48119094	40	10.91	17.14	18.15	21.40
Other	48119099	40	10.91	17.14	18.15	21.40
Filter blocks, slabs and plates, of paper pulp	48120000	40	10.91	17.14	18.15	21.40
In the form of booklets or tubes	48131000	40	10.91	17.14	18.15	21.40
In rolls of a width not exceeding 5 cm	48132000	40	10.91	17.14	18.15	21.40
Cigarette paper in bulk, or in sheets	48139010	40	10.91	17.14	18.15	21.40
Other	48139090	70	12.35	21.00	22.90	27.76
"Ingrain" paper	48141000	70	12.35	21.00	22.90	27.76
Wallpaper and similar wall coverings, consisting of paper coated or covered, on the face side, with a grained, embossed, coloured, design-printed or otherwise decorated layer of plastics	48142000	70	12.35	21.00	22.90	27.76
Wallpaper and similar wall coverings, consisting of paper covered, on the face side, with plaiting material, whether or not bound together in parallel strands or woven	48143000	70	12.35	21.00	22.90	27.76
Other	48149000	70	12.35	21.00	22.90	27.76
Floor coverings on a base of paper or of paperboard, whether or not cut to size	48150000	70	12.35	21.00	22.90	27.76
Carbon or similar copying papers	48161000	70	12.35	21.00	22.90	27.76
Duplicating paper, cut to size	48162010	70	12.35	21.00	22.90	27.76
Paper for Fax machine	48162020	70	12.35	21.00	22.90	27.76
Other	48162090	70	12.35	21.00	22.90	27.76
Duplicator stencils	48163000	70	12.35	21.00	22.90	27.76
Other copying or transfer papers (excluding printed transfer) cut to size whether or not put up in boxes	48169010	70	12.35	21.00	22.90	27.76
Calculating machine paper in rolls and strips not exceeding 15 cm in width	48169020	70	12.35	21.00	22.90	27.76
Other	48169090	70	12.35	21.00	22.90	27.76
Envelopes	48171000	70	12.35	21.00	22.90	27.76
Letter cards, plain postcards and correspondence cards	48172000	70	12.35	21.00	22.90	27.76
Writing blocks	48173010	70	12.35	21.00	22.90	27.76
Other	48173090	70	12.35	21.00	22.90	27.76
Toilet paper	48181000	70	12.35	21.00	22.90	27.76
Handkerchiefs, cleaning or facial tissues and towels	48182000	70	12.35	21.00	22.90	27.76
Tablecloths and serviettes	48183000	70	12.35	21.00	22.90	27.76
Baby and clinical diapers	48184010	70	12.35	21.00	22.90	27.76
Other	48184090	70	12.35	21.00	22.90	27.76
Articles of apparel and clothing accessories	48185000	70	12.35	21.00	22.90	27.76
Other	48189000	70	12.35	21.00	22.90	27.76
Boxes	48191010	70	12.35	21.00	22.90	27.76
Other	48191090	70	12.35	21.00	22.90	27.76

Cartons, boxes, cases, intended for the packing of match sticks	48192010	70	12.35	21.00	22.90	27.76
Boxes	48192020	70	12.35	21.00	22.90	27.76
Other	48192090	70	12.35	21.00	22.90	27.76
Sacks and bags, having a base of a width of 40 cm or more	48193000	70	12.35	21.00	22.90	27.76
Other sacks and bags, including	48194000	70	12.35	21.00	22.90	27.76
Made of corrugated paper or paperboard	48195010	70	12.35	21.00	22.90	27.76
Other	48195090	70	12.35	21.00	22.90	27.76
Box files, letter trays, storage boxes and similar articles, of a kind used in offices, shops or the like	48196000	70	12.35	21.00	22.90	27.76
Registers, account books	48201010	70	12.35	21.00	22.90	27.76
Letter pads	48201020	70	12.35	21.00	22.90	27.76
Other	48201090	70	12.35	21.00	22.90	27.76
Exercise books	48202000	70	12.35	21.00	22.90	27.76
Binders (other than book covers), folders and file covers	48203000	70	12.35	21.00	22.90	27.76
Manifold business forms and interleaved carbon sets	48204000	70	12.35	21.00	22.90	27.76
Albums for samples or for collections	48205000	70	12.35	21.00	22.90	27.76
Blotting paper cut to size	48209010	70	12.35	21.00	22.90	27.76
Other	48209090	70	12.35	21.00	22.90	27.76
Paper tags	48211010	70	12.35	21.00	22.90	27.76
Labels	48211020	70	12.35	21.00	22.90	27.76
Other	48211090	70	12.35	21.00	22.90	27.76
Labels	48219010	70	12.35	21.00	22.90	27.76
Other	48219090	70	12.35	21.00	22.90	27.76
Of a kind used for winding textile yarn	48221000	70	12.35	21.00	18.15	27.76
Paper tubes	48229010	70	12.35	21.00	18.15	27.76
Other	48229090	70	12.35	21.00	18.15	27.76
Self-adhesive	48231200		0.00	0.00		0.00
Other	48231900	70	12.35	21.00	22.90	27.76
Filter paper and paperboard	48232000	70	12.35	21.00	22.90	27.76
Rolls, sheets and dials, printed for self-recording apparatus	48234000	70	12.35	21.00	22.90	27.76
Trays, dishes, plates, cups and the like, of paper and paperboard	48236000	70	12.35	21.00	22.90	27.76
Paper pulp moulded trays	48237010	70	12.35	21.00	22.90	27.76
Wood pulp board	48237020	70	12.35	21.00	22.90	27.76
Articles made of paper mache other than artware and moulded or pressed goods of wood pulp	48237030	70	12.35	21.00	22.90	27.76
Other	48237090	70	12.35	21.00	22.90	27.76
Braille paper	48239011	70	12.35	21.00	22.90	27.76
Cellulose in sole board or sheet	48239012	70	12.35	21.00	22.90	27.76
Packing and wrapping paper	48239013	70	12.35	21.00	22.90	27.76
Paper for cigarette filter tips	48239014	70	12.35	21.00	22.90	27.76
Paper cone for loud speaker	48239015	70	12.35	21.00	22.90	27.76
Patterns made of papers for leather footwear, leather garments and goods	48239016	70	12.35	21.00	22.90	27.76
Patterns made of paper for articles of apparel and clothing accessories	48239017	70	12.35	21.00	22.90	27.76
Products consisting of sheets of paper or paper board, impregnated, coated or covered with plastics (including thermoset resins or mixtures thereof or chemical formulations containing melamine, phenol	48239018	70	12.35	21.00	22.90	27.76

or urea formaldehyde with or without curing agents or						
Decorative laminates Pre-punched cards, monotype and newstape paper in strips with perforated edges, not exceeding 15 cm in width, typewriting paper cut to size and the like	48239019	70	12.35	21.00	22.90	27.76
Pre-punched cards	48239021	70	12.35	21.00	22.90	27.76
Monotype and newstape paper in strips with perforated edges, not exceeding 15cm in width	48239022	70	12.35	21.00	22.90	27.76
Typewriting paper cut to size	48239023	70	12.35	21.00	22.90	27.76
Plain or embossed seals made of paper, laminated paper or paper gaskets	48239030	70	12.35	21.00	22.90	27.76
Other	48239090	70	12.35	21.00	22.90	27.76
Printed books	49011010	25	9.38	13.64	14.27	16.20
Pamphlets, booklets, brochures, leaflets and similar printed matter Other :	49011020	25	9.38	13.64	14.27	16.20
Dictionaries and encyclopaedias, and serial installments thereof	49019100	25	9.38	13.64	14.27	16.20
Other	49019900	25	9.38	13.64	14.27	16.20
Newspapers	49021010	25	9.38	13.64	14.27	16.20
Journals and periodicals	49021020	25	9.38	13.64	14.27	16.20
Newspapers	49029010	25	9.38	13.64	14.27	16.20
Journals and periodicals	49029020	25	9.38	13.64	14.27	16.20
Picture books	49030010	25	9.38	13.64	14.27	16.20
Drawing or colouring books	49030020	25	9.38	13.64	14.27	16.20
Music, printed or in manuscript, whether or not bound or illustrated	49040000	25	9.38	13.64	14.27	16.20
Globes Other :	49051000	25	9.38	13.64	14.27	16.20
In book form Other	49059100	25	9.38	13.64	14.27	16.20
Geographical, hydrological, astrological maps or charts	49059910	25	9.38	13.64	14.27	16.20
Others	49059990	25	9.38	13.64	14.27	16.20
Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing.	49060000	25	9.38	13.64	14.27	16.20
Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognized face value	49070010	25	9.38	13.64	14.27	16.20
Bank notes	49070020	25	9.38	13.64	14.27	16.20
Documents of title conveying the right to use Information Technology Software	49070030	25	9.38	13.64	14.27	16.20
Other	49070090	25	9.38	13.64	14.27	16.20
Transfers (decalcomanias), vitrifiable	49081000	50	11.54	18.75	22.90	23.96
Other	49089000	50	11.54	18.75	22.90	23.96
Greetings or Wedding cards	49090010	50	11.54	18.75	22.90	23.96
Other	49090090	50	11.54	18.75	22.90	23.96
Advertising Calender	49100010	50	11.54	18.75	22.90	23.96
Other	49100090	50	11.54	18.75	22.90	23.96
Posters, printed	49111010	50	11.54	18.75	22.90	23.96
Commercial catalogues	49111020	50	11.54	18.75	22.90	23.96
Printed inlay cards	49111030	50	11.54	18.75	22.90	23.96
Other Other :	49111090	50	11.54	18.75	22.90	23.96

Pictures, designs and photographs	49119100	50	11.54	18.75	22.90	23.96
Hard copy (printed) of computer software	49119910	50	11.54	18.75	22.90	23.96
Plan and drawings for architectural engineering, industrial, commercial, topographical or similar purposes reproduced with the aid of computer or any other devices	49119920	50	11.54	18.75	22.90	23.96
Other	49119990	50	11.54	18.75	22.90	23.96
Source: RIS-Job 22 & Author's calculations						

We have conducted some simulations relating to the implications of ABI proposal on the tariffs of IPNI at 8-digit HS classification. It was seen that 36 bound items for which base rate was 25 per cent their future rate would be 14.27 per cent. And 40 per cent base rate is coming down to 18 per cent. The bound rate average is almost halved from 35.6 per cent to 17.7 per cent. See table VIII.5.

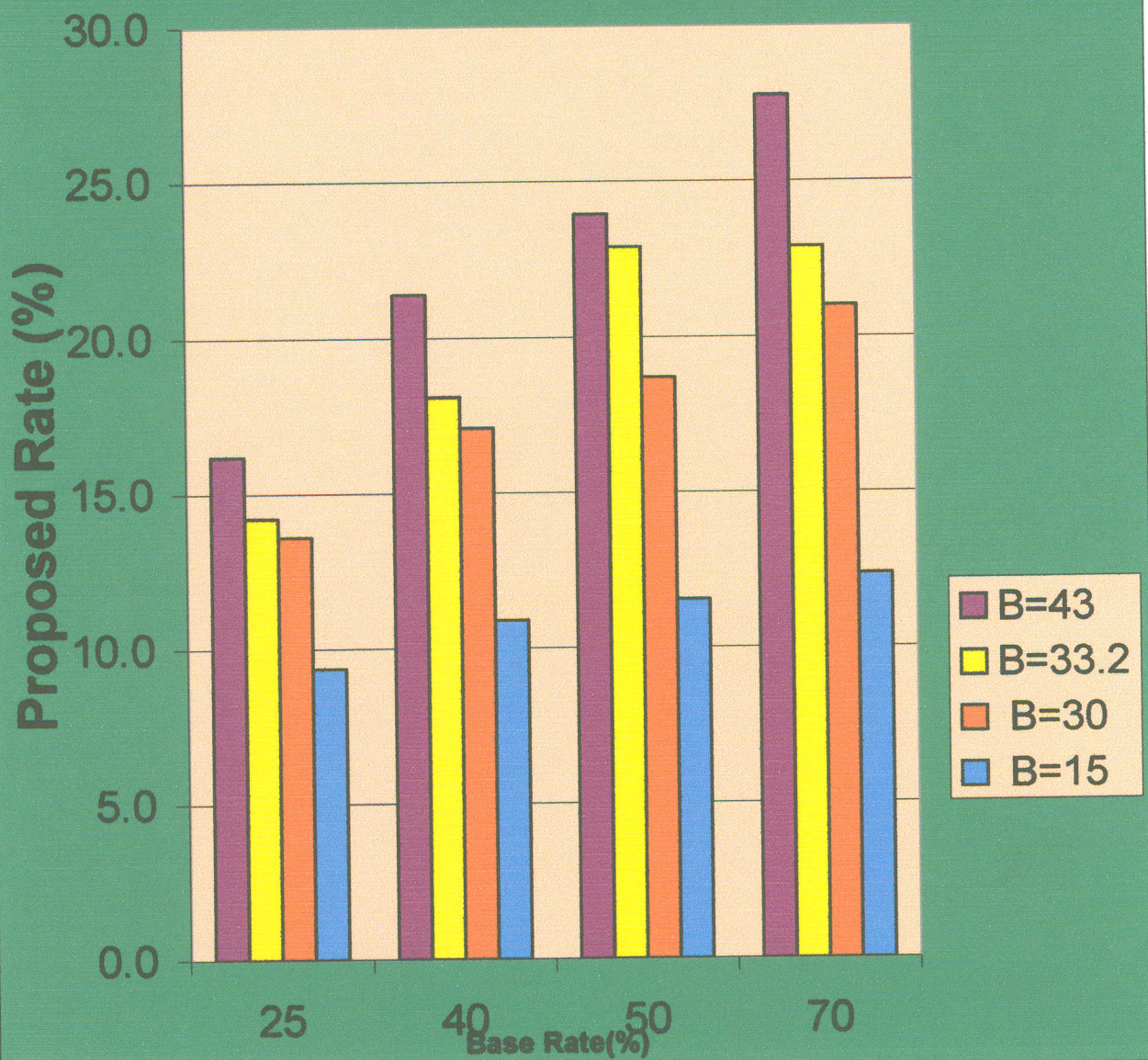
Table VIII.5: Range of Proposed Bound Rates for IPNI at 8 digit 2002 Level for Proposed Swiss Formula Considering B=33.23 as per ABI formula		
Base Rate (%)	Number of Lines	Proposed Rate (for bound items) (%)
25	36	14.27
40	152	18.15
Average 35.65		17.78

For unbound items the average of all non-agriculture applied tariffs (including paper and pulp products) after applying Swiss formula with B=69 to a single value i.e. 34.4 percent which is MFN average of all non-agriculture unbound items for the base year 2001. The proposed bound value is coming at 22.9 per cent.

Comparative Analysis Graph

Swiss formula with B=15 would bring maximum reductions in bound rates as compared to B taken as 30,33.2 and 43 as proposed by Pakistan, ABI and NGMA.

Figure VIII.1: Impact of Swiss formula with alternate values of B on IPNI bound rates



Applied Tariffs of IPNI for the Year 2006-07

Tariff levied on imported products is based on different duties. First is the Basic Duty (BD). Usually this duty is expressed as a percentage of assessable value (AV). This AV is sum total of value of goods at time and place of importation (cif value) and landing charges as a percentage of cif value. The rates of basic duty are specified as the 'scheduled rates of basic customs duty'. In literature they are known as 'statutory rates'. These scheduled rates are further categorised into the standard rate i.e. MFN rate and the preferential rate. The standard rates of basic duty are generally *ad valorem* barring some exceptions. However these standard rates do not determine the actual duty rates applicable on different goods. Preferential rates are applicable on imports from preferential areas.

The second type of duty levied on goods imported is called as Additional Customs Duty (Addl) that is popularly known as countervailing duty (CVD). In 1999-2000 budgets, government of India announced a surcharge on basic customs duty (SCD) for all imported articles. Further in the budget for 1998-99, a special additional duty of customs (SAdd) was also introduced. All duties of customs, i.e. basic, surcharge and additional duties are included in the cif value for imposition of SAdd. And all these duties i.e. BD, Addl, SCD, SAdd and various exemption notifications issued by the government collectively determine the actual duty rates levied. These rates are also called as effective duty rates.²¹

At present the MFN applied rates of Indian pulp and paper products fall within the range of 0 to 12.5 per cent as given in Table VIII.6. With 254 lines having 12.5 per cent tariff (or import duties), 16 by 5 per cent and 9 with no protection at all. The simple average of IPNI MFN tariffs for the year 2006-07 is 11.7 percent.

Table VIII.6: Range of Tariff rates (2006-07) of Paper Industry at 8 digit Level	
Tariff Rate (%)	No. of tariff lines
12.5	254
5	16
0	9
Total	279
Simple tariff average	11.7 %

²¹ Mehta, R and S. Mohanty, *WTO and Industrial Tariffs, An empirical analysis for India*, RIS; and Academy of Business Studies, 2003-04.

Table VIII.7 gives basic import duties of Indian paper and newsprint industry (at 8-digit HS level 2004-05 and 05-06).

