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Govt not to impose countervailing duty on certain aluminium products from Malaysia

Synopsis
Countervailing duty is a country-specific duty imposed to safeguard the domestic industry against unfair trade subsidies provided by local governments of exporting nations.

Representative Image

The government has decided not to impose countervailing duty on certain aluminium products being imported from Malaysia, as the finance ministry has not accepted the recommendations of the directorate general of trade remedies (DGTR). The commerce ministry's investigation arm DGTR had conducted a probe into alleged exports subsidisation by Malaysia on 'aluminium primary foundry alloy ingot in different forms' following a complaint by the domestic industry and on January 31 this year recommended imposition of the duty.

"The central government, after considering the...final findings of the designated authority (DGTR), has decided not to accept the...recommendations," an office memorandum of Department of Revenue said.

In an application to the directorate, domestic firms had alleged that subsidised imports from Malaysia are causing material injury to them and had requested the imposition of countervailing duties on the imports.

While the DGTR recommends the duty, the finance ministry takes the final call on the imposition.

Countervailing duty is a country-specific duty imposed to safeguard the domestic industry against unfair trade subsidies provided by local governments of exporting nations.

Under the global trade rules of the World Trade Organization (WTO), a member country is allowed to impose anti-subsidy or countervailing duty if a product is subsidised by the government of its trading partner.

These duties are trade remedies to protect domestic industry. Subsidy on a product makes it competitive in price terms in other markets. Countries provide this to boost their exports.

Both India and Malaysia are members of the WTO and are trading partners.