

WP-2009-008

**Non-Tariff Measures Affecting India's Textiles and Clothing Exports:
Findings from the Survey of Exporters**

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December 2009**

<http://www.igidr.ac.in/pdf/publication/WP-2009-008.pdf>

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Abstract

This paper reports findings from the survey of India's textiles and clothing exporters. The survey method has been used to identify and assess the impact of Non-Tariff Measures (NTMs) and the Cost of Compliance (COC) expenditure by the exporters. A structured questionnaire has been used to gather data from a sample of 135 exporters across eight export centers of India i.e. Bangalore, Chennai, Coimbatore, Ludhiana, Mumbai, New Delhi, Panipat and Tirupur. Results reveal that the EU and USA are most restrictive region/country covering nearly three-fourth of total NTM incidences. The technical regulations, product & production process standards and conformity assessment for technical barriers are the most frequently used NTMs among the aggregated five categories. The average COC as percentage of turnover is inversely related to the firm size, which is 0.63% for large firms and 1.32% for small firms. However, about 58% of the firms spend less than 0.5% of their turnover on COC which is much lower than overall average of 1.12% and only 26% firms spend more than 1% of their turnover in complying with NTM standards. The COC is not exorbitant and justifiable given its long term benefits. Some of the common issues about NTMs are buyer nomination of the suppliers and testing & certification agencies, stringent social compliance measures, and discriminatory treatment on the basis of standards, import duty and other benefits. Unexpectedly, the NTMs are not only seen as marketing and promotional tool but also they promote efficiency and competitiveness within the industry. Further, financial crisis has reduced the export orders/volumes and the impact is more severe on high end fashion garments where product and market diversification is unlikely due to ever changing customer preferences.

Keywords: Non-Tariff Barriers, Non-Tariff Measures, Cost of Compliance

JEL Code: F10, F13, F14

Acknowledgements:

The survey was undertaken jointly with Market Research Division of Textiles Committee (Mumbai), Ministry of Textiles, GOI. I would like to thank Prof. A. Ganesh Kumar and Dr. P. Nayak for comments and suggestions at various stages of this study and field officers of Textiles Committee for assistance in data collection. The secondary research findings on the same topics are available in IGIDR WP 2009-002 accessible through <http://www.igidr.ac.in/pdf/publication/WP-2009-002.pdf>.

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I. Introduction

Multilateral trade agreements have brought down tariff barriers to trade following negotiations under GATT and subsequent rounds. However, non-tariff barriers (NTBs) have gained prominence as alternative trade policy instruments for domestic industry protection or for regulating trade. NTBs are barriers to trade that are not tariffs, and include both trade-restricting measures (quotas, technical barriers, etc) and trade-promoting measures (export subsidies etc). Often these measures are disguised attempts to shield the domestic industries from competition. NTBs have negated possible gains that developing countries could have extracted through lower tariffs, and unless these are tackled, even zero tariffs will not give market access. Taking advantage of the flexibilities in the WTO rules, NTBs have proliferated, especially those concerning standards, labelling and testing/certification/licensing requirements. Many NTBs are especially targeted on products where the developing countries have a comparative advantage - food products, chemicals, pharmaceuticals, textiles, leather, engineering products etc¹.

There is fear among countries due to the application of alternative trade barriers i.e. non tariff measures, which have emerged as another form of *disguised protectionism*. In addition to this, some of the following reasons have also contributed to the recent discussion and analysis of NTBs. *First* tariff reduction, as part of trade liberalizations, will not be enough incentive for the countries. *Second* NTBs are likely to reduce the gains achieved through tariff liberalization. *Third* with gradual shifting of unofficial trade to official trade, the issue of NTBs will become more important and visible and; *fourth* the cost of compliance for the firms will also become higher (Saini 2009).

It's important to define the NTBs in the beginning. Any restriction imposed on the free flow of trade is a trade barrier. Trade barriers can either be tariff barriers, that is levy of ordinary

¹ Tackling non-transparent barriers, Economic Times, September 29, 2009

customs duties within the binding commitments undertaken by the concerned country in accordance with Article II of GATT or non tariff barriers; that is any trade barriers other than the tariff barriers. The broadest definition of a non-tariff barrier is any measure other than a tariff that distorts trade (Linkins, 2002). Other widely accepted definitions of NTBs are - “any measure (public or private) that causes internationally traded goods and services, or resources devoted to the production of these goods and services, to be allocated in such a way as to reduce potential real world income (Baldwin 1970)” and “Any governmental device or practice other than a tariff which directly impedes the entry of imports into a country and which discriminates against imports, but does not apply with equal force on domestic production or distribution (Hillman 1991)”.

GATT and UNCTAD use the term ‘non-tariff measures’ which is defined to include export restraints and production and export subsidies, or measures with similar effect, not just import restraints however, textbooks generally prefer the terms ‘barriers’ or ‘distortions’ (Bora et al. 2002)². Still there is no consensus on using the term Non-Tariff Measures (NTMs) and Non-Tariff Barriers (NTBs) and what we should mean by NTMs or NTBs is not entirely self-evident. Though, through out this paper, we use the term ‘non-tariff measures’ which includes all kind of policy measures which are beyond the scope of tariff measures.

In 2004, UNCTAD’s TRAINS database censused on average 5620 tariff lines for each country as being subject to one type of NTMs and technical measures account for 58.5 percent of total tariff lines subject to NTMs (Fugazza et al. 2006). During 1994 to 2004 the use of NTMs and Technical Barriers to Trade (TBTs) other than quantity and price controls and finance measures have increased from 55 to 85 percent and 32 to 59 percent respectively³. These trends suggest that the trade impediments through NTMs and TBTs are increasing worldwide in the tariff reduction era and it’s anticipated that the non-tariff and technical measures to trade rather than tariff measures will be increasingly used by the developed countries to protect their industries in the years to come.

² The reason why the Geneva agencies have adopted the term ‘measures’ is to avoid some of the measurement and judgmental problems associated with the terms ‘distortions’ and ‘barriers’. As UNCTAD has explained it, ‘measures’ encompasses all trade policy instruments, even though their restrictiveness or effects, if any, may vary between countries applying the measures or at different points of time in a specific country; for example, if the world price of a product rises above the domestic support price, a variable levy would not be applied, although the mechanism remains in force. A quota may be greater than import demand, implying no restrictiveness.

³ For more details see UNCTAD (2005).

II. NTMs and India's Textiles & Clothing Sector

Studies have confirmed that a significant proportion of Indian exports are affected by NTMs. Developed countries particularly EU and USA are becoming more protectionists by amending anti-dumping provisions to make them more stringent and putting import restrictions on non-trade issues such as animal welfare, labour norms, climate issues and redefining standards for GSP benefits⁴. The summary information about the NTMs faced by India's exports across product and country is provided in the annexure A1 and A2. It's clear from annexure A1 that Textiles and Clothing (T&C) products are subject to maximum types (14) of NTMs and nearly 16.5% of the total NTM cases are reported in this sector. These evidences motivate to further examine the NTMs that India's T&C sector is facing in overseas market. The significance of T&C sector to Indian economy is well known, as this sector accounts for more than 15 percent of total Indian exports, 4 percent of gross domestic product, 26 percent of manufacturing output, 18 percent of industrial employment, 38 million direct employment and 53 million indirect employment⁵.

Table 1 Non Tariff Measures in T&C Sectors

| HS Chapters | Product Description | Cases of NTMs |
|--------------------|---|----------------------|
| 52 | Cotton | 19 |
| 54 | Man-made filaments | 2 |
| 55 | Man-made staple fibres | 2 |
| 56 | Wadding, felt and non wovens; special yarns; twine, cordage etc | 1 |
| 57 | Carpets and other textile floor coverings | 1 |
| 58 | Special woven fabrics; tufted textile fabrics; lace; tapestries; embroidery etc | 5 |
| 59 | Impregnated, laminated textile fabrics; articles suitable for industrial use | 5 |
| 60 | Knitted or crocheted fabrics | 6 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 8 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 6 |
| 63 | Other made up textile articles; sets; worn clothing and worn textile articles | 1 |
| | Total | 56 |

Source: data compiled from Ministry of Commerce and Industry, GOI

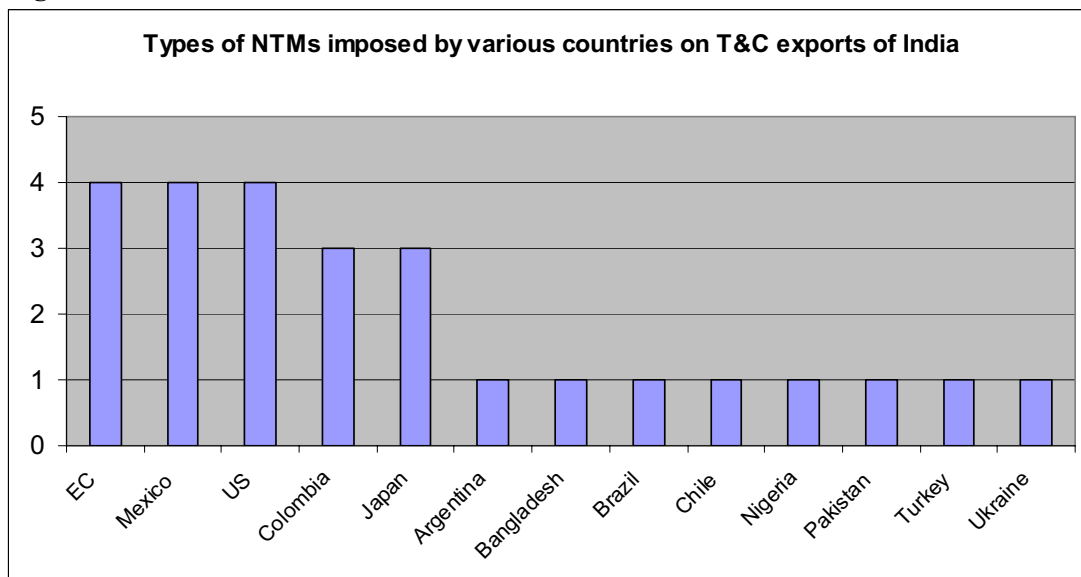
The T&C sector has significantly contributed in the India's exports however, recently, there have been increasing incidences that different segments of India's T&C exports are facing various NTMs in the major markets (as given in annexure A1). In this sector, as per the ministry of commerce and industry data (table 1), the maximum (19) cases of NTMs are in the cotton sector while second highest number of cases (15) are in apparel and clothing

⁴ Textile Express, 16 - 31 March 2005.

⁵ Ministry of Textile, GOI

accessories segment (HS chapter 61-63). The highest numbers of non tariff restrictions are imposed by EU, USA and Mexico. These countries impose four types of NTMs, though types vary across countries, such as minimum import price, labour and environment standards, customs and rules of origin. Japan and Colombia imposed three kinds of NTMs each; which includes labeling, standards and SPS; and certification, minimum import price and import restriction respectively. In other countries at least one type of NTM is present (figure 1). At aggregate level, around 28% of 56 NTM cases are related to minimum import price followed by import restrictions with 20% cases. Restrictions related to certifications and customs are 15% and 7% of the total cases respectively. Other kinds of restriction are anti-dumping, labeling (5% cases in each), rules of origin and documentation (4% cases in each) (figure 2).

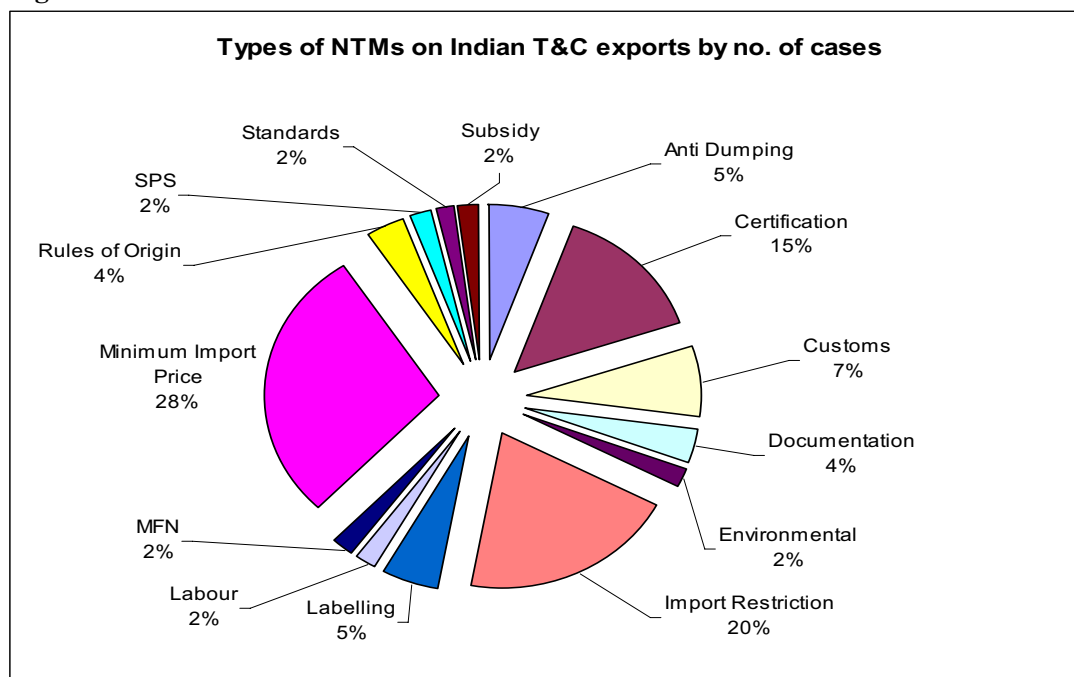
Figure 1



Source: data compiled from Ministry of Commerce and Industry, GOI

The textile and clothing sector is grouped under various sub-sectors (refer annexure C for aggregation) and according to this aggregation cotton, cotton yarn and cotton fabric sector observed maximum 10 types of NTMs which is quite expected given the highest number of NTM cases in this sector. Apparel and clothing accessories, and man made filaments and stable fibers sector faced 5 and 4 types of NTMs respectively; and one type each in the carpets and other made up textile articles sector.

Figure 2



Source: Ministry of Commerce and Industry, GOI

There are two recent survey based studies with focuses on India⁶ - Saqib and Taneja (2005) and Taneja (2007). Saqib and Taneja (2005) examine the extent to which Indian exporters face NTMs in ASEAN and Sri Lanka through a survey of 250 exporters and found that incidence of NTM imposed on India by ASEAN and Sri Lanka has increased during 1997-98 to 2002-03. NTM incidences have increased in Philippines and Malaysia up to 37% and 32% respectively. At the firm level, most of the barriers were related to the application of measures on TBT and Sanitary and Phytosanitary Measures (SPS). For some products (e.g. peanuts), standards amongst the ASEAN countries vary significantly making it difficult for Indian exporters to target the ASEAN market as a region. The survey also indicated that there are barriers related to certification, registration and testing and on an average, cost of compliance as a % of revenue is 0-5% for 180 firms and 5-10% for 47 firms. Taneja (2007) interviewed a total of 137 respondents in India and 109 in Pakistan during August 2006 to January 2007 and identified problems related to positive list approach, transportation, custom procedures, rules of origin, certification and valuation. Import restrictions/standards are most rigorously applied by India in textiles and agricultural products. The study found that even

⁶ Other survey include the East African Business Climate Index (BCI) survey launched by East African Business Council (EABC) in 2005 with the objective to give a platform for the business community to provide necessary inputs leading to the elimination of NTBs and improvements of other business climate factors. The recent survey was done by the Steadman Group on behalf of EABC between July and September 2008.

though the TBT and SPS measures are not discriminatory across trading partners, Pakistani exports to India are surely affected by these. It also found that due to a restrictive visa regime only selected traders have access to trade-related information in India.

Other literature also reveals that the main forms of restrictions that have been raised, with respect to some Indian shipments in the US, are in the form of norms violating US child labour policies, sanitary measures in the Indian suppliers' workplace, suspected use of azo-dyes, labelling and marking requirements, issues relating to compliance with environmental norms and security checks of consignments. Indian exporters are facing 'spot audits' from bigger US buyers such as Wal-Mart and JC Penney which are aimed at checking instances of child labour and ensure that labour standards being used conform to stipulated norms. These checks are over and above the mandatory social audits conducted annually by the bigger retailers on their supplier base in India⁷. In addition to this, in USA second highest (19 percent) anti-dumping cases have been filed against Indian textile exports (Metha 2005); and around 95 percent of apparel tariff lines in the US have either product characteristic requirements or labeling requirements (Kee et al. 2008). EU