Table VIII.7: Indian Paper and Newsprint Industry Applied MFN Rate at 8-digit based on HS-2002 Classification for (2003-04), (2004-05), (2005-2006), (2006-2007) and Final Bound Rate as on 2001 matched from 6-digit HS-1996.						
Description (8-digit)	HS Code	Applied Basic Import Duty/Tariff Rate (%)				Bound Advalorem Duty Rate
		2003 -04	2004 -05	2005 -06	2006 -07	
Mechanical wood pulp	47010000	5	5	5	5	25
Chemical wood pulp, dissolving grades	47020000	5	5	5	5	25
Coniferous	47031100	5	5	5	5	25
Non-coniferous Semi-bleached or bleached:	47031900	5	5	5	5	25
Coniferous	47032100	5	5	5	5	25
Non-coniferous	47032900	5	5	5	5	25
Coniferous	47041100	5	5	5	5	25
Non-coniferous Semi-bleached or bleached:	47041900	5	5	5	5	25
Coniferous	47042100	5	5	5	5	25
Non-coniferous	47042900	5	5	5	5	25
Wood pulp obtained by a combination of mechanical and chemical pulping processes	47050000	5	5	5	5	25
Cotton linters pulp	47061000	5	5	5	5	25
Pulps of fibres derived from recovered (waste and scrap) paper or paper board Other:	47062000	5	5	5	5	25
Mechanical	47069100	5	5	5	5	25
Chemical	47069200	5	5	5	5	25
Semi-chemical	47069300	5	5	5	5	25
Unbleached kraft paper or paperboard or corrugated paper or paperboard	47071000	15	15	15	12.5	40
Other paper or paperboard made mainly of bleached chemical pulp, not coloured in the mass	47072000	15	15	15	12.5	40
Paper or paperboard made mainly of mechanical pulp (for example, newspapers,) journals and similar printed matter)	47073000	15	15	15	12.5	40
Other, including unsorted waste and scrap	47079000	15	15	15	12.5	40
Glazed	48010010	5	5	15	12.5	40/25
Other	48010090	5	5	15	12.5	40/25
Paper	48021010	25	20	15	12.5	40
Paperboard	48021020	25	20	15	12.5	40
Photographic base paper, uncoated	48022010	25	20	15	12.5	40
Other	48022090	25	20	15	12.5	40
Carbonising base paper	48023000	25	20	15	12.5	40
Wall paper base Other paper and paperboard, not containing fibres obtained by a mechanical or a chemical process or of which not more than 10% by weight of the total fibre content consists of such fibres :	48024000	25	20	15	12.5	40
India Paper	48025410	25	20	15	12.5	40

Litho and offset paper	48025420	25	20	15	12.5	40
Duplicating paper	48025430	25	20	15	12.5	40
Airmail paper	48025440	25	20	15	12.5	40
Tissue paper	48025450	25	20	15	12.5	40
Other	48025490	25	20	15	12.5	40
Litho and offset paper	48025510	25	20	15	12.5	40
Drawing paper	48025520	25	20	15	12.5	40
Duplicating paper	48025530	25	20	15	12.5	40
Account book paper	48025540	25	20	15	12.5	40
Bank, bond and cheque paper	48025550	25	20	15	12.5	40
Currency note paper	48025560	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48025570	25	20	15	12.5	40
Other	48025590	25	20	15	12.5	40
Litho and offset paper	48025610	25	20	15	12.5	40
Drawing paper	48025620	25	20	15	12.5	40
Duplicating paper	48025630	25	20	15	12.5	40
Account book paper	48025640	25	20	15	12.5	40
Bank, bond and cheque paper	48025650	25	20	15	12.5	40
Currency note paper	48025660	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48025670	25	20	15	12.5	40
Other	48025690	25	20	15	12.5	40
Litho and offset paper	48025710	25	20	15	12.5	40
Drawing paper	48025720	25	20	15	12.5	40
Duplicating paper	48025730	25	20	15	12.5	40
Account book paper	48025740	25	20	15	12.5	40
Bank, bond and cheque paper	48025750	25	20	15	12.5	40
Currency note paper	48025760	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48025770	25	20	15	12.5	40
Other	48025790	25	20	15	12.5	40
Litho and offset paper	48025810	25	20	15	12.5	40
Drawing paper	48025820	25	20	15	12.5	40
Duplicating paper	48025830	25	20	15	12.5	40
Bank, bond and cheque paper	48025840	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48025850	25	20	15	12.5	40
Other Other paper and paperboard, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process:	48025890	25	20	15	12.5	40
Drawing paper	48026110	25	20	15	12.5	40
Poster paper	48026120	25	20	15	12.5	40
Printing paper dyed or marbled in mass	48026130	25	20	15	12.5	40
Account book paper	48026140	25	20	15	12.5	40
Automatic data processing machine paper	48026150	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48026160	25	20	15	12.5	40
Other	48026190	25	20	15	12.5	40
Drawing paper	48026210	25	20	15	12.5	40
Poster paper	48026220	25	20	15	12.5	40
Printing paper dyed or marbled in mass	48026230	25	20	15	12.5	40
Account book paper	48026240	25	20	15	12.5	40
Automatic data processing machine paper	48026250	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48026260	25	20	15	12.5	40
Other	48026290	25	20	15	12.5	40
Drawing paper	48026910	25	20	15	12.5	40
Poster paper	48026920	25	20	15	12.5	40

Printing paper dyed or marbled in mass	48026930	25	20	15	12.5	40
Account book paper	48026940	25	20	15	12.5	40
Automatic data processing machine paper	48026950	25	20	15	12.5	40
Paper for security printing, currency paper, stamp paper	48026960	25	20	15	12.5	40
Other	48026990	25	20	15	12.5	40
In commercial sizes rolls of width size 36 cm and above	48030010	25	20	15	12.5	40
Other	48030090	25	20	15	12.5	40
Unbleached	48041100	25	20	15	12.5	40
Other Sack kraft paper :	48041900	25	20	15	12.5	40
Unbleached	48042100	25	20	15	12.5	40
Other Other kraft paper and paperboard weighing 150 g/m2 or less :	48042900	25	20	15	12.5	40
Unbleached	48043100	25	20	15	12.5	40
Other Other kraft paper and paperboard weighing more than 150 g/m2 but less 225 g/m2 :	48043900	25	20	15	12.5	40
Unbleached	48044100	25	20	15	12.5	40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process	48044200	25	20	15	12.5	40
Other Other kraft paper and paperboard weighing 225 g/m2 or more :	48044900	25	20	15	12.5	40
Unbleached	48045100	25	20	15	12.5	40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process	48045200	25	20	15	12.5	40
Other	48045900	25	20	15	12.5	40
Semi-chemical fluting paper	48051100	25	20	15	12.5	40
Straw fluting paper	48051200	25	20	15	12.5	40
Other Testliner (recycled liner board):	48051900	25	20	15	12.5	40
Weighing 150 g/m2 or less	48052400	25	20	15	12.5	40
Weighing more than 150 g/m2	48052500	25	20	15	12.5	40
Sulphite wrapping paper	48053000	25	20	15	12.5	40
Filter paper and paperboard	48054000	25	20	15	12.5	40
Felt paper and paperboard Other	48055000	25	20	15	12.5	40
Weighing 150 g/m2 or less	48059100	25	20	15	12.5	40
Weighing more than 150 g/m2 but less than 225 g/m2	48059200	25	20	15	12.5	40
Weighing 225 g/m2 or more	48059300	25	20	15	12.5	40
Vegetable parchment	48061000	25	20	15	12.5	40
Greaseproof papers	48062000	25	20	15	12.5	40
Tracing papers	48063000	25	20	15	12.5	40
Glassine papers	48064010	25	20	15	12.5	40
Other	48064090	25	20	15	12.5	40
Straw paper and other straw board, whether or not covered with paper other than straw paper	48070010	25	20	15	12.5	40
Other	48070090	25	20	15	12.5	40
Corrugated paper and paperboard, whether or not perforated	48081000	25	20	15	12.5	40
Sack kraft paper, creped or crinkled, whether or not embossed or perforated	48082000	25	20	15	12.5	40
Other kraft paper, creped or crinkled, whether or not embossed or perforated	48083000	25	20	15	12.5	40
Other	48089000	25	20	15	12.5	40
Manifold paper	48091010	25	20	15	12.5	40
Other	48091090	25	20	15	12.5	40

Self-copy paper	48092000	25	20	15	12.5	40
Other	48099000	25	20	15	12.5	40
Imitation art paper	48101310	25	20	15	12.5	40
Art paper	48101320	25	20	15	12.5	40
Chrome paper or paper board	48101330	25	20	15	12.5	40
Other	48101390	25	20	15	12.5	40
Imitation art paper	48101410	25	20	15	12.5	40
Art paper	48101420	25	20	15	12.5	40
Chrome paper or paper board	48101430	25	20	15	12.5	40
Other	48101490	25	20	15	12.5	40
Imitation art paper	48101910	25	20	15	12.5	40
Art paper	48101920	25	20	15	12.5	40
Chrome paper or paper board	48101930	25	20	15	12.5	40
Other Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process:	48101990	25	20	15	12.5	40
Light-weight coated paper	48102200	25	20	15	12.5	40
Other Kraft paper and paperboard, other than that of a kind used for writing, printing or other graphic purposes :	48102900	25	20	15	12.5	40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process, and weighing 150 g/m2 or less	48103100	25	20	15	12.5	40
Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process, and weighing more than 150 g/m2	48103200	25	20	15	12.5	40
Insulating paper	48103910	25	20	15	12.5	40
Electric insulating press board	48103920	25	20	15	12.5	40
Insulation boards (homogenous)	48103930	25	20	15	12.5	40
Other Other paper and paperboard :	48103990	25	20	15	12.5	40
Multi-ply	48109200	25	20	15	12.5	40
Other	48109900	25	20	15	12.5	40
Tarred, bituminised or asphalted paper and paperboard Gummed or adhesive paper and paperboard:	48111000	25	20	20	12.5	40
Self-adhesive	48114100	25	20	15	12.5	40
Other Paper and paperboard, coated, impregnated or covered with plastics (excluding adhesives) :	48114900	25	20	15	12.5	40
Bleached, weighing more than 150 g/m2	48115100	25	20	15	12.5	40
Other	48115900	25	20	15	12.5	40
Paper and paperboard, coated, impregnated or covered with wax, paraffin wax, stearine, oil or glycerol	48116000	25	20	15	12.5	40
Hand made paper and paperboard, rules, lined or squared but not otherwise printed	48119011	25	20	15	12.5	40
Chromo and art paper, coated	48119012	25	20	15	12.5	40
Building board of paper or pulp, impregnated	48119013	25	20	15	12.5	40
Chromo board	48119014	25	20	15	12.5	40
Raw base paper for sensitising, coated	48119015	25	20	15	12.5	40
Surface marbled paper	48119016	25	20	15	12.5	40
Leather board and imitation leather board	48119017	25	20	15	12.5	40
Matrix board Other	48119018	25	20	15	12.5	40

Grape guard paper	48119091	25	20	15	12.5	40
Asceptic packaging paper	48119092	25	20	15	12.5	40
Thermal paper for fax machines	48119093	25	20	15	12.5	40
Thermal paper in jumbo rolls (size 1 mt and above in width and 5000 mt And above in length)	48119094	25	20	15	12.5	40
Other	48119099	25	20	15	12.5	40
Filter blocks, slabs and plates, of paper pulp	48120000	25	20	15	12.5	40
In the form of booklets or tubes	48131000	25	20	15	12.5	40
In rolls of a width not exceeding 5 cm	48132000	25	20	15	12.5	40
Cigarette paper in bulk, or in sheets	48139010	25	20	15	12.5	40
Other	48139090	25	20	15	12.5	UB
"Ingrain" paper	48141000	25	20	15	12.5	UB
Wallpaper and similar wall coverings, consisting of paper coated or covered, on the face side, with a grained, embossed, coloured, design-printed or otherwise decorated layer of plastics	48142000	25	20	15	12.5	UB
Wallpaper and similar wall coverings, consisting of paper covered, on the face side, with plaiting material, whether or not bound together in parallel strands or woven	48143000	25	20	15	12.5	UB
Other	48149000	25	20	20	12.5	UB
Floor coverings on a base of paper or of paperboard, whether or not cut to size	48150000	25	20	15	12.5	UB
Carbon or similar copying papers	48161000	25	20	15	12.5	UB
Duplicating paper, cut to size	48162010	25	20	15	12.5	UB
Paper for Fax machine	48162020	25	20	15	12.5	UB
Other	48162090	25	20	15	12.5	UB
Duplicator stencils	48163000	25	20	15	12.5	UB
Other copying or transfer papers (excluding printed transfer) cut to size whether or not put up in boxes	48169010	25	20	15	12.5	UB
Calculating machine paper in rolls and strips not exceeding 15 cm in width	48169020	25	20	15	12.5	UB
Other	48169090	25	20	15	12.5	UB
Envelopes	48171000	25	20	15	12.5	UB
Letter cards, plain postcards and correspondence cards	48172000	25	20	15	12.5	UB
Writing blocks	48173010	25	20	15	12.5	UB
Other	48173090	25	20	15	12.5	UB
Toilet paper	48181000	25	20	15	12.5	UB
Handkerchiefs, cleaning or facial tissues and towels	48182000	25	20	15	12.5	UB
Tablecloths and serviettes	48183000	25	20	15	12.5	UB
Baby and clinical diapers	48184010	25	20	15	12.5	UB
Other	48184090	25	20	15	12.5	UB
Articles of apparel and clothing accessories	48185000	25	20	15	12.5	UB
Other	48189000	25	20	15	12.5	UB
Boxes	48191010	25	20	15	12.5	UB
Other	48191090	25	20	15	12.5	UB
Cartons, boxes, cases, intended for the packing of match sticks	48192010	25	20	15	12.5	UB
Boxes	48192020	25	20	15	12.5	UB
Other	48192090	25	20	15	12.5	UB
Sacks and bags, having a base of a width of 40 cm or more	48193000	25	20	15	12.5	UB
Other sacks and bags, including	48194000	25	20	15	12.5	UB
Made of corrugated paper or paperboard	48195010	25	20	15	12.5	UB
Other	48195090	25	20	15	12.5	UB

Box files, letter trays, storage boxes and similar articles, of a kind used in offices, shops or the like	48196000	25	20	15	12.5	UB
Registers, account books	48201010	25	20	15	12.5	UB
Letter pads	48201020	25	20	15	12.5	UB
Other	48201090	25	20	15	12.5	UB
Exercise books	48202000	25	20	15	12.5	UB
Binders (other than book covers), folders and file covers	48203000	25	20	15	12.5	UB
Manifold business forms and interleaved carbon sets	48204000	25	20	15	12.5	UB
Albums for samples or for collections	48205000	25	20	15	12.5	UB
Blotting paper cut to size	48209010	25	20	15	12.5	UB
Other	48209090	25	20	15	12.5	UB
Paper tags	48211010	25	20	15	12.5	UB
Labels	48211020	25	20	15	12.5	UB
Other	48211090	25	20	15	12.5	UB
Labels	48219010	25	20	15	12.5	UB
Other	48219090	25	20	15	12.5	UB
Of a kind used for winding textile yarn	48221000	25	20	15	12.5	40
Paper tubes	48229010	25	20	15	12.5	40
Other	48229090	25	20	15	12.5	40
Self-adhesive	48231200	25	20	15	12.5	
Other	48231900	25	20	15	12.5	UB
Filter paper and paperboard	48232000	25	20	15	12.5	UB
Rolls, sheets and dials, printed for self-recording apparatus	48234000	25	20	15	12.5	UB
Trays, dishes, plates, cups and the like, of paper and paperboard	48236000	25	20	15	12.5	UB
Paper pulp moulded trays	48237010	25	20	15	12.5	UB
Wood pulp board	48237020	25	20	15	12.5	UB
Articles made of paper mache other than artware and moulded or pressed goods of wood pulp	48237030	25	20	15	12.5	UB
Other	48237090	25	20	15	12.5	UB
Braille paper	48239011	25	20	15	12.5	UB
Cellulose in sole board or sheet	48239012	25	20	15	12.5	UB
Packing and wrapping paper	48239013	25	20	15	12.5	UB
Paper for cigarette filter tips	48239014	25	20	15	12.5	UB
Paper cone for loud speaker	48239015	25	20	15	12.5	UB
Patterns made of papers for leather footwear, leather garments and goods	48239016	25	20	15	12.5	UB
Patterns made of paper for articles of apparel and clothing accessories	48239017	25	20	15	12.5	UB
Products consisting of sheets of paper or paper board, impregnated, coated or covered with plastics (including thermoset resins or mixtures thereof or chemical formulations containing melamine, phenol or urea formaldehyde with or without curing agents or	48239018	25	20	15	12.5	UB
Decorative laminates Pre-punched cards, monotype and newstape paper in strips with perforated edges, not exceeding 15 cm in width, typewriting paper cut to size and the like	48239019	25	20	15	12.5	UB
Pre-punched cards	48239021	25	20	15	12.5	UB
Monotype and newstape paper in strips with perforated edges, not exceeding 15cm in width	48239022	25	20	15	12.5	UB
Typewriting paper cut to size	48239023	25	20	15	12.5	UB

Plain or embossed seals made of paper, laminated paper or paper gaskets	48239030	25	20	15	12.5	UB
Other	48239090	25	20	15	12.5	UB
Printed books	49011010	0	0	15	12.5	25
Pamphlets, booklets, brochures, leaflets and similar printed matter Other :	49011020	25	20	15	12.5	25
Dictionaries and encyclopaedias, and serial installments thereof	49019100	25	20	15	12.5	25
Other	49019900	25	20	15	12.5	25
Newspapers	49021010	0	0	0	12.5	25
Journals and periodicals	49021020	0	0	0	12.5	25
Newspapers	49029010	0	0	0	12.5	25
Journals and periodicals	49029020	0	0	0	12.5	25
Picture books	49030010	25	20	15	12.5	25
Drawing or colouring books	49030020	25	20	15	12.5	25
Music, printed or in manuscript, whether or not bound or illustrated	49040000	0	0	0	12.5	25
Globes Other :	49051000	0	0	0	12.5	25
In book form Other	49059100	0	0	0	12.5	25
Geographical, hydrological, astrological maps or charts	49059910	0	0	0	12.5	25
Others	49059990	0	0	0	12.5	25
Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing.	49060000	0	0	15	12.5	25
Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognized face value	49070010	25	20	15	12.5	25
Bank notes	49070020	25	20	15	12.5	25
Documents of title conveying the right to use Information Technology Software	49070030	25	20	15	12.5	25
Other	49070090	25	20	15	12.5	25
Transfers (decalcomanias), vitrifiable	49081000	25	20	15	12.5	UB
Other	49089000	25	20	15	12.5	UB
Greetings or Wedding cards	49090010	25	20	15	12.5	UB
Other	49090090	25	20	15	12.5	UB
Advertising Calender	49100010	25	20	15	12.5	UB
Other	49100090	25	20	15	0	UB
Posters, printed	49111010	25	20	15	0	UB
Commercial catalogues	49111020	25	20	15	0	UB
Printed inlay cards	49111030	25	20	15	0	UB
Other Other :	49111090	25	20	15	0	UB
Pictures, designs and photographs	49119100	25	20	15	0	UB
Hard copy (printed) of computer software	49119910	25	20	15	0	UB
Plan and drawings for architectural engineering, industrial, commercial, topographical or similar purposes reproduced with the aid of computer or any other devices	49119920	25	20	15	0	UB
Other	49119990	25	20	15	0	UB
Source: Job 22-RIS, BIG's Easy Reference Customs Tariff: 2005-2006, 24th Budget Edition by Arun Goyal, "BIG's Easy Reference Customs Tariff 2006-07, Silver jubilee 25th Budget Edition by Arun Goyal.						

Chapter – IX

TRADE AND TARIFF NOTES

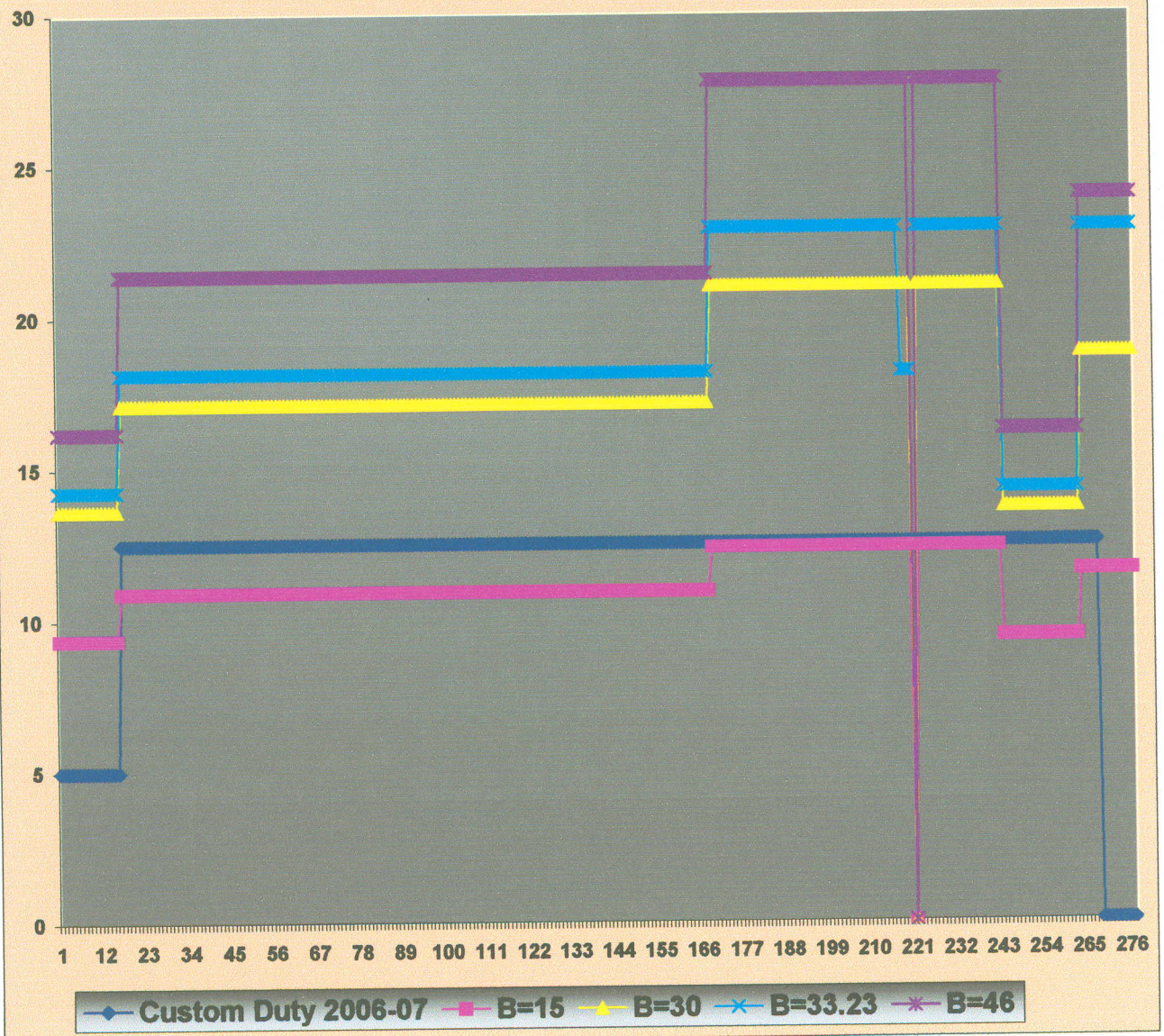
IX.1 Items to be careful about

If Swiss formula with value of coefficient being 15 gets accepted than all those tariff lines whose applied rate at present is 12.5 per cent needs careful scrutiny. Because as per Swiss formula all the proposed rates are below 12.5 per cent. Hence the newly agreed bound rates would be less than present applied rate. That would imply that paper industry would need to make reductions for large number of items i.e. for around 254 items in future. And India's applied tariffs (for imports) can not be increased beyond these bound rates in future.

If the coefficient values lie 30, 33 or 43 as shown above gets accepted than pulp and paper industry would not be required to make any reductions. Since its present applied rates are already below the proposed rates of these formulae.

The figure IX.1 above clearly proves our findings. A Swiss formula with coefficient value of 33.3 safely arrives at rates, which are above our present MFN applied tariffs. But the reduction in bindings caused by the application of Swiss formula with $B=15$ is not only relatively larger than that with the use of earlier one but is also risky for the product lines whose proposed rates are coming below present level of applied MFN rate of 12.5 per cent.

Figure IX.1: Comparison between present MFN & Proposed Bound Rates



Concluding Remarks

The recent disagreement on cutting down of agriculture subsidies by developed nations has deferred the completion of present round of WTO negotiations for an indefinite period. On NAMA the key modality on the adoption of Swiss formula with more than one coefficient for cutting down tariffs has been decided as per the Hong Kong ministerial declaration. Further, developing countries have decided on sticking at the 25 percentage points difference in the two coefficients. The higher one to be used for developing and lower one for developed countries. Indian Paper and newsprint industry (IPNI) falls under non-agriculture sector. The IPNI comes under Section X of HS classification containing three major commodity groups namely HS Chapter 47, 48 and 49. All of its 149 products would be bound. The different variations of coefficient values to be fitted in the Swiss formula are under scrutiny. We conducted some simulations on the impact of these values on IPNI's tariffs. It was seen that with value of 43 for B coefficient India's proposed bound average for IPNI declines from 46 per cent to 22 per cent as proposed in NGMA-CD draft. Swiss formula with B=15 as suggested by developed nations and B=30 as suggested by Pakistan would bring the same average down to 11 and 18 per cent respectively. As per ABI suggestion the bound rate average is almost halved from 35 per cent to 17 per cent. For unbound items the average of all non-agriculture applied tariffs (including paper and pulp products) is coming at 22.9 per cent. Clearly paper industry is safe because it has already attained low applied tariff rates averaging around 11.7 percent for the year 2006-07. But still a Swiss formula with the value of coefficient 15 or below is a matter of bit concern. Work on non-tariff barriers needs to expedite to exploit the markets of principal trading interests.

Part – III

The Non-Tariff Barriers

Chapter – X

NON- TARIFF BARRIERS – AN OVERVIEW

As the world is taking steps towards increasing global integration, there are also issues where the economies are getting all the more protective. And that is why there arise the issues pertaining to demand for market access, increasing use of trade barriers, use of such barriers to trade as are difficult to quantify and therefore the effect of which can only vaguely be ascertained. Whereas till the decade of eighties more of tariff barriers and other quantitative restrictions were in use, during and after the decade of nineties, when more and more countries became signatory to the WTO agreement which asked for a lowering and gradual phasing out of the tariffs and other quantitative restrictions, the use of not-so-explicit, and at times adhoc, non-tariff barriers has been on an increase.

There have initiatives been taken to deal with the problem of trade restrictions on multilateral platforms like the GATT, or subsequently the WTO. However, largely the focus has been on the tariff restrictions. This holds true for the forest sector as well. The agreements on the Sanitary and Phytosanitary measures and the Technical Barriers to Trade recognize the importance of the non-tariff barriers as a means to restrict the free flow of trade. Another such agreement was signed among the APEC countries in 1997, called the Early Voluntary Sectoral Liberalisation (EVSL). This forum had sub-for a like the Market Access Group facilitating the reduction in non-tariff barriers to trade. A total of 15 sectors were identified for the early liberalisation which included the forest sector as well.

A comprehensive study undertaken by the APEC classifies the non-tariff measures (NTMs) according to the motivation for their introduction, viz. social and political, health and safety, or environmental. The study also noted that NTMs affect forestry and forest products trade among the APEC countries. The NTMs that have significant trade impacts are logging bans, restrictions on the export of unprocessed material, and quotas which are prevalent in Indonesia, Malaysia, Thailand, the United States of America and Canada. Customs and entry procedures and phytosanitary regulations are other NTMs in use. A major concern in Japan is the use of non-transparent route required for standards acceptance (Maplesden and Clarke, 2000).

The Non-Tariff Barriers (NTBs) are wide ranging and may include government restrictions and discriminatory bilateral agreements or more specific restrictions like technical barriers to trade. Based on the WTO categorizations, non-tariff measures taken by importing countries are grouped into seven parts as shown in Table X.1.

Table X.1 Inventory of Non-Tariff Measures	
I- Government participation in trade	V- Specific limitations
a- Government aids, including subsidies and tax benefits;	a- Quantitative restrictions;
b- Countervailing duties;	b- Embargoes and other restrictions of similar effect;
c- Government procurement;	c- Screen-time quotas and other mixing regulations;
d- Restrictive practices tolerated by governments;	d- Exchange controls;
e- State trading, government monopoly practices; etc.	e- Discrimination resulting from bilateral agreements;
II- Customs and administrative entry procedures	f- Discriminatory sourcing;
a- Anti-dumping duties;	g- Export restraints;
b- Customs valuation;	h- Measures to regulate domestic prices;
c- Customs classification;	i- Tariff quotas;
d- Consular formalities and documentation;	j- Export taxes;
e- Samples;	k- Requirements concerning marking, labeling and packaging;
f- Rules of origin;	l- Others.
g- Customs formalities;	VI- Charges on imports
h- Import licensing;	a- Prior import deposits;
i- Preshipment inspection.	b- Surcharges, port taxes, statistical taxes, etc;
III- Technical barriers to trade	c- Discriminatory film taxes, use taxes, etc.;
a- General;	d- Discriminatory credit restrictions;
b- Technical regulations and standards;	e- Border tax adjustments;
c- Testing and certification arrangements.	VII- Other
IV- Sanitary and phytosanitary measures	a- Intellectual property issues;
a- General;	b- Safeguard measures, emergency actions;
b- SPS measures	c- Distribution constraints;
c- Testing, certification and other conformity assessment.	d- Business practices or restrictions in the market;
	e- Other.
Source: WTO Secretariat Notes	

WTO's note on "Non-Tariff Measures on products of export interest to the Least-Developed Countries" compiled in July 2006 gives a comparison of NTMs as defined by UNCTAD (1994) and Deardoff and Stern (1997) which have presented in Table X.2.

Table X.2 Comparison of UNCTAD and Deardorff and Stern Taxonomies of NTMs	
UNCTAD TRAINs	Deardorff and Stern
Price control measures <ul style="list-style-type: none"> • Administrative pricing • Voluntary export price restraint • Variable charges • Anti-dumping measures • Countervailing measures 	Quantitative restrictions and similar specific limitations on imports or exports <ul style="list-style-type: none"> • Import quotas • Exports limitations • Licensing • Voluntary export restraints • Exchange and other financial controls • Prohibitions • Domestic content and mixing requirements • Discriminatory bilateral agreements • Countertrade
Finance control measures <ul style="list-style-type: none"> • Advance payment requirements • Multiple exchange rates • Restrictive official foreign exchange allocation • Regulations concerning terms of payment for imports • Transfer delays 	Non-tariff charges and related policies affecting imports <ul style="list-style-type: none"> • Variable levies • Advance deposit requirement • Anti-dumping duties • Countervailing duties • Border tax adjustments
Automatic licensing measures <ul style="list-style-type: none"> • Automatic license • Import monitoring • Surrender requirement 	Government participation in trade; restrictive practices; general policy <ul style="list-style-type: none"> • Subsidies and other aids • Government procurement policies • State trading, government monopolies, and exclusive franchises • Government industrial policy and regional development measures • Government financed research and development; technology policies • National systems of taxation and social insurance • Macroeconomic policies • Competition policies • Foreign investment policies • Foreign corruption policies • Immigration policies
Quantity control measures <ul style="list-style-type: none"> • Non-automatic licensing • Quotas • Import prohibitions • Export restraint arrangements • Enterprise specific restrictions 	Customs procedures and administrative practices <ul style="list-style-type: none"> • Customs valuation procedures • Customs classification procedures • Customs clearance procedures
Monopolistic measures <ul style="list-style-type: none"> • Single channel for imports • Compulsory national services 	Technical barriers to trade <ul style="list-style-type: none"> • Health and sanitary regulations and quality standards • Safety and industrial standards and regulations • Packaging and labeling regulations, including trademarks • Advertising and media regulations
Technical measures <ul style="list-style-type: none"> • Technical regulations • Pre-shipment formalities • Special customs formalities • Obligation to return used products 	
Miscellaneous measures for sensitive product categories <ul style="list-style-type: none"> • Marketable permits • Public procurement • Voluntary instruments • Product liability • Subsidies 	

In a study named “Analysis of Non-tariff Barriers of concerns to Developing Countries (DC)” conducted by OECD in the year 2005, literature pertaining NTBs affecting DCs were grouped into 2 parts viz., NTBs in trade with Developed Countries and NTBs in trade among Developing Countries. Among the NTBs in trade with Developed Countries (Annexure IV), it was observed that the following barriers are frequently voiced as concerns.

- i. Technical barriers to trade (TBTs),
- ii. Sanitary and phytosanitary measures (SPS) and
- iii. Other measures such as rules associated with environmental, national security, labor and other social standards and the more restrictive regulation regarding bioterrorism and child labor.

As for NTBs in trade among developing countries, the following NTBs are observed to slow the pace of liberalization and market access improvement in intra-developing country trade.

- i. Cumbersome and inefficient customs and administrative bureaucracy
- ii. Para-tariff measures
- iii. Other obstacles such as geographical, infrastructural features, property rights, weak governance and institutions.

The report also summarizes (as given in Box X.1) regional trends in the use of NTBs as the NTBs that a country faces are determined by who its major trading partners are and the composition of exports to those markets. It also lists a selection of surveys that are representative of 6000 private-sector responses from all developing regions.

Box X.1: Regional trends in the use of NTBs

- For **Asia and the Pacific** region, whose trade has been characterized by labor-intensive products, particularly **textiles and garments**, **tariff quotas** applied under the MFA, which has since expired, and **technical regulations** (especially labeling) emerge in the literature as being the most significant NTBs in terms of the volume of exports affected (ESCAP, 2000; Bhattacharyya and Mukhopadhyaya, 2002a and 2002b; Bhattacharyya, 1999).
- In the case of **Latin America and the Caribbean** countries, which are competitive **agricultural** exporters, **sanitary and phytosanitary** standards and **agricultural export subsidies** emerge as the main issues impeding market access to major OECD markets (ECLAC 2003, 2001, 1999). A quantitative analysis of the incidence of NTMs in Latin American countries shows a growing trend in the incidence of technical measures (IDB, 2002). Also issues relating to antidumping, particularly for steel, are reported to affect the larger economies of the region (Brazil, Mexico, Argentina, Chile) (Scandizzo, 2002).
- Studies on **Africa and the Middle East** indicate that key NTBs faced by exports from these regions—such as **quantitative restrictions** and **special import charges**—do not have a significant restrictive effect but instead reveal that certain NTBs—notably MFA quotas and VERs—have helped their exporters by shielding them from competition from other developing regions (Stern and Gugerty, 1996; Arnjadi and Yeats, 1995). More than complaining about a particular effect of an NTB, these documents reflect concern about the heavy concentration of an array of NTBs on strategic products of export interest to the region, namely the energy sector.
- Finally, focusing on the EU as the principal export market and the possibility of future accession, studies covering **Europe and Central Asia** register strong concerns about barriers pertaining to stringent TBT and SPS rules (Hanspeter et al, 2001). For this region, literature is extremely limited.

Source: *OECD (2005), "Analysis of Non-Tariff Barriers of Concern to Developing Countries"*

There have been some more attempts to quantify non-tariff barriers and a number of methodologies developed to assess their impact. These include the price gap method, quantity based econometric methods which includes use of gravity modeling, trade restrictiveness index and others.

However, the identification and measurement of the NTBs remains a difficult and incomplete task. Even if certain general and broad non-tariff measures being imposed on the products from a country can be identified, it becomes increasingly difficult to tackle the sector specific measures. It can be observed that over the years the use of non-tariff restrictions has been on an increase the world over. As the multilateral negotiations under the WTO framework have called for a phased reduction and eventual elimination of all tariff restrictions, economies have resorted to non-tariff barriers which are more wide ranging, effective and easy to implement from the perspective of the imposing country.

X.1 Paper and Pulp Industry

Specifically studying the Paper and Pulp Industry, the same phenomenon emerges that the prevalence of non-tariff barriers in this industry has been on an increase, especially since the tariff restrictions have been reduced to very low level of 12.5% from a level of 35% (Bhati and Jha, 2006). In this industry, one mainly finds the use or imposition of technical barriers to trade and the environmental standards. However, it must be noted that the data is extremely hard to come by and the information is sparsely available.

A look at the TBT (Technical Barriers to Trade) Notifications by various countries for the Paper and Pulp Industry gives an idea of the kind of barriers imposed on the Paper and Pulp Industry. These are the monthly notifications received by the World Trade Organisation (WTO) from different countries which is a mandatory practice under the WTO agreement. However, there are other non-tariff measures also which countries impose on their imports but are not explicitly recorded or notified. A look at the list of TBT notifications shows that very few developed countries have notified the TBTs being imposed in their countries, which is a cause of concern for the exporters of developing and other less developed economies.

X.2 Region Specific Analysis

Studying the specific regions, the European Union, too, has reported some of the barriers imposed on the European Wood, Paper and Pulp Industry by various countries. The following table shows a list of these barriers:

Table X.3: Restrictions faced by the European Wood, Paper and Pulp Sector		
Country	Sector	Title
China	Wood, Paper and Pulp	China- Wood packing material
India	Wood, Paper and Pulp	Definition of newsprint
South Africa	Wood, Paper and Pulp	Anti-dumping duties on paper
South Korea	Wood, Paper and Pulp	Reclassification of paper products
Source: European Market Access Database, http://mkacddb.eu.int/		

Similarly, the following Table shows the NTBs faced by the US Paper and Pulp Industry. These NTBs are not specific to the US industry but apply equally to the imports from different countries into the imposing country.

Table X.4: A List of Non-tariff Barriers Imposed by various countries in Paper, Pulp and Newsprint Industry		
Imposing Country	Product	Type of NTB
China	Books, Newspapers, and magazines	Trading Rights' Commitments not implemented in case books, newspapers and magazines.
	Paper products	Export Subsidies
European Union (Several Member States, particularly Germany)	Paper and Pulp	State-aid in the form of grants, loans, and loan guarantees.
Korea	Paper Industry (coated paper sector)	Government Support for Certain Industrial Sectors – Targeted government aid to its coated paper sector, including low-cost facility investment loans and loan guarantees, tax benefits for facility expansion, government-sponsored creation of a paper manufacturing complex and government sale of debt obligations.
Kuwait	Paper	Standards, Testing, Labeling and Certification – Proposal for International Conformity Certification Programme. Covered products must be tested and certified by a single private company before being exported to Kuwait.
Mexico	Bond Paper	Anti-dumping Duties
	Paper and paperboard	Administrative Procedures and Customs Practices – Requirement of import licenses. Use of estimated prices for customs valuation.
Ukraine	Official foreign postage stamps, officially stamped/headed paper	Requirement of import licenses
Source: US NTE Report, 2006.		

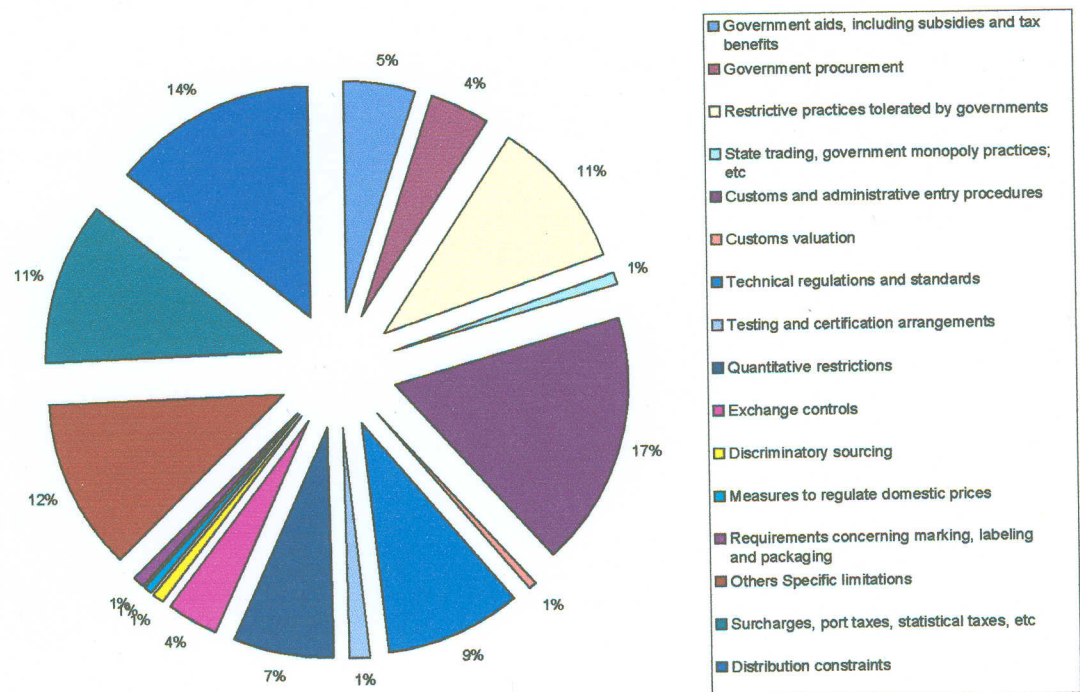
However, a comparison of the restrictions imposed by the developed countries (US and EU in the present case) on the developing ones on the one hand and the restrictions faced by these countries on the other clearly shows that the former restrictions are much wide ranging in their coverage and impact, thus putting the developing countries at a relatively greater disadvantage.

Table X.5 provides a summary of the NTBs faced by various paper and pulp product exporters across different countries and Figure X.1 presents a diagrammatic representation of the summary.

Table X.5: Summary of Non-Tariff Barrier on pulp and paper products Faced by exports of Different Countries				
Inventory of Non-Tariff Measures	Specific type of NTB	Country facing NTB	Country Imposing NTB (members codes)	Number
I- Government participation in trade				
Government aids, including subsidies and tax benefits;	Subsidies or tax benefits given	New Zealand	G, I, L, V, AO, AP, AS	7
Government procurement;	Government procurement procedure	New Zealand	K, L, S, AA, AP, AS	6
Restrictive practices tolerated by governments;	Cargo handling, domestic boycotts, Inadequacies in intellectual property protection, anti-import campaigns by importing country govt	New Zealand	H, L, Q, R, S, W, Y, AA, AC, AE, AM, AO, AP, AS, AT	15
State trading, government monopoly practices; etc.	State monopoly control of import	New Zealand	R,	1
II- Customs and administrative entry procedures	Customs and port procedures	New Zealand	B, C, F, G, H, L, M, Q, R, S, V, W, Y, Z, AA, AB, AC, AD, AE, AG, AH, AK, AM, AS, AT	25
Customs valuation;	Bottom-line pricing	China		1
III- Technical barriers to trade				
Technical regulations and standards;	Standard and certification	New Zealand	B, F, O, V, W, X, Y, AA, AC, AO, AP, AS	13
Testing and certification arrangements.	Safety authentication	China, Norway		2
V- Specific limitations				
Quantitative restrictions;	Import licensing, import quota	New Zealand, Philippines	D, E, J, S, W, Y, AS, AK, AO,	10
Exchange controls;	Restrictive forex allocations	New Zealand	B, R, Y, AF, AK,	5

Discriminatory sourcing;	Requirement of entering	Croatia		1
Measures to regulate domestic prices;	Domestic price control	New Zealand	H	1
Requirements concerning marking, labeling and packaging;	Quality label for ethically produced good	Malaysia		1
Others.	Environmental friendly process, Classification, Food safety and health requirement, non-scientific basis to quarantine restrictions	Kenya, Malaysia, Philippines	H, J, O, W, X, Y, Z, AO, AR, AS, AT.	17
VI- Charges on imports				
Surcharges, port taxes, statistical taxes, etc;	High internal taxes	New Zealand	F, L, N, R, S, U, W, AE, AI, AK, AM, AO, AR, AS, AT	16
VII- Other				
Distribution constraints;	Distribution constraints in importing countries	New Zealand	G, H, K, L, M, N, O, P, R, S, W, Y, AA, AD, AE, AK, AM, AO, AP, AQ, AT	20
Source: Authors calculations based on data given in the WTO				

Figure X.1: Non-Tariff Barrier on pulp and paper products Faced by exports of Different Countries



Out of a total 141 NTBs identified, 25 out of them are NTBs pertaining to customs and administrative procedures while 20 of them are because of distribution constraints in importing countries. 17 of them pertain to Environmental friendly process, Classification, Food safety and health requirement, non-scientific basis to quarantine restrictions and 16 of them are surcharges, port charges and statistical taxes imposed on the importing countries while 15 of them are restrictive practices tolerated by governments mainly in the area of cargo handling.

Chapter – XI

NTBs FACED BY INDIAN PAPER INDUSTRY

If we specifically study the Indian Paper and Pulp Industry in the context of select European markets (France, Germany, Holland and United Kingdom), we come across the use of mainly eight types of restrictions. These are –

- Eco-label for copying and graphic paper
- Packaging
- Technical Standards for construction products
- Eco-label for tissue paper products
- Health and marketing conditions for cosmetic products
- Technical standards for personal protective equipments
- Technical standards for medical devices
- General product safety

Annexure V gives the list NTBs faced by various paper exports by some select regions in different countries and Annexure VI gives a complete list of the NTBs imposed on various Indian paper industry products by four major European Union countries – France, Germany, Holland and United Kingdom.

These requirements are generally of technical or environmental category. It is apparent that the Indian Industry needs to raise the quality standards of its products in order to compete in the European markets and give specific attention to adhering to the international environment standards.

Based on the above classification observed from various secondary sources, we have grouped the responses received from the respondents of our primary survey/meetings under various NTBs faced by them as under (See also Table XI.1):

XI.1 Various NTBs faced by Indian Paper Industry

XI.1.1 Customs and Administrative Barriers:

Paper manufacturers who wish to enter the export markets find it very cumbersome to understand and comply various formalities attached with exporting (KP). Firms like KP, who caters only to domestic market find it difficult to enter foreign markets as the documentation required for different markets are different. There is no standard documentation procedure for exports and specialized knowledge and expertise is required for the paperwork involved in exports in general.

According to a firm (SP), there are several port specific formalities involved. For example, dry port and sea port have different set of formalities. So an exporter exporting to dry port will have to acquaint her/him to the sea port formalities and vice versa. Complying with different such formalities become cumbersome.

XI.1.2 Technical Barriers to trade

Some firms like RP have found pre-shipment inspection (NTM no. 8200) and special customs formalities (NTM no. 8300) restrictive in trade. It has also found High Value added Cast coated board not accepted in Dubai and Kenya.

XI.1.3 Lack of transparency leading to payment problems

According to a firm (RP), some countries have special documentation requirements which can not be fulfilled and in some cases the documents are rejected quoting “with discrepancy” which becomes an excuse for a delayed payment or decrease in amount receivable. Therefore, in some countries, problems in clearance of papers lead to problems in payments.

XI.1.4 Payment terms

Egypt, according to respondent firm (RP), has unsuitable terms and rates especially for the product “Duplex Board”.

XI.1.5 Quantitative Restrictions

Philippines according to RP, imposes restrictions in the guise of some specific stock lots.

XI.1.6 Anti dumping duties

The paper industry manufacturers in the meeting conducted by RIS voiced their concern regarding the restriction imposed by US on Indian stationery manufacturers. It charges heavy anti dumping duties on firm to firm basis and not on country basis

To circumvent these duties, they have now started exporting through Sri Lanka as Sri Lanka does not face any antidumping duties.

XI.1.7 Standards

The product standards of Indian Paper Industry are developed by BIS. But there is no uniformity when it comes to process standards. World over, strict environmental regulations are being followed which becomes a restriction for our exporters. So products can be rejected on the basis of non-conformity to environmental regulations (EM). In line with the Rio convention and Montreal Protocol, the Indian paper industry is required to eliminate the use of chlorine in bleaching by December 2008, requiring a huge investment. It is expected that the smaller units will not be able to make these kinds of investments which may lead to the closure of a large number of small capacity units in the organized sector and lead to a reduction in the supply of paper.

Secondly, ISO is a process standard which is being followed by most big paper manufacturers in India. However different firms follow different ISO standards like ISO 14000, ISO 12000 etc.. If some kind of uniformity can be arrived in standardization exclusively meant for paper industry in ISO, NTB in the form of process standards will not be a problem for Indian paper manufacturers (EM).

Table XI.1: Non Tariff Barriers imposed on Indian paper manufacturers				
Type of NTB	Source of information	Specific information regarding the NTB	Imposing country	Product
Customs and	Kp	Excessive formalities and paperwork	General	
Administrative barriers	SP	Various Port specific formalities	General	
Technical Barriers	R P	Pre-shipment inspection (NTM no. 8200)	General	
to Trade		Customs formalities (NTM no. 8300)	General	
		High value added product not in demand	Dubai and Kenya	Cast coated board
Lack of Transparency	RP	Documents not cleared and payments delayed	General	
Payment terms		Unsuitable payment terms and rates	Egypt	Duplex board
Quantitative Restrictions	RP	Main Market is for stock lots	Philippines	Coated Paper
Anti dumping duties	RIS Expert meeting	Firm wise restrictions	US	Stationery
Standards	RIS Expert meeting	Environmental regulations under process standards	General	
		Chlorine elimination to be done by December 2008		
	Expert meeting	No uniform process standardization which can		
		be used as an excuse to reject paper products.		

XI.2 Avenues for addressing the issues raised by Indian paper industry

XI.2.1 Governmental support for exports required

Indian paper manufacturers are in general of the opinion that there is no motivation to export for two reasons. The first being the buoyant demand scenario in India with supply constraints, and the second being absence of incentives in the form of regional markets from Government for export.

Trade fairs should be organized in countries which have high export potential. Currently, there is no such initiative in paper industry. Government should come up with special schemes for paper projects as these are highly capital intensive requiring huge investment outlays.

XI.2.2 Monitoring agency for testing and certification of imports of raw materials

Since bulk of the raw material is imported, there is a requirement for a central monitoring body which can certify the paper wastes being imported. The wastes more often contain radio active elements and some non-recyclable materials because of which on an average only 20% of the waste paper is recyclable. There are no norms regarding the specifications of the imported material. For example, fully printed paper which has more chemical content in the form of lead etc. cannot be recycled more than a certain number of times. Some of the paper units feel that a norm limiting the number of times the paper can be recycled to 5 should be in place (SP). With this, the input output ratio will improve and this will eventually bring down the manufacturing cost of paper and make paper products price competitive. The testing equipments available in India are of poor quality (EM).

XI.2.3 Standards (EM)

There should be uniformity in applying standards. However, while applying such standards it should be borne in mind that whatever standards will be imposed on imports will be binding on domestic manufacturers as well. With this backdrop, there are still certain standards that can be made uniform some of which have been listed as under:

- a. Paper trade customs is an apex body whose standards are the norms generally followed by Indian paper industry. Harmonization of the standards of paper trade customs with BIS and ISO will have to be achieved. For example, the stock lots are standardized as per paper trade customs domestically. But paper comes in lots of 75 kgs from China which is not transport friendly in India. In India, an average laborer cannot lift more than 65 kgs. Hence, a norm restricting the lot size of paper in India should be 65 kgs.
- b. BIS has certain product classification such as Cream Roll paper which is widely prevalent in India but has no mention in any of international standards. Harmonization has to be done for such product categories so that exports of such products don't become problematic.

XI.2.4 Impose anti dumping duties/NTMs on certain paper products.

The quality of paper manufactured by Indian manufacturers needs a lot of improvement. For example, according to respondent firm A1, if an Indian unit has huge print orders, then it needs to have faster printing such as 85,000 copies per hour which is possible in case of imported paper only.

China's paper prices are quite low as it gets local Governmental support in the form of subsidies for exports (EM). Imports can be restricted from such countries on the grounds of Governmental participation.

Import could be restricted to paper manufactured from non-conventional sources because in any case Indian domestic manufacturers manufacture only non-conventional sourced paper (EM).

Thermal is being dumped in India. There can be some anti-dumping duties on import of thermal (VP).

XI.2.5 Harmonization of import duties

Import duties on certain items are very low while on certain items they are high as compared to other countries in Asia. The duties need to be harmonized with that of other parts of Asia (MLM).

XI.2.7 Green clearing and self clearing

Several countries have certain special clearing formalities such as green clearing and self clearing. Such formalities should be imposed in India also for imports into India.

XI.3 Some Concluding remarks

In this analysis of NTBs being imposed on Indian paper manufacturers, it was found that there are some countries like Sri Lanka, Bangladesh, Dubai, Singapore that are not at all trade restrictive and there are countries like Sudan and Iran are moderately restrictive (RP). Due to limited number of exporters that we have in our country, it is not easy to come up with an exhaustive list of Non Tariff Barriers that our paper manufacturers are facing.

Hence, although the report has come up with some NTBs, the list is only indicative and it has to be kept in mind that there are some problems involved in suggesting requirements and standards on the imports coming in India because under WTO commitments the same would be applicable to the domestic industries as well. Therefore, such suggestions will have to be carefully weighed before they are implemented.

Lastly, the primary survey findings owing to the limited response received from the industry has its own limitations. Hence, a more comprehensive international level follow up of the study is recommended covering the export units in the foreign countries also.

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ANNEXURES

Annexure - I

**Questionnaire for Collecting Primary
Information on NTB
A Research Study**

A Questionnaire

**Intended for manufacturers/exporters in the Paper and Newsprint
Industry
to gauge the incidence of non-tariff barriers**

A research study “Implications of the WTO Tariff Proposals on Indian Paper and Newsprint Industry”

Conducted by **Research and Information System for Developing Countries**,
India Habitat Centre, Lodhi Road,
New Delhi-110003, India.
Tel.: 24682177-80
Fax: 24682173-74
Website: www.ris.org.in

In collaboration with **Central Pulp and Paper Research Institute (CPPRI)**, Post Box No. 174,
Papers Mill Road, Himmat Nagar, Saharanpur, UP, India.

Supported by
**CESS Committee, Department of Industrial Policy and Promotion (DOIPP), Ministry of
Commerce and Industry, Government of India.**

November, 2006.

About Survey

The process of non-agriculture market access negotiations, including Paper and Newsprint industry, is being conducted under the premises of WTO. The main objective of this study entitled 'Implications of the WTO Tariff Proposals on Indian Paper and Newsprint Industry' is to send early signals to industry regarding the progress of negotiations. This survey is part of study that examines and analyses the implications of tariff proposals and the incidence of other trade restrictive measures and other standards on the products of the Indian Paper and Newsprint Industry. **The data collected will be useful in (i) Documentation of non-trade Barriers (NTBs) that are imposed by different countries, especially the developed ones and (ii) Restructuring (including minimum quality standard) required by Indian Industry to meet the challenges of market access owing to domestic and global tariff reduction.** The study would focus on both tariff negotiations and the more serious non-tariff measures. The information provided in the Questionnaire would be regarded as highly confidential and used only for the purposes of aggregate analysis in the study.

Dr. Rajesh Mehta, Senior Fellow is principle investigator of the study, for which this survey is being conducted.

The Questionnaire is organised into three sections as follows –

- Section I General Information about the Company/Firm
- Section II About Non-Tariff Measures and other Standards.
- Section III Your Views and Suggestions

Research Study
**Implications of the WTO Tariff Proposals On
Indian Paper and Newsprint Industry**
Questionnaire

Name of the Unit _____
Address _____

District _____
State _____
Respondent (Name) _____
Telephone _____ Fax No. _____
Email _____
Website, if any _____

Enumerator (Name) _____
Date of Survey _____

For Office Use ONLY

Questionnaire Identification

--	--	--	--	--	--	--

Reliability of Information: High/Moderate/Poor/Very Poor

Unit: Paper/Newsprint

Zone/Region/State

Reviewed By: _____ Date: _____

If sent back for verification/correction:

1. Date sent back to enumerator _____
2. Date corrected and returned _____
3. Reviewed again by _____

QUESTIONNAIRE

Section I

General Information about the Company/Firm

- 1 Name of your enterprise/Company: _____
2. Unit (tick): Newsprint/ paper/ paper product/ packaging and wrapping paper
Others, kindly specify _____

Years of dealing in this Select Product _____
3. Function of the Company/Firm in terms of Nature of Business:

Manufacturing (Catering _____
to domestic markets only)
Manufacturing and Exporting _____
Process Exporting²² _____
Trading/ Merchant exporter _____
Others (please Specify): _____
4. a) Year of establishment of the company: _____
b) Year of starting export business (if any): _____
c) Product/s Exported/ produced: _____
d) Size (Capacity) of the mill: _____
5. Does the Company/Firm have any foreign affiliation? Yes _____ No _____

If Yes, please provide the following information

Nature of foreign affiliation	Country/countries of foreign affiliation
Fully foreign-owned subsidiary	
Joint venture with foreign firms	
Licenses	
Trademarks	
Equity Share	

²²

Processing a semi-finished product to exportable quality and then exporting.

Direct supply of plant and equipment	
Direct supply of material	
Technology assistance / transfer	
Training	
Other (please specify)	

6. What is your production per annum?

a) Total

b) Specific product-wise

Product 1 _____ Product 2 _____ Product 3 _____

c) Raw materials used

d) Capacity utilization

e) Energy consumption

f) Water consumption

g) Manpower employed

Technical _____ Non-technical _____

h) Total sales turnover in 2004/05 (Financial Year), if not available then of latest year. (Domestic sales and exports need not be provided product-wise. The aggregates would be enough)

Item	Total Sales Turnover (in Rs.)	Exports: % Share in total sales turnover
(1)	(2)	(3)
Domestic sales		
Exports		
Total		

If you are a manufacturer catering to domestic markets alone, please answer 7a and 7b. Else, please go to Question 8.

7. a. Are you interested in exporting to any country?

Name of the Product	Name of country

7. b. So far why you have not been able to export to these countries, mention the reasons

Name of the Product	Name of country	Reasons

If you are a manufacturer catering to domestic markets alone, Kindly proceed to Section II, question no.10 (Skip Qs. 8 and 9)

For all categories of exporters

8.a. Value of exports of all products to different countries

Product	Name of the Country	Value of export	Year of export

8.b. Did you try to export to any other country in the past?

Name of country

8.c. So far why you have not been able to export to these countries, mention the reasons

Name of country	Reasons

8.d. Reason behind targeting these countries, Please mention

Reason 1. _____

Reason 2. _____

Any other _____

9. Do you sell your exports abroad under any special trademark?

Yes _____

No _____

If Yes, please indicate the name of the trademark and the owner

Section II

About Non-Tariff Barriers Indian Exporters Face While Entering Any Country.

An introductory note on Non-Tariff Barriers²³

Countries use many mechanisms to restrict imports. Till the beginning of 1970s, tariffs (custom duties) were the principle mode of protectionism. But with successive rounds of General Agreement on Trade and Tariffs (GATT)/WTO negotiations, there was a large drop in the average tariff levels of manufactured goods in the developed country markets. When tariffs paled into insignificance, these countries resorted to a form of administered protection known as **Non-Tariff Barriers (NTBs)**. Quantitative restrictions, tariff quota, voluntary export restraints, orderly marketing arrangements, export subsidy, export credit subsidy, government procurement, import licensing, antidumping/countervailing duties, technical barriers to trade, to name a few.

10. How would you describe the Trade regulations (non-tariff barriers/measures) in important global export destinations? (Please tick in the appropriate box)

Name of the country	Trade Restrictiveness of Non-tariff Measures			
	Not at all restrictive	Moderately restrictive	Extremely restrictive	Do not know
(1)	(2)	(3)	(4)	(5)

²³

For details, you may see the UNCTAD *TRAINS* website--
http://r0.unctad.org/trains_new/tcm.shtm

11. Please only tick the particular NTB (in the box provided) which according to you hampers exports²⁴. The other two columns should also be filled only against the specific NTB identified in the first column.

Type of Non-Tariff Trade Control Measures as Defined by UNCTAD Classification:	Please tick whichever NTM Hampered Imports	Name of the Country in which the Measure is Most Restrictive	Rate the Selected NTM on a Scale of 1 (low or none), 2 (Moderate), 3 (High)
3000 PRICE CONTROL MEASURES			
3100 ADMINISTRATIVE PRICING			
3110 Minimum import prices	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3190 Administrative pricing n.e.s.	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3200 VOLUNTARY EXPORT PRICE RESTRAINT	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3300 VARIABLE CHARGES			
3310 Variable levies	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3320 Variable components	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3330 Compensatory elements	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3340 Flexible import fees	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3390 Variable charges n.e.s.	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3400 ANTIDUMPING MEASURES			
3410 Antidumping investigations	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3420 Antidumping duties	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3430 Price undertakings	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3500 COUNTERVAILING MEASURES			
3510 Countervailing investigations	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3520 Countervailing duties	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3530 Price undertakings	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
3900 PRICE CONTROL MEASURES N.E.S.	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
4000 FINANCE MEASURES			
4100 ADVANCE PAYMENT REQUIREMENTS			
4110 Advance import deposit	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
4120 Cash margin requirement	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
4130 Advance payment of customs duties	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>
4170 Refundable deposits for sensitive product categories	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>

²⁴

This classification has been taken from the UNCTAD TRAINS website
http://r0.unctad.org/trains_new/tcm.shtm

4171 to protect human health			
4172 to protect animal health and life			
4173 to protect plant health			
4174 to protect environment			
4175 to protect wildlife			
4176 to control drug abuse			
4177 to ensure human safety			
4178 to ensure national security			
4179 for purposes n.e.s			
4190 Advance payment requirements n.e.s.			
4200 MULTIPLE EXCHANGE RATES			
4300 RESTRICTIVE OFFICIAL FOREIGN EXCHANGE ALLOCATION			
4310 Prohibition of foreign exchange allocation			
4320 Bank authorization			
4390 Restrictive official foreign exchange allocation n.e.s			
4500 REGULATIONS CONCERNING TERMS OF PAYMENT FOR MPORTS			
4600 TRANSFER DELAYS, QUEUING			
4900 FINANCE MEASURES N.E.S.			
5000 AUTOMATIC LICENSING MEASURES			
5100 AUTOMATIC LICENCE			
5200 IMPORT MONITORING			
5210 Retrospective surveillance			
5220 Prior surveillance			
5270 Prior surveillance for sensitive product categories			
5271 to protect human health			
5272 to protect animal health and life			
5273 to protect plant health			
5274 to protect environment			
5275 to protect wildlife			
5276 to control drug abuse			
5277 to ensure human safety			
5278 to ensure national security			
5279 for purposes n.e.s			
5700 SURRENDER REQUIREMENT			
5900 AUTOMATIC LICENSING MEASURES N.E.S.			
6000 QUANTITY CONTROL MEASURES			
6100 NON-AUTOMATIC LICENSING			

6110 License with no specific ex-ante criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6120 License for selected purchasers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6130 License for specified use			
6131 Linked with export trade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6132 For purposes other than exports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6140 License linked with local production			
6141 Purchase of local goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6142 Local content requirement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6143 Barter or counter trade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6150 License linked with non-official foreign exchange			
6151 External foreign exchange	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6152 Importers' own foreign exchange	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6160 License combined with or replaced by special import authorization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6170 Prior authorization for sensitive product categories			
6171 to protect human health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6172 to protect animal health and life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6173 to protect plant health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6174 to protect environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6175 to protect wildlife	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6176 to control drug abuse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6177 to ensure human safety	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6178 to ensure national security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6179 for purposes n.e.s	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6180 License for political reasons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6190 Non-automatic licensing n.e.s.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6200 QUOTAS			
6210 Global quotas			
6211 Unallocated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6212 Allocated to exporting countries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6220 Bilateral quotas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6230 Seasonal quotas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6240 Quotas linked with export performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6250 Quotas linked with purchase of local goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6270 Quotas for sensitive product categories			
6271 to protect human health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6272 to protect animal health and life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6273 to protect plant health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6274 to protect environment			
6275 to protect wildlife			
6276 to control drug abuse			
6277 to ensure human safety			
6278 to ensure national security			
6279 for purposes n.e.s			
6280 Quotas for political reasons			
6290 Quotas n.e.s.			
6300 PROHIBITIONS			
6310 Total prohibition			
6320 Suspension of issuance of licences			
6330 Seasonal prohibition			
6340 Temporary prohibition			
6350 Import diversification			
6370 Prohibition for sensitive product categories			
6371 to protect human health			
6372 to protect animal health and life			
6373 to protect plant health			
6374 to protect environment			
6375 to protect wildlife			
6376 to control drug abuse			
6377 to ensure human safety			
6378 to ensure national security			
6379 for purposes n.e.s			
6380 Prohibition for political reasons (embargo)			
6390 Prohibitions n.e.s.			
6600 EXPORT RESTRAINT ARRANGEMENTS			
6610 Voluntary export restraint arrangements			
6620 Orderly marketing arrangements			
6690 Export restraint arrangements n.e.s.			
6700 ENTERPRISE-SPECIFIC RESTRICTIONS			
6710 Selective approval of importers			
6720 Enterprise-specific quota			
6790 Enterprise-specific restrictions n.e.s.			
6900 Quantity Control Measures n.e.s.			
7000 MONOPOLISTIC MEASURES			

7100 SINGLE CHANNEL FOR IMPORTS

7110 State trading administration

7120 Sole importing agency

7170 Single channel for sensitive product categories

7171 to protect human health

7172 to protect animal health and life

7173 to protect plant health

7174 to protect environment

7175 to protect wildlife

7176 to control drug abuse

7177 to ensure human safety

7178 to ensure national security

7179 for purposes n.e.s

7200 COMPULSORY NATIONAL SERVICES

7210 Compulsory national insurance

7220 Compulsory national transport

7900 MONOPOLISTIC MEASURES N.E.S.

8000 TECHNICAL MEASURES

8100 TECHNICAL REGULATIONS

8110 Product characteristics requirements

8120 Marking requirements

8130 Labelling requirements

8140 Packaging requirements

8150 Testing, inspection and quarantine requirements

8160 Information requirements

8170 Requirement relative to transit

8180 Requirement to pass through specified customs

8190 Technical regulations n.e.s.

8200 PRE-SHIPMENT INSPECTION

8300 SPECIAL CUSTOMS FORMALITIES

8400 RETURN OBLIGATION

8900 TECHNICAL MEASURES N.E.S.

Three vertical grids of empty rectangular boxes for writing answers. Each grid consists of 12 rows and 1 column of boxes.

Contd.....

Q 11. Contd.....

We will highly appreciate if you could cite some specific examples and past experiences for the categories of NTMs ticked above.

Section III

Your Views and Suggestions

12. Did you come across other difficulties in domestic / international market?
- 13.a. As a result of such restrictions, did your enterprise face important difficulties in terms of technical adjustment of your production?
- 13.b. In terms of management? (New business contacts, new countries, working languages)
- 14.a. What are your impressions on Indian Standards of the Paper and Newsprint Industry vis-à-vis the international standards (ISO, etc.) and the developed country standards like those of US, EU, Japan, Canada, Indonesia.
- 14.b. Should Indian standards* be upgraded to these standards –
- a) Yes b) No
- If Yes, why
- If No, why
- 15.a. Which type of standards, examples eco-labeling²⁵, marking requirements, packaging requirements, testing, inspection and quarantine requirements, technical regulations, etc. are the most restrictive in most countries of the world. In case you have any idea about these.
- 15.b. Past instances and experiences. Please give specific case studies.
16. What are the factors that you think are required for trade facilitation?
17. Do you have additional comments?
18. What NTMs or policies should the Government of India impose to restrict the Paper and Newsprint Industry imports.

* *Note: As per WTO rules Indian standards are required to be the same for domestic production and India's imports.*

²⁵ "Ecolabelling" is a voluntary method of environmental performance certification and labelling that is practised around the world. An "ecolabel" is a label which identifies overall environmental preference of a product or service within a specific product/service category based on life cycle considerations.

i.

ii.

iii.

Annexure - II

List of Importers and Exporters of Paper, Paperboard and Newsprint to whom questionnaire was administered

M/s Bennett Coleman & Co. Ltd.	Lok Prakashan Ltd
Ballarpur Industries Limited (BILT)	Hind Samachar Ltd
J K Paper Ltd	Repro India Limited
Century Pulp & Paper	Gopsons Papers Limited
Hindustan Newsprint Ltd	The Outlook Group
Rama Newsprint & Paper Ltd.	Sahara India Mass Communications Ltd
Tamil Nadu Newsprint and Papers Ltd.,	Dainik Jagran
ITC Bhadrachalam Paperboards Limited	Ajanta Paper & Board Mills -li
Vishal Paper Mill,	Anand Tissues Ltd
The West Coast Paper Mills Ltd.	Anuman Agro Industries Ltd
Chadha Papers Ltd	Banwari Paper Mills Ltd
Seshasayee Paper and Boards Ltd.	Best Paper Mills (P) Ltd
Khanna Paper Mills Ltd.	Gayatri Saketi Paper & Boards Ltd
N R Aggarwal Paper Ltd	Bhageshwari Papers (P) Ltd
The Andhra Pradesh Paper Mills Limited	Bindlas Duplex Ltd
Khatema Fibres Limited	Bk Duplex Board Ltd
Amrit Banspati (ABC Paper Mill)	Brown Paper Technology Ltd
Shri Shyam Paper Mill Ltd	Cheema Papers Ltd
Murali Paper Mill Ltd., Nagpur	Coastal Papers Ltd
Star Paper Mills Ltd.	Cochin Kagaz Ltd
The Hindustan Times Ltd	Cosboard Industries Ltd.
Mr Harcharan Singh	Craft Corner Paper Mills Ltd
Living Media India Ltd	Daman Ganga Papers Mills (P) Ltd.
Kasturi & Sons Ltd	Dhanalaxmi Paper Mills (P) Ltd
Malayala Manorama & Co. Ltd	Dev Agro Fibre Ltd
Mathruhum Ptg & Plg Co. Ltd	Dev Priya Product Ltd
Dainik Bhaskar Group of Pulications	Danalakshmi Paper Mills Ltd.
ABP Pvt Ltd	Emami Paper Mills Limited
Deccan Chronicle Holdings Limited	Everest Paper Mills (P) Ltd
Ushodaya Publications	Hindustan Paper Corporation Limited (Nagaon Paper Mill)
Lokmat Newspapers Pvt Ltd	Indo Afrique Paper Mills Ltd

Kalptaru Papers Ltd.
 Kamakshi Papers Pvt. Ltd.
 Kasat Paper & Pulp Ltd
 Kherani Paper Mills Ltd
 Khurana Duplex Board Ltd
 Khurana Paper Mills (P) Ltd
 Madhya Bharat Papers Ltd
 Madhya Desh Papers Ltd
 Magnum Papers Ltd
 Malu Paper Mills Ltd
 Mohit Paper Mills Ltd
 NR Agrawal Industries
 Naini Papers Ltd
 Nath Pulp and Paper Mills Ltd
 Orient Paper Mill
 Pragati Paper Mills Ltd
 Pudumjee Agro Industries Ltd (Paper Division)
 Rainbow Papers Ltd
 Ramdas Paper Boards Pvt Ltd.
 Rana Papers Ltd
 Ruby Macons Ltd.
 Ruchira Papers Ltd
 Sainsons Paper Industries Ltd
 Shah Paper Mills Ltd.
 Shah Pulp & Paper Mills Ltd
 Shamli Paper Mills Ltd
 Shelavi Pulp & Paper Mills (P) Ltd

Shree Bhamha Paper Mills Pvt. Ltd.
 Shree Krishna Paper Mills & Industries Ltd.
 Shree Raj- Rajeshwari Pap-Chem Industries (P)
 Ltd
 Shreyans Industries Ltd
 Shri Satpal Gupta
 Shri Hari Raj Paper Mills Ltd.
 Sidheshwari Paper Udhog Ltd
 Sikka Papers Ltd
 Soma Papers & Industries Ltd
 Sree Raja Rajeshwari Paper Mills Ltd
 Sree Shakti Paper Mills Limited
 Sri Luxmitulsi Agro Paper Pvt Ltd
 Sri Ramadas Paper & Boards (P) Ltd
 Sudhir Papers Ltd
 Telangana Paper Mills Ltd
 The Coastal Chemicals Ltd.
 Telangana Paper Mills Ltd
 The Coastal Chemicals Ltd.
 The Mysore Paper Mills Ltd,
 The Simplex Papers & Pulp Ltd
 The Sirpur Paper Mills Ltd
 The South India Paper Mills Ltd
 Vamshadhara Paper Mills Ltd
 Vapi Paper Mills Ltd
 Varinder Agro Chemical Ltd
 Yash Papers Ltd

Annexure III

Profile of respondent Companies

Rainbow Papers Ltd.

Rainbow Papers commenced its journey in 1981. Rainbow is producing almost 186 varieties of paper, catering to the diverse segments of the Indian usage market as well as Overseas. It is currently exporting its products to many Countries in the Middle East, South Africa, South East Asia and U.K. It has a wide range of products, from Duplex to File Board, from Writing Printing to Art Card and from Packaging and Electric grade Crepe to Decorative Tissues Crepe.

MLM India Limited

MLM India Limited established in 1948, is the importer and indenter of paper, paperboard, pulp and newsprint in India. They are the Suppliers of art paper, thermal paper, wax paper, waste paper, paper scraps, paper boards, adhesive, crape, kraft, poly coated, chromo, tea bag, tissue, PE coated, tracing, newsprint and base paper for abrasive.

Nath Sons

Since 1954, Nath Sons has been supplier of wide range of printed handmade paper, designer handmade paper, handmade paper crafts and handmade paper products. Nath Sons includes largest collection of handmade papers from Indian sub-continent and a unique & exclusive range of handcrafted paper products. Nath Sons is manufacturer and exporter of a wide range of handmade paper and its products, designer handmade papers, silken papers, floral papers, perced transparent papers, batik papers, crinkle papers & dragon papers.

Verdhman Paper Mart

Website: <http://www.vmppapers.com/paper.html>

Verdhman Paper Mart established in 1969. It deals with different variety of Paper, BOPP & Polyester Films, packing Materials, Paper Board/ Duplex Board and Adhesives

Kalptaru Papers Ltd.

Kalptaru Papers Incorporated in 1988. The company manufactures Kraft paper, newsprint & paperboard.

Khatema Fibres Ltd.

Khatema Fibres Incorporated in 1985. It is leading paper manufacturer in India. The company manufactures Kraft paper, paperboard, Poster paper and news print. The products of the company are used by packaging industry. They import various waste - food packaging waste, cartons, packaging of beverage cups, etc.

Saharanpur Polymers (P) Ltd

They are the manufacturer and importer of pulp, paper chemical and waste paper. They are exporting to SAARC.

Anika International Ltd.

They are one of the leading importers of newsprint. They are the supplier to major newspapers printers.

Narsingh Dass & Co.

They are the traders of paper and paper products

Shri Sales Pvt. Ltd

They are importing Gift wrappers, greeting and invitation cards papers and supplying to domestic companies.

J K Paper Ltd.

J K Paper was incorporated in 1960. The company is engaged in manufacturing and sale of pulp paper, paper board, straw paper, writing and printing papers and speciality papers. The company exports its products to countries like Sri Lanka, Bangladesh and several West Asian companies.

Star Paper Mills Limited

Star Paper Mills established in 1938, is an integrated Pulp and Paper Mill. It produces a wide range of Industrial, Packaging and Cultural Papers catering to almost all segments of the Consumers.

Annexure - IV

Highlights from OECD Business Surveys: Concerns about NTBs in India							
Survey	India (2004 and 2001 combined)						India (2004)
Export Market	USA	EU	Japan	Australia	Mexico	Turkey	Global (mainly USA, Japan, EU)
Data Set	Unspecified number of Indian firms exporting a wide range of products						10 pharmaceutical firms
	Tariff quotas	Non-harmonisation of standards	Authorisation requirements	Holding up of samples for SPS	Certification	Quantitative restrictions	Company and product registration
	Customs clearance	Labelling rules and regulations	Import quotas	Quarantine and inspection process	Strict customs laws	Import licenses	Product registration only
	Excessive fees for customs & harbour	Stringent SPS measures	Quarantine procedures	Pesticide residues	Customs fees	Anti-dumping duties	WHO-GMP certification
	Import prohibitions	Pesticide residues measures	Administrative procedures	Prohibitions	Rules of origin		Packaging and labeling
	Embargo	Health and hygiene conditions	Standards and specifications	SPS standards	Standards/technical requirements		Import bans
	Strict certification	Testing and certification	Labelling	Import restrictions	Testing procedures		Anti-dumping duties
	Labelling requirements	Restrictions on market access	Strict certification	Health inspection			Discriminatory bilateral agreements
	Strict SPS requirements	Bans on certain imports	Food sanitation law	Non refund of VAT			Pre-shipment inspection
	Differences in State rules & regulations	Subsidies	Large Scale Retail Store Law				Environmental issues
	Extraterritorial application of law		Standards				
Sources: OECD (2005), "Analysis of Non-Tariff Barriers of Concern to Developing Countries", OECD Trade Policy Working Papers, No. 16, OECD Publishing.							

Highlights from OECD Business Surveys: Concerns about NTBs in Trade among Developing Countries in Asia and the Pacific				
Survey	India (2004)	Vietnam (1999)	Thailand (2001)	ASEAN (unspecified date)
Export Market	Africa, Asia, Latin America, Baltic countries	ASEAN countries	Asia and Pacific	ASEAN countries
Data Set	Unspecified number of firms	31 Vietnamese enterprises	Unspecified number of SMEs	331 companies (of 2000 approached)
	Legalisation of documents	Customs surcharges ('stronger' since 1996)	Increased competition from other APEC nations (9.3)	Monopolistic practices
	Registration of imports	Special consumption tax, internal taxes (stronger)	Lack of advanced technological production processes (9.0)	Trade documentation and customs procedures
	Government monopoly	Restrictive foreign exchange (stronger)	Lack of investment (8.0)	Other levies and charges
	Packaging and labeling requirements	Foreign exchange surrender requirement (stronger)	International trade regulations (7.7)	Import restrictions
	Certification and testing (delays, discrimination)	Quotas and prohibitions (stronger)	Little knowledge of foreign market characteristics (7.5)	Import licensing/permits
	Customs delays and fees	Special customs formalities (stronger)	Difficulty of obtaining government support (6.6)	Standards and other technical requirements
	Inspection	Minimum price lists ('much the same' since 1996)	Lack of financial resources to market products overseas (6.5)	Customs classification and valuation
	Import restrictions	Trade licensing ('weaker' since 1996)	Language barrier (5.6)	
	Heavy fines	Monopolistic measures (weaker)	Ineffective/unclear government export promotion policy (6.3)	
	Health rules	Lack of clarity and frequent changes of trade policy	Complicated export and shipping documentation (5.4)	
	Regional Trading Agreements		Improper packaging (5.2)	
Sources: OECD (2005), "Analysis of Non-Tariff Barriers of Concern to Developing Countries", OECD Trade Policy Working Papers, No. 16, OECD Publishing.				

ANNEXURE - V

Annex. V.1: Non-Tariff Barrier on pulp and paper products Faced by exports of Different Countries						
Country Facing NTB's	Products Affected by the Barrier	Nature of the Barrier	Trade Effects of the Barrier	Inventor y Category	Relevant WTO Provision	Treatment of the Barrier
China	4814: Wall Paper and similar wall coverings	Bottom-line pricing for some imported commodities		Part IIB		
China	4814: Paintings and wall paper; 4803, 4805, 4806, 4810, 4818, 4819, 4832	Safety authentication is required		Part III C		
Kenya	Wood, pulp, Paper and Textiles products	Products are required to conform to predefined Production and Process Methods (PPMs). Paper products are required to bear clearly labelled content of recycled materials. Textile and chemical products must have been produced through environmentally friendly processes.	Restricts Kenya's exports into these markets. Hinders Kenya's efforts to exploit Natural resource based Products etc. Differing priorities on environment makes it difficult to develop environmental standards, which can be applied across the board.	Others, PART IV- L	TBT and Environment Regulation	Environmental requirements such as PPMs should not be used to restrict exports
Malaysia	Green Purchasing	The law on Promoting Green Purchasing, implemented on 1 April 2001, has designated several products of export interest to Malaysia, the procurement of which will need to comply with the law. The law enforces stringent 'evaluation criteria', such as recycling and reuse, and minimal impact on the environment upon disposal. The relevant				

		Participant's Ministry of Environment has set an unrealistic target on suppliers to meet 100 per cent of the evaluation criteria by the end of 2001 in the government procurement of a substantial number of items. Affected product is Paper, Printed materials. Adapting to the new evaluation criteria requires time and changes to the manufacturing process. The enforcement of the law on green purchasing has adversely affected Malaysian SME, as the set 'evaluation criteria' are difficult to comply with, depriving them of their market.					
New Zealand	Mouldings, paper and paperboard (by member D)	Import licensing or prohibition	Uncertainties regarding allowable quantities and processes	impedes or prevents imports	Part IV A	GATT, IL	
New Zealand	paper and paperboard (by member J)	import licensing or prohibition	uncertainties regarding allowable Quantities and processes	Discrimination against imports	Part IV A	GATT, IL	
Philippines	48173000 - Boxes, pouches, wallets & writing compendiums of paper/paper board	Standards & origin		SAA	Part IV-A	TBT & ARO	TBD
Philippines	49090000 – Christmas & other greeting cards	Classification		SAA	Part IV-L	Others	TBD

Source: www.wto.org Document Number TN/MA/W/25, TN/MA/W/25A1, TN/MA/W/25A2

Annex V.2: List of Non-Tariff Barriers Faced by New Zealand Paper Industry

Maintaining Participant	Products affected by the barrier	Nature of the barrier	Trade Effects of the barrier		Inventory category	Relevant WTO provision	Treatment of the barrier
Member D	Mouldings, paper and paperboard	import licensing or prohibition	Uncertainties regarding allowable quantities and processes	impedes or prevents imports	Part IV A	GATT, IL	
Member J	paper and paperboard	import licensing or prohibition	Uncertainties regarding allowable quantities and processes	Discrimination against imports	Part IV A	GATT, IL	
Member B	Manufactured products	Customs procedures	3	1.33	Part II	GATT, CV	
		Restrictive foreign exchange allocations to importers	1	2.00	Part IV D	GATT	
		Standards and certification	2	2.00	Part III B and C	GATT, TBT	
Member C	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
Member E	Manufactured products	Import quotas or import prohibitions	1	3.00	Part IV A	GATT	
F	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
		High internal taxes or charges	1	2.00	Part V B	GATT	
		Standards and certification	5	1.40	Part III B and C	GATT, TBT	
G	Manufactured products	Customs procedures	2	1.50	Part II	GATT, CV	
		Distribution constraints in importing countries	2	1.50			
		Subsidies or tax benefits given to competing domestic firms	1	1.00	Part I A	GATT, SCM	
H	Manufactured products	Cargo handling and port procedures	1	2.00	Part I D and Part	GATT	

					II		
		Customs procedures	7	1.71	Part II	GATT, CV	
		Distribution constraints in importing countries	2	2.00			
		Domestic price controls or administered pricing	1	2.00	Part IV H	GATT	
		Food safety or health requirements	1	1.00	Part IV L	GATT, SPS	
I	Manufactured products	Subsidies or tax benefits given to competing domestic firms	1	2.00	Part I A	GATT, SCM	
J	Manufactured products	Food safety or health requirements	1	1.00	Part IV L	GATT, SPS	
Member K	Manufactured products	Distribution constraints in importing countries	1	2.00			
		Government procurement procedures	1	2.00	Part I C		
L	Manufactured products	Cargo handling and port procedures	2	1.50	Part I D and Part II	GATT	
		Customs procedures	2	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	1.00			
		Domestic boycotts	1	1.00	Part I D		
		Government procurement procedures	1	1.00	Part I C		
		High internal taxes or charges	1	1.00	Part V B	GATT	
		Subsidies or tax benefits given to competing domestic firms	3	1.33	Part I A	GATT, SCM	
M	Manufactured products	Customs procedures	1	2.00	Part II	GATT, CV	
		Distribution constraints in importing countries	2	2.00			
N	Manufactured products	Distribution constraints in importing countries	2	1.50			
		High internal taxes or charges	2	1.50	Part V B	GATT	
O	Manufactured products	Distribution constraints in importing countries	1	2.00			
		Food safety or health	2	2.00	Part IV	GATT,	

		requirements			L	SPS	
		Standards and certification	4	1.50	Part III B and C	GATT, TBT	
P	Manufactured products	Distribution constraints in importing countries	1	2.00			
Q	Manufactured products	Cargo handling and port procedures	1	2.00	Part I D and Part II	GATT	
R	Manufactured products	Customs procedures	2	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	2.00			
		High internal taxes or charges	1	3.00	Part V B	GATT	
		Inadequacies in intellectual property protection	1	2.00	Part I D	TRIPS	
		Restrictive foreign exchange allocations to importers	2	1.50	Part IV D	GATT	
		State trading or state monopoly control of imports	1	1.00	Part I E	GATT	
S	Manufactured products	Cargo handling and port procedures	1	1.00	Part I D and Part II	GATT	
		Customs procedures	3	1.33	Part II	GATT, CV	
		Distribution constraints in importing countries	2	2.00			
		Government procurement procedures	2	1.50	Part I C		
		High internal taxes or charges	2	1.50	Part V B	GATT	
		Import quotas or import prohibitions	1	3.00	Part IV A	GATT	
		Inadequacies in intellectual property protection	2	2.00	Part I D	TRIPS	
U	Manufactured products	High internal taxes or charges	1	1.00	Part V B	GATT	
V	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
		Standards and certification	1	1.00	Part III B and C	GATT, TBT	
		Subsidies or tax benefits given to competing domestic firms	1	2.00	Part I A	GATT, SCM	
W	Manufactured products	Customs procedures	3	1.33	Part II	GATT, CV	

		Distribution constraints in importing countries	3	2.33			
		Food safety or health requirements	2	3.00	Part IV L	GATT, SPS	
		High internal taxes or charges	3	1.33	Part V B	GATT	
		Import licensing	1	1.00	Part IV A	GATT, IL	
		Import quotas or import prohibitions	2	1.00	Part IV A	GATT	
		Inadequacies in intellectual property protection	2	1.50	Part I D	TRIPS	
		Standards and certification	8	2.00	Part III B and C	GATT, TBT	
	Carpets and Leather	Standards and certification	2	2.00	Part III B and C	GATT, TBT	
	Unspecified other	Customs procedures	1	1.00	Part II	GATT, CV	
		Food safety or health requirements	2	1.50	Part IV L	GATT, SPS	
		Import quotas or import prohibitions	1	2.00	Part IV A	GATT	
		Standards and certification	2	1.00	Part III B and C	GATT, TBT	
Member X	Fish	Standards and certification	1	1.00	Part III B and C	GATT, TBT	
X	Manufactured products	Food safety or health requirements	1	1.00	Part IV L	GATT, SPS	
Y	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	2.00			
		Food safety or health requirements	1	1.00	Part IV L	GATT, SPS	
		Import quotas or import prohibitions	2	1.50	Part IV A	GATT	
		Inadequacies in intellectual property protection	2	1.00	Part I D	TRIPS	
		Non-scientific basis to quarantine restrictions	1	3.00	Part IV L	TRIPS	
		Restrictive foreign exchange allocations to importers	1	2.00	Part IV D	GATT	
		Standards and certification	3	1.33	Part III B and C	GATT, TBT	
Member Z	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
		Food safety or health requirements	1	1.00	Part IV L	GATT, SPS	
AA	Manufacture	Anti-import	1	1.00	Part I D	GATT	

	d products	campaigns by importing country Governments					
		Cargo handling and port procedures	2	1.00	Part I D and Part II	GATT	
		Customs procedures	1	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	2.00			
		Government procurement procedures	3	1.67	Part I C		
		Inadequacies in intellectual property protection	3	1.33	Part I D	TRIPS	
		Standards and certification	2	2.50	Part III B and C	GATT, TBT	
Member AB	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
Member AC	Manufactured products	Customs procedures	1	2.00	Part II	GATT, CV	
		Inadequacies in intellectual property protection	1	1.00	Part I D	TRIPS	
		Standards and certification	1	1.00	Part III B and C	GATT, TBT	
AD	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	1.00			
AE	Manufactured products	Anti-import campaigns by importing country Governments	1	1.00	Part I D	GATT	
		Cargo handling and port procedures	1	1.00	Part I D and Part II	GATT	
		Customs procedures	1	2.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	2.00			
		High internal taxes or charges	1	1.00	Part V B	GATT	
Member AF	Manufactured products	Restrictive foreign exchange allocations to importers	1	2.00	Part IV D	GATT	
Member AG	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
AH	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
AI	Manufactured products	High internal taxes or	1	1.00	Part V	GATT	

	d products	charges			B		
Member AK	Manufactured products	Customs procedures	1	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	2.00			
		High internal taxes or charges	1	1.00	Part V B	GATT	
		Import quotas or import prohibitions	1	1.00	Part IV A	GATT	
		Restrictive foreign exchange allocations to importers	1	1.00	Part IV D	GATT	
Member AM	Manufactured products	Cargo handling and port procedures	1	1.00	Part I D and Part II	GATT	
		Customs procedures	1	1.00	Part II	GATT, CV	
		Distribution constraints in importing countries	1	2.00			
		High internal taxes or charges	1	2.00	Part V B	GATT	
AO	Manufactured products	Distribution constraints in importing countries	1	2.00			
		Food safety or health requirements	2	1.50	Part IV L	GATT, SPS	
		High internal taxes or charges	1	2.00	Part V B	GATT	
		Import licensing	1	3.00	Part IV A	GATT, IL	
		Inadequacies in intellectual property protection	1	3.00	Part I D	TRIPS	
		Non-scientific basis to quarantine restrictions	1	2.00	Part IV L	TRIPS	
		Standard and certificate	2	2.00	Part III B and C	GATT, TBT	
		Subsidies or tax benefits given to competing domestic firms	1	2.00	Part I A	GATT, SCM	
AP	Manufactured products	Distribution constraints in importing countries	1	2.00			
		Government procurement procedures	1	2.00	Part I C		
		Inadequacies in intellectual property protection	1	3.00	Part I D	TRIPS	
		Standards and certification	1	2.00	Part III B and C	GATT, TBT	

		Subsidies or tax benefits given to competing domestic firms	1	2.00	Part I A	GATT, SCM	
AQ	Manufactured products	Distribution constraints in importing countries	1	2.00			
Member AR	Manufactured products	Food safety or health requirements	1	1.00	Part IV L	GATT, SPS	
		High internal taxes or charges	1	1.00	Part V B	GATT	
AS	Manufactured products	Cargo handling and port procedures	2	2.00	Part I D and Part II	GATT	
		Customs procedures	1	2.00	Part II	GATT, CV	
		Food safety or health requirements	2	1.50	Part IV L	GATT, SPS	
		Government procurement procedures	3	2.00	Part I C		
		High internal taxes or charges	2	1.00	Part V B	GATT	
		Import licensing	1	2.00	Part IV A	GATT, IL	
		Import quotas or import prohibitions	1	2.00	Part IV A	GATT	
		Inadequacies in intellectual property protection	1	1.00	Part I D	TRIPS	
		Non-scientific basis to quarantine restrictions	1	2.00	Part IV L	TRIPS	
		Standards and certification	9	1.67	Part III B and C	GATT, TBT	
		Subsidies or tax benefits given to competing domestic firms	3	1.67	Part I A	GATT, SCM	
AT	Manufactured products	Anti-import campaigns by importing country Governments	1	1.00	Part I D	GATT	
		Cargo handling and port procedures	4	1.00	Part I D and Part II	GATT	
		Customs procedures	10	1.30	Part II	GATT, CV	
		Distribution constraints in importing countries	2	2.00			
		Food safety or health requirements	3	1.67	Part IV L	GATT, SPS	
		High internal taxes or charges	3	1.33	Part V B	GATT	

		Import quotas or import prohibitions	4	2.25	Part IV A	GATT	
		Inadequacies in intellectual property protection	3	1.00	Part I D	TRIPS	
		Standards and certification	15	1.93	Part III B and C	GATT, TBT	
		Subsidies or tax benefits given to competing domestic firms	1	1.00	Part I A	GATT, SCM	

Annex V.3: List of Non-Tariff Barriers Faced by Malaysia

Participant	Products affected by the barrier	Nature of the barrier
Participant B	All products	The Parliamentary approval of a law on international quality label for 'ethically produced goods'. The law is for the Promotion of Socially Responsible Production. Goods could carry the label if producers, from sub-contractors to manufacturers, abide by ILO guidelines in the manufacturing process. The scheme, although voluntary, requires social audit firms, approved by the Member's Ministry of Economy, to check on the companies for conformity in the use of the label.
		The application of specific labelling rules in one Member State, although voluntary, could become a hindrance for Malaysian exporters, as well as importers and traders supplying to other Member States. Unilateral trade actions to promote labour standards to satisfy domestic concerns will create discrimination against non-labelled products from Malaysia and restrict market access.
Participant C	Green Purchasing	The law on Promoting Green Purchasing, implemented on 1 April 2001, has designated several products of export interest to Malaysia, the procurement of which will need to comply with the law. The law enforces stringent 'evaluation criteria', such as recycling and reuse, and minimal impact on the environment upon disposal. The relevant Participant's Ministry of Environment has set an unrealistic target on suppliers to meet 100 per cent of the evaluation criteria by the end of 2001 in the government procurement of a substantial number of items.
		The affected products are paper, printed materials, stationery (including mechanical pencils, ball-point pens and ink pads), office furniture (such as chairs, desks, shelves and storage furniture), office machines (in particular, copiers, computers, printers, facsimile machines, scanners and magnetic disc-drive units), consumer E&E appliances, lighting items, uniforms and work clothes, interior fixtures (in particular, curtains, carpets and blankets) and work gloves. Adapting to the new evaluation criteria requires time and changes to the manufacturing process. The enforcement of the law on green purchasing has adversely affected Malaysian SME, as the set 'evaluation criteria' are difficult to comply with, depriving them of their market.
Participant E	Goods	Difficulties in determining standards applicable to goods due to the non-standardised customs as well as inconsistent evaluation by the local State Administration for Commodity Inspection housed at different ports of entry. In the case of goods for which this Participant has not yet set its own standards, the standards of the country of origin are usually applied. This practice has caused confusion among officials and delays in cargo clearance at various ports of this Participant since different standards are applied to a particular product.
		More rigorous safety and inspection procedures applied to Malaysian products, compared with similar domestically produced products. At times, the specific agency assigned to conduct inspection is unclear. As a result, cargo clearance at the port of entry is delayed until the customs officers resolve the issue and subject exporters to additional tax charges.
Several participants from one region	All Products	Trade documents for exports to a group of Participants/WTO applicants are subject to endorsement by their respective embassies. These documents are required to be certified by the local chambers of commerce and the Malaysian Ministry of Foreign Affairs before being endorsed by the embassies of these Participants. These procedures cause unnecessary delays to Malaysian exporters

		outside of Kuala Lumpur. The endorsement fees charged are high and vary with different embassies.
Participant G	All products	Foreign companies are required to enter into an agreement with a local agent, which gives the right to the latter to monopolise the distribution of the products and services of the principal in the agency territory, which could be either all of the Participant's territory or parts of it. Only one agency agreement is allowed for the same product and service. The termination of an agency agreement is cumbersome and difficult, as only the Commercial Agencies Committee, under the Ministry of Economy and Commerce is authorised to terminate the agreement. Foreign companies are not allowed to enter into new agency agreements with other agents for the same products or services unless the previous agreement has been terminated with the approval of the Commercial Agencies Registrar of the Minister of Economy and Commerce.
	All products	The purchasing practices of the Federal and sub-Federal Governments often restricts foreign exporters. Local manufacturers are given priority.
	All products	Foreign companies who wish to undertake business activities in this Participant must either: – Establish a joint venture with its nationals – Appoint commercial agents, or – Set up branch offices. – Except for companies in the free zones, at least 51% of a business establishment must be owned by its nationals. – A business engaged in importing and distributing a product must be either a 100% locally-owned agency / distributorship or a 51% locally-owned – 49% (foreign) limited liability company (LLC). – Foreign nationals are also not allowed to own land and property.
Participant H	Certain specified products	Regulated products exported to this Participant must be preinspected by agents from this Participant, Intertek, a Singaporebased company, for the issuance of Certificates of Conformity (CoC), to comply with domestic ruling. The process to obtain the CoC is time consuming and costly as the agent for Malaysia is located in Singapore.
	All products	Commercial regulations restrict importing and direct commercial marketing within the territory of this Participant to its own nationals and its wholly-owned companies. Foreign exporters must appoint agents to represent them in the territory of this Participant. In case of any dispute, termination of an agency agreement will be difficult and time consuming. Many companies handle numerous product lines, making it difficult to promote all products effectively.
Participant I	Customs Clearance Procedures	SGS duplicates the functions of the customs authorities and complicates the clearance process. Both agencies do not communicate effectively and products remain at the port or airport for extended periods.
	All Products	The government requires importers to obtain formal import authorization (Demande Descriptive d'Importation - DDI) from the Central Bank if the import value exceeds US\$ 5,000.
Participant V	All products	Legal enactments are not clear with many grey areas. This often resulted in differing interpretation among departments and officials. Agreements signed are sometimes not honored, recognised and enforceable.
Participant W	Service Charge for Export Receipts	Businessmen have to bear with a 20% across-the-board government service charge for all export receipts, which are collected by the banks. As a result, the business community prefers to do barter trade to avoid this service charge.
Participant Y	All products	Regulations to a large extent are in the local language of this Participant and this requires engaging local consulting companies for translation.
	Compliance to Industrial Standards	Mandatory testing for electrical items and iron and steel products. Currently, there are two types of standards i.e. compulsory standards and voluntary standards, which covers over 1,000 items.
		These Compulsory Standards cover 73 products i.e. 1 agricultural product, 18 civil and construction materials, 12 consumer products, 15 electrical and engineering items, 3 fluid and engineering items, 1 food item, 1 heat transfer

		engineering product, 4 medical items, 3 paints, colors and varnishes, 13 vehicles products and 1 chemical product. Importation of these products requires import permits. Complicated process and time taken (40 days excluding testing time) is deliberately imposed to discourage imports. All applications must be in the local language which adds to cost for translation. In addition to standards, FDA permits for food, pharmaceutical and cosmetics makes it difficult for exporters.
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Annex. V.4: Non-tariff barriers on "All Products" faced by exports of different countries						
Country Facing NTBs	Products affected by the barrier	Nature of the barrier	Trade effects of the barrier	Inventory category	Relevant WTO provision	Treatment of the barrier
Egypt	Several Products	Suspecting the value of the goods listed in the invoices attached to the imports. Many exporters complain of overestimating the value of these invoices consequently raising the value of custom duties.		Part II B	Agreement on Implementation of Article VII of the General agreement on Tariffs and Trade 1994.	
	Several Products	High cost of accreditation of commercial invoices. Not accrediting the commercial invoices of Egyptian exports. In addition to over estimating the arbitrary prices for customs purposes.		Part II B	Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade 1994	

	Several Products	Exaggeration in imposing the custom levies and charges for services obtained at ports and airports which are considered a burden on the exported products.		Part II - G	Article VIII of GATT 1994 Fees and formalities connected with importation or exportation.	
Korea	Majority of products	Requirement for confirmation on the state of the export product by importing country's consular service in the exporting country	Additional time and expenses	Part II - D Consular formalities and documentation	GATT Article VIII	b)
	Majority of products	Complex, unclear and inconsistent customs procedures - Ambiguous regulation on customs procedures, frequent amendment of rules and lack of prior notice of the amendment	Unpredictability in trade	Part II - G Customs formalities	GATT Article VIII GATT Article X	b)
	Majority of products	Levying excessive fines in case of discovering errors in documentation for customs procedures (maximum around \$20,000)	Trade restrictive effect	Part II - G Customs formalities	GATT Article VIII	b)
	Majority of products	Discriminatory, and excessive Merchandise Processing Fee and Harbour Maintenance Fee	Unduly high cost	Part VI - B Surcharges, port taxes, statistical taxes, etc.	GATT Article VIII	b)
	Majority of products	Unreasonable customs valuation and arbitrary enforcement of the system, e.g. minimum import price system	Additional time and expenses	Part II - B Customs Valuation	Agreement on implementation of Article VII of the	d) or a)

		<ul style="list-style-type: none"> - The certificate of price is required when the price of importing products is at or below an official price. - Customs deposit required with the amount of difference between the official quotation price and the actual import price if the actual import price is lower than the official quotation price. 		ion Part II - G Custo ms Forma lities	GATT 1994 GATT Article VIII	
	Wood products	Export ban and restrictions. Export duties	Restrictions to trade, and distortion of competition	Part V - G Export restraints Part V - J Export taxes	GATT Article XI, XX,	a)
	Majority of products	Multiple customs inspections - Imported goods are cleared by the federal customs office at the arrival port and then shipped to importers' warehouse. However, the state customs office checks the warehouse for an on-site inspection redundantly.	Multiple customs inspections cause a delay in customs clearance. Unexpected delays make it impossible to maintain the optimal level of inventory, incurring additional costs	Part II - G Custo ms formal ities	GATT Article VIII	b) or a)
Norway	Products or packaging made of wood. Fish and fish products.	National attestation and health certificates required for products or packaging made of wood.	Additional time and cost. Potential exclusion from marketplace .	Part III B / Part IV B	Agreements on TBT / SPS	a) or d)
EC	Generic (predominantly textiles, leather, skins and hides; minerals and metal products; as well as woods and forestry	Export taxes Through the levy of taxes or a specific duty, these measures serve in many instances the purpose of promoting higher value-added production in domestic industries. In some cases, export taxes appear to have replaced export restrictions, including bans, when the latter were not likely	Besides being poor instruments from an efficiency and equity standpoint for the country imposing the measures, export taxes could distort international trade and reduce the benefits from trade of other WTO Members in four different ways: 1. In the event that export taxes influence international market prices, which would only	V-J	Not covered by existing WTO Agreements	A (Hori zonta l)

	products).	to be in compliance with relevant GATT Articles (XI, XX and XXI).	<p>occur if the country imposing the tax is 'large', the measures imply a transfer of wealth from importing countries to the exporting (taxing) country.</p> <ol style="list-style-type: none"> 2. By reducing domestic prices on the taxed products, the measures reduce profitability and/or the amount of imports to the domestic processing industry in the country imposing the export taxes. 3. By providing an indirect subsidy to domestic producers, the export taxes give the domestic processing industry a competitive advantage over foreign producers. 4. By reducing the profitability of exporting the products for which taxes have been imposed, or by setting the taxes sufficiently high that they become de facto bans on exports, the measures restrict access of inputs to processing industries in other countries. <p>In many cases, developing countries' processing industries and producers of the taxed goods (usually commodities) will be most severely hurt by the trade distortion created by other WTO Members' export taxes. For example, this is considered to be one of the reasons behind Africa's so-called leather gap. But also developed countries' producers can experience significant negative effects, especially in the short to medium run. For example, the EU tanning industry estimated that in 2001 the</p>			
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			losses caused by merely one other WTO Member's export measures were over € 35.5 million.			
Hong Kong, China	All products	Multi-layered distribution system, with cumbersome regulations.	Exports impeded by the complicated distribution system and the high compliance cost of the cumbersome regulations.	Distribution constraints. (Part VII:C)	GATS Article VI	Bilateral - To simplify the distribution system and relax related regulation
	All products	Some importing Members require that trade documents (such as commercial invoice, consular invoice, bill of lading, certificate of origin, letter of credit) be legalised at designated consulates.	Exports impeded by the legalisation requirement and the associated legalisation fees which are usually relatively high, especially for consignments of small value.	Consular formalities and documentation (Part II:D)	GATT Article VIII	Category (b) - To pursue in Negotiating Group on Trade Facilitation.
India	Several	Various manufactured products including marine products.	Restrictive standards and burdensome regulations and procedures in several countries have been acting as barriers that significantly affect exports as also the capacity to trade. There are several issues involved which are briefly discussed below. Some measures clubbed hereunder affect individual consignments while some like those involving costs put additional burden on exports.	Part III A, B & C	Provisions of Agreement on Technical Barriers to Trade; Agreement on the Application of Sanitary and Phyto-Sanitary Measures	(a)
			a) Harmonization – Both the SPS and TBT agreements seek harmonization on as			

			<p>wide a basis as possible and for the applied measures to conform to international standards, guidelines or recommendations. A higher level of protection may be introduced or maintained if there is scientific justification (in case of SPS measures) or for legitimate objectives (in case of TBT measures). However, it has been observed that certain countries are at times laying down norms more stringent than those specified by relevant international bodies without any known/justifiable scientific basis or for demonstrably legitimate reasons and which are difficult to meet.</p>			
			<p>Similarly testing methods are specified for very high levels of sensitivity which may not be justified or required and due to which the cost of testing becomes disproportionately high and prohibitive. Sometimes, levels of sensitivity are raised only because better technology or testing equipment becomes available, and not due to any scientific evidence that a higher sensitivity is required to meet a health concern. Moreover, the standards are revised, mostly upwards, at regular intervals making it very difficult for developing countries to adapt to these changing requirements.</p>			
			<p>Harmonization of both standards and procedures applicable within a common customs territory is necessary for predictability.</p>			
			<p>Harmonization with international standards and use of agreed testing methods with scientific justification will reduce the trade</p>			

			restrictive impact			
			<p>(i) <i>One instance of the use of testing methods for high levels of sensitivity is the testing in marine products for chloramphenicol by High Performance Liquid Chromatograph Mass Spectroscopy (HPLC MS). MS has sensitivity at levels of 0.2 ppb whereas the AOAC²⁶ specifies test by HPLC which has sensitivity to a level of 10 ppb. The additional equipment means incurring expenditure of around Rs 1.5 crores (US\$ 3.5 Million) per equipment with this cost increase being proportionately reflected in each test carried out.</i></p> <p>(ii) <i>Certain countries are using test methods, which are neither those accepted internationally, nor are these validated. An example is use of non-validated test method by a country for testing vibrio cholerae which is felt to be the cause of failure of samples in that country</i></p>			
			<p>b) Transparency - It has often been observed that there is absence of information and lack of transparency on the procedural norms and regulations of various countries regarding specifications as well as methods of sampling, inspection and testing. New Regulations are brought out and implemented without even giving the producers in the exporting country a chance to get familiar with these. Often the standards are available only in the language of the importing country or are presented in a</p>			

			very complicated manner. The result is that exporters are, at times, not clear			
			about the specific requirements prescribed by the country of destination, which has led to rejection at the point of import.			
			(i) <i>Several countries lay down their specification in their national language with no official English version and for translating these, either facilities in the exporting country are not easily available or these are very costly.</i>			
			(ii) <i>Some countries have standards for Hessian bags which are not technically achievable and the details relating to the standards are not available in English. Similarly requirements on using certain specified packing materials without providing any reason or justification for the same acts a trade barrier.</i>			
			<p>(c) Conformity Assessment Issues – Several conformity assessment issues have the effect of restricting trade, these include:</p> <ul style="list-style-type: none"> • Excessive costs levied testing - for small developing country exporters these are significant barriers; • Location of testing facilities including testing being done only at single/limited centres; • Limited validity of certificates requiring re-testing with attendant costs; • Procedures involving satisfactory visits by the certifying authorities – both the time taken and costs involved act as hindrances; • Non-recognition of certificates from accepted international bodies; and 			

			<ul style="list-style-type: none"> • Easier or preferential conformity assessment RTA Members which discriminatory. 			
			<i>Tyre marking is an expensive proposition; in some countries it costs a company around US\$ 20,000 for the first application and approval. The certificate is valid for one year and US\$</i>			
			<i>1100 has to be paid for every year for getting the certificate revalidated; in addition for the factory visit of inspectors, an amount of US\$ 600 per day has to be paid which is inclusive of transportation charges, hotel charges, tickets, etc.</i>			
			<p>(d) Risk-based Approach - While risk to consumers resulting from hazard, particularly in foods, has been identified as a significant concern at the international level, it has been observed that some importing countries are fixing standards without carrying out comprehensive risk assessment work and despite repeated requests details of the basis for the standard are not made available.</p>			
			<p>This may at times be in contravention of Article 5 of the SPS Agreement which requires that sanitary and Phyto-sanitary measures should be based on risk assessment and take into account an appropriate assessment of the actual risk involved and if requested by the exporting country make known details of this assessment.</p>			
			<p><i>In the case of marine products where consignments are being rejected due to</i></p>			

			<p>presence of certain micro-organisms such as <i>Vibrio parahaemolyticus</i> a 'nil' limit has been laid down. <i>Vibrio parahaemolyticus</i> is a habitant of the marine environment of the tropical waters and there is every chance for the presence of this organism in raw fish and fishery products. However, they are generally destroyed during chilling/freezing or by heating at 60 degrees C. Besides, the organism is not considered as a potential hazard in raw frozen products which are to be cooked before consumption. Some countries are specifying limits for <i>Vibrio parahaemolyticus</i> only for ready-to-eat cooked products or seafood for raw consumption and at levels ranging from 1 000 to 10 000 per gram which may be acceptable</p>			
			<p>However, despite the above, some countries have specified limits for <i>Vibrio parahaemolyticus</i> in products which are to b</p>			
			<p>cooked before consumption and these also at levels as low as 100 per gram. Risk evaluation reports have not been made available in such cases.</p>			
			<p>(e) Safety Management Systems Approach - In addition to end product criteria, a systems approach which builds in quality and safety throughout the food chain from primary production to final consumption is increasingly being used to ensure that food products are safe for consumption. Such a 'safety management systems' approach is being insisted upon by many countries for allowing import of products</p>			

			such as marine products. This system allows building in controls in a flexible manner based on conditions applicable in a country/ industry etc.			
			<p>However, certain countries are building in prescriptions in the production process. Process standards based on conditions and production systems prevalent in the importing country are not relevant for the developing countries for achieving the required product standard. It is internationally accepted that alternate equivalent measures should be permitted if these meet the requirements of the importing country in the use of the final product. It also may be in contravention of Article 2.8 of TBT and definition of technical regulations in Annex I.</p> <p><i>In the case of seafood units some assessment teams which have come for inspection insist on flake ice machines being installed in the processing units whereas the same purpose can be served by crushing block ice in a hygienic manner. Insistence on such practices involves not only excessive costs but is also unjustifiable in terms of end-product safety criteria.</i></p>			
			<p>(f) Equivalence - Equivalence agreements between Members are seen in the WTO as the means to address the standards related trade problems as they enable pooling and utilization of resources more effectively, avoiding duplication of inspection and testing, and ensuring that health and safety</p>			
			requirements are met			

			effectively without unduly restricting trade. Such agreements would generally benefit exporters in a developing country as financial burden as well as risk of rejection would be reduced.			
			<p>However, it is observed, Members often do not enter into such Agreements even after receipt of a formal request as either the administrative burden of entering into these is high or they don't want to lose their control over imports. Some countries use regulatory standards to address demand supply conditions. Further, at times it is seen that important components such as provision for re-testing and appeal in case of rejections are not addressed in such Agreements as these are not considered to be in the interest of the importing country. It is also a requirement of TBT under Article 2.7 that alternate equivalent measures should be permitted if these meet the requirements of the importing country. A similar provision exists in Article 4 of SPS.</p> <p>(g) Rejection & Destruction of Consignments - Health Authorities in certain importing countries have recently started destroying the contaminated/ damaged consignments instead of returning them to the exporting countries as requested by the exporters/importers. The decision regarding destruction of a consignment is often not a correct decision and is also not justified. It is necessary to involve the exporting country in such decisions of destruction for the following reasons:</p>			

			<p>(i) The consignments found contaminated in the importing country may need to be brought back to enable the competent authority to re-test them and ascertain whether the consignments were contaminated or not as certified. And if contaminated examine the cause and take immediate corrective measures to control/eliminate its recurrence.</p> <p>(ii) Destruction of a consignment leads to wastage of a large amount of money as some cases of contamination can be taken care of through reprocessing.</p>			
			<p>(iii) Sometimes the importing country adopts different methods for sampling and testing and also testing for parameters/contaminants, which are not notified in their standards, which at times become reasons for rejections.</p> <p>(iv) In certain cases the importing country may have higher standards than those followed by the country of export. The returned consignments could be utilised in domestic trade/ purposes. It may be pointed out that a country can fix standards lower than, say Codex.</p> <p>(v) Sometimes a product is rejected in one port and accepted in another port of the same market.</p> <p>(vi) Sometimes a product is rejected based on a national standard by a buyer, and it is accepted after price discounts; this shows that at times standards are used primarily to depress prices by the buyer.</p>			
			<p>It may also be noted that Codex has brought out a</p>			

			guideline for the exchange of information between countries on rejection of imported foods (CAC/GL-25-97) wherein the standard provides for destruction of the consignment, retesting of the consignment, re-export of the consignment to countries which state in advance that they are prepared to accept the consignment knowing that it has been refused entry elsewhere.			
			h) Other Standards related issues - <i>Voluntary Standards</i> - Imposition of voluntary international standards such as ISO 14000 on Environmental Management Systems by buyers on their suppliers in exporting countries has the effect of not only restricting market access for at least sometime until the industry upgrades itself, but also leading to high cost of implementation. The standard on Social Accountability, SA 8000 is a recently announced international standard for management systems primarily dealing with working conditions. Under the guise of Social Accountability, the imports of various products can be restricted on alleged violation of any of the above 'voluntary requirements'.			
Separate customs territory of Taiwan, Pengchu, Kinmen, Matsu	All products.	Lack of uniform rules on anti-circumvention.	Adds exporting costs and distorts trade.	Part II A Anti-dumping duties	1994 Decision on Anti-circumvention	To be determined.
	All products.	In order to deal with situation of having insufficient warehousing capacity, some Members' customs authorities issue a regulation	Infringes on foreigners' ownership rights over the exported goods.	Part II G: Customs formalities.	Article VIII of the GATT 1994.	To be determined.

		stipulating that imported goods should be cleared by customs and removed within a regulated number of days or face being confiscated and put up for auction.				
	All products.	To prevent importers from evading custom duties by lowering the import price, some Members' customs authorities require that imports from certain Members should be accompanied by a customs declaration approved by the receiving Member's authorities. This regulation appears to be discriminatory and represents an unnecessary trade barrier.	Delays flow of trade.	Part II G: Customs formalities.	Article VIII of the GATT 1994.	To be determined.
	All products.	Sets minimum import prices by means of domestic administrative orders. If the declared price is lower than the minimum import price, the importer is required to renew its application or provide certification of goods.	Violates the principles of a free market economy and causes trade distortion.	Part II B: Customs Valuation.	Agreement on Implementation of Article VII of the GATT 1994 (Art. 1).	To be determined.
Source: WTO notifications						

Annexure VI

THE NTBs IMPOSED ON THE INDIAN PULP AND PAPER INDUSTRY BY FRANCE, GERMANY, HOLLAND, UK

Country	HS Code		Product Description	Specific Requirements
	6-digit	8-digit		
France, Germany, Holland, UK	480254		Other paper and paperboard, not containing fibres obtained by a mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres	Eco-label for copying and graphic paper
		48025400	-- weighing less than 40g/m ²	---do---
	480255		-- weighing 40g/m ² or more but not more than 150g/m ² , in rolls	Eco-label for copying and graphic paper
		48025510	-- weighing 40g/m ² or more but less than 60g/m ²	---do---
		48025520	-- weighing 60g/m ² or more but less than 75g/m ²	---do---
		48025530	-- weighing 75g/m ² or more but less than 80g/m ²	---do---
		48025590	-- weighing 80g/m ² or more	---do---
	480256		Weighing 40g/m ² or more but not more than 150g/m ² , in sheets with one side not exceeding 435mm and the other not exceeding 297mm in the unfolded state	Eco-label for copying and graphic paper
		48025610	-- with one side measuring 297mm and the other side measuring 210mm (A4 format)	---do---
		48025690	-- other	---do---
	480257		- Other weighing 40g/m ² or more but not more than 150g/m ²	---do---
	480258		- Weighing more than 150g/m ²	Eco-label for copying and graphic paper
		48025810	-- weighing more than 150g/m ² , in rolls	---do---
		48025890	-- weighing more than 150g/m ² , other	---do---

	480261		Other paper and paperboard, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical process or chemi-mechanical process	Eco-label for copying and graphic paper
		48026120	-- weighing less than 72g/m ² and of which more than 50% by weight of the total fibre content consists of fibres obtained by a mechanical process	Eco-label for copying and graphic paper
Germany, Holland, UK		48026180	-- other	---do---
France, Germany, Holland, UK	480262		-- in sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state	---do---
	480269		-- other	---do---
Germany, Holland, UK	480300		Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets	
		48030010	-- cellulose wadding	Eco-label for tissue paper products
		48030031	-- creped paper and webs of cellulose fibres (tissues), weighing, per ply not more than 25g/m ²	---do---
		48030039	-- creped paper and webs of cellulose fibres (tissues), weighing, per ply more than 25g/m ²	---do---
		48030090	Other	---do---
	480411		Kraftliner, Unbleached	
		48041111	-- weighing less than 150g/m ²	Packaging (only required for packaging articles)
		48041115	-- weighing 150g/m ² or more but less than 175g/m ²	---do---
		48041119	-- weighing 175g/m ² or more	---do---
		48041190	-- other	---do---
	480419		Other	

		48041911	-- less than 150g/m ²	Packaging (only required for packaging articles)
		48041915	-- 150g/m ² or more but less than 175g/m ²	---do---
		48041919	-- 175g/m ² or more	---do---
		48041931	--other weighing less than 150g/m ²	---do---
		48041938	-- other weighing 150g/m ² or more	---do---
		48041990	-- other	---do---
	480421		Sack kraft paper Unbleached	
		48042110	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
		48042190	--other	---do---
	480429		Other	
		48042910	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
		48042990	-- other	---do---
	480431		Other kraft paper and paperboard weighing 150g/m ² or less, Unbleached	
		48043151	-- kraft electro-technical insulating paper	---do---
Germany, UK		48043158	-- other	---do---
		48043180	Other	---do---
	480439		Other, of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	
		48043951	-- bleached uniformly throughout the mass	---do---
		48043958	-- other	---do---
		48043980	Other	---do---
Germany, Holland, UK				

Germany, Holland, UK	480441		Other kraft paper and paperboard weighing more than 150g/m ² but less than 225g/m ² , Unbleached	
		48044110	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	Packaging (only required for packaging articles)
		48044191	-- other, saturating kraft	---do---
		48041199	-- other	---do---
	480442		Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process	
		48044210	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
		48044290	--other	---do---
	480449		Other	
		48044910	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
		48044990	-- other	---do---
	480451		Other kraft paper and paperboard weighing 225g/m ² or more, Unbleached	
		48045110	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
		48045190	-- other	---do---
	480452		Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process	

	48045210	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
	48045290	-- other	---do---
480459		Other	
	48045910	-- of which not less than 80% by weight of the total fibre content consists of coniferous fibres obtained by the chemical sulphate or soda process	---do---
	48045990	-- other	---do---
480511	48051100	Fluting paper, semi-chemical	---do---
480512	48051200	Straw fluting paper	---do---
480519		Other	---do---
	48051910	-- Wellenstoff	---do---
	48051990	-- other	---do---
480524	48052400	Testliner (recycled liner board), weighing 150g/m ² or less	---do---
480525	48052500	Testliner (recycled liner board), weighing more than 150g/m ²	---do---
480530		Sulphite wrapping paper	
	48053010	-- weighing less than 30g/m ²	---do---
	48053090	-- weighing 30g/m ² or more	---do---
480540		Filter paper and paperboard	---do---
480550		Felt paper and paperboard	---do---
480591		Other -- weighing not more than 150g/m ²	---do---
480592		-- weighing not more than 150g/m ² but less than 225g/m ²	---do---
480593		-- weighing 225g/m ² or more	---do---
	48059320	-- made from recovered paper	---do---
	48059380	-- other	---do---
480610		Vegetable parchment	---do---
480620		Greaseproof papers	---do---
480630		Tracing papers	---do---
480640		Glassine and other glazed transparent or translucent paper	---do---
	48064010	-- glassine papers	---do---
	48064090	-- other	---do---

	480700		Composite paper and paperboard (made by sticking flat layers of paper or paperboard together with an adhesive), not surface-coated or impregnated, whether or not internally reinforced, in rolls or sheets	
		48070030	-- made from recovered paper, whether or not covered with paper	---do---
		48070080	-- other	---do---
	480810		Corrugated paper and paperboard, whether or not perforated	---do---
	480820		Sack kraft paper, creped or crinkled, whether or not embossed or perforated	---do---
	480830		Other kraft paper, creped or crinkled, whether or not embossed or perforated	---do---
	480890		Other	---do---

Germany, Holland, UK	480990		Other	
	481013		Paper and paperboard of a kind used for writing, printing or other graphic purposes, not containing fibres obtained by a mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres, -- in rolls	
		48101320	-- paper and paperboard of a kind used as a base for photo-sensitive, heat-sensitive or electro-sensitive paper or paperboard, weighing not more than 150g/m ²	Eco-label for copying and graphic paper
		48101380	-- other	---do---
	481014		In sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state	
		48101420	-- paper and paperboard of a kind used as a base for photo-sensitive, heat-sensitive or electro-sensitive paper or paperboard, weighing not more than 150g/m ²	---do---
		48101480	-- other	---do---
	481019		Other	

	48101910	-- paper and paperboard of a kind used as a base for photo-sensitive, heat-sensitive or electro-sensitive paper or paperboard, weighing not more than 150g/m ²	---do---
	48101990	-- other	---do---
481022		Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical process or chemi-mechanical process -- light-weight coated paper	
	48102210	-- in rolls of a width exceeding 15cm or in sheets with one side exceeding 36cm and the other side exceeding 15cm in the unfolded state	---do---
	48102290	-- other	---do---
481029		Other	
	48102930	-- in rolls	---do---
	48102980	-- other	---do---
481031		Kraft paper and paperboard, other than that of a kind used for writing, printing or other graphic purposes, bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process and weighing 150g/m ² or less	- Eco-label for copying and graphic paper - Packaging (only required for packaging articles)
481032		Kraft paper and paperboard, other than that of a kind used for writing, printing or other graphic purposes, bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process and weighing more than 150g/m ²	---do---
	48103210	-- coated with kaolin	---do---
	48103290	-- other	---do---
481039		Other kraft paper and paperboard, other than that of a kind used for writing, printing or other graphic purposes	---do---
481092		Other paper and paperboard, multi-ply	

	48109210	-- each layer bleached	---do---
	48109230	-- with only one outer layer bleached	---do---
	48109290	-- other	---do---
481099		Other	
	48109910	-- bleached paper and paperboard, coated with kaolin	---do---
	48109930	-- coated with mica powder	---do---
	48109990	-- other	---do---
481110		Tarred, bituminised or asphalted paper and paperboard	Packaging (only required for packaging articles)
481141		Gummed or adhesive paper and paperboard, self-adhesive	
	48114120	-- of a width not exceeding 10cm, the coating of which consists of unvulcanised natural or synthetic rubber	---do---
	48114190	-- other	---do---
481149	48114900	Other	---do---
481151		Paper and paperboard coated, impregnated or covered with plastics (excluding adhesives) -- bleached, weighing more than 150g/m ²	---do---
481159		Paper and paperboard coated, impregnated or covered with plastics (excluding adhesives) -- other	---do---
481160		Paper and paperboard, coated, impregnated or covered with wax, paraffin wax, stearin, oil or glycerol	---do---
481190		Other paper, paperboard, cellulose wadding and webs of soft cellulose	---do---
481410		Wallpaper and similar wall coverings; window transparencies -- "Ingrain" paper	Technical standards for construction products
481420		Wallpaper and similar wall coverings, consisting of paper coated or covered, on the face side, with a grained, embossed, coloured, design-printed or otherwise decorated layer of plastics	---do---

	481430	Wallpaper and similar wall coverings, consisting of paper covered, on the face side, with plaiting material, whether or not bound together in parallel strands or woven	---do---
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Germany, Holland, UK	481490		Other	
		48149010	-- Wallpaper and similar wallcoverings, consisting of grained, embossed, surface-coloured, design-printed or otherwise surface-decorated paper, coated or covered with transparent protective plastics	Technical standards for construction products
		48149090	-- Other	---do---
	481500		Floor coverings on a base of paper or of paperboard, whether or not cut to size	---do---
	481710		Envelopes	Packaging (only required for packaging products)
	481720		Letter cards, plain postcards and correspondence cards	---do---
	481730		Boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing an assortment of paper stationery	---do---
	481810		Toilet paper	
		48181010	-- Weighing, per ply, 25 g/m ² or less	Eco-label for tissue paper products
		48181090	-- Weighing, per ply, more than 25 g/m ²	---do---
		48182010	Handkerchiefs and cleansing or facial tissues	- Eco-label for tissue paper products - Health and marketing conditions for cosmetic products
		48182091	Hand towels, in rolls	Eco-label for tissue paper products
		48182099	Hand towels, other	---do---
	481830		Tablecloths and serviettes	---do---
	481850		Articles of apparel and clothing accessories	Technical standards for personal protective equipments (equipments falling under scope of Directive 89/686/EEC)
	481890		Other	

		48189010	-- Articles of a kind used for surgical, medical or hygienic purposes, not put up for retail sale	Technical standards for medical devices
	481910		-- Cartons, boxes and cases, of corrugated paper or paperboard	Packaging (only required for packaging articles)
	481920		-- Folding cartons, boxes and cases, of non-corrugated paper or paperboard	---do---
	481930		-- Sacks and bags, having a base of a width of 40 cm or more	---do---
	481940		-- Other sacks and bags, including cones	---do---
	481950		-- Other packing containers, including record sleeves	---do---
Germany, Holland	481960		-- Box files, letter trays, storage boxes and similar articles, of a kind used in offices, shops or the like	---do---
Germany, Holland, UK	482110		Paper or paperboard labels of all kinds -- printed	
		48211010	-- self-adhesive	---do---
		48211090	-- other	---do---
	482190		Other paper or paperboard labels of all kinds	
		48219010	-- self-adhesive	---do---
	482210		Bobbins, spools, cops and similar supports, of paper pulp, paper or paperboard (whether or not perforated or hardened) -- of a kind used for winding textile yarn	---do---
	482290		Bobbins, spools, cops and similar supports, of paper pulp, paper or paperboard (whether or not perforated or hardened) -- other	---do---
	482312		Gummed or adhesive paper, in strips or rolls -- self-adhesive	---do---
	482319		Gummed or adhesive paper, in strips or rolls -- other	---do---

482360		Trays, dishes, plates, cups and the like, of paper and paperboard	
	48236010	-- trays, dishes and plates	General product safety
	48236090	-- other	---do---
482370		Moulded or pressed articles of paper pulp	
	48237010	-- moulded trays and boxes for packing eggs	Packaging (only required for packaging articles)
	48237090	-- other	---do---
482390		Other	
	48239095	-- other	---do---

GLOSSARY

Ad valorem Tariff:	Rate of tariff imposed as a percentage of the price of the imported commodity. For example 15 percent tariff rate means 15 per cent of the price or unit value of the product.
Applied tariffs:	The actual tariff rate levied on products imported by a country at given point of time.
Average Tariff:	The simple average of all applied ad valorem tariffs obtained by dividing the sum of all applied tariffs by total number of all commodities.
Bound Average:	The simple average of a country's bound tariffs of all commodities. It is obtained by dividing the sum of all bound rates by total number of commodities.
Bound Tariff:	In the WTO member countries have submitted the "offer rates" for agreed commodities/items. The member countries are required to maintain the applied rate i.e. MFN tariff at or below these rates. These rates in a way serve as ceiling to tariff rates that a country can impose on those agreed items.
Formula Approach:	A modality negotiated in WTO discussions to attain greater market access of member nations.
Harmonized System:	It is an international nomenclature developed by the World Customs Organisation, arranged in six-digit codes to be followed by all participating countries for classification of goods in international market. Beyond the six-digit level, countries are free to introduce national distinctions for tariffs i.e. eight digit, ten digit etc.
Import Duties:	Taxes imposed on merchandise imports of a country either on an ad valorem basis (percentage of value) or on a specific basis (e.g. \$7 per 100 kgs.). These duties give price advantage to similar locally produced goods by making them cheaper in front of imported products. Besides they are important source of revenues for the government.
International Trade Classification:	Classification of products used for trade in the international market.
Linear formula:	The tariff reduction formula that cuts down the entire range of tariff proportionately.
MFN Tariff:	The principle of not discriminating between one's trading partners is termed as most-favoured-nation treatment. The tariff rate, which is applicable indiscriminately for all trading partners of a country, is termed as MFN tariff.
Modality:	Broad outlines showing a way to proceed in WTO negotiations is termed as modalities such as formulae or approaches for tariff reductions etc.
Non-agricultural Products:	The products that are not covered by Annex 1 of the Agriculture Agreement come under non-agriculture market access negotiations for example Fish and forestry products and industrial products in general

Non-linear Formula:	The tariff reduction formula that cuts down higher tariffs more than proportionately. In other words, higher the tariff rate greater will be the cut for example Swiss formula.
Non-Tariff Barriers:	All those non-tariff measures, which are imposed in a discriminatory fashion by the importing country is termed as non-tariff barrier. They are termed as barriers since they retard and distort trade.
Non-Tariff Measures:	Any kind of administered protection other than tariff measures imposed by the importing country on the goods entering its domestic market is termed as non-tariff measure for example quotas, licensing etc.
Specific Tariff:	A tariff rate levied, as fixed amount per quantity of the goods imported is specific tariff. For example \$100 per ton.
Tariff Binding:	It is a commitment in which once a rate of duty is bound it can not be increased beyond that level.
Tariff Escalation:	When the tariff rates imposed by a country increases with the increase in the value addition of a product is termed as tariff escalation. i.e. when tariffs imposed on raw materials, intermediate goods and final goods are in increasing order it is termed as escalation of tariffs. Tariff escalation helps an importing country provides high level of effective protection to its own processing sectors. Tariff escalation may harm the progress of their newly developed processing sectors of developing countries.
Tariff Line:	A single product that is enlisted in a country's tariff schedule.
Tariff Peaks:	The exceptionally high or mega tariff in a country's tariff profile is tariff peak.
Tariff Reduction Formula:	A formula when applied to tariffs cuts them down thereby reducing them and enhancing market access.
Tariff Schedule:	The database that carries entire information on tariff concessions on goods for all members compiled within WTO.
Unbound Line:	A tariff line on which no ceiling is set on fixing the tariff rates. During the Uruguay round the member countries were given permission to keep the certain percentage of their non-agriculture product lines unbound. These were for those products that were of strategic or sensitive concerns for member countries. At present as per Doha mandate member countries are supposed to bound all their lines. That means no commodity would be left unbound from in the ongoing round of WTO negotiations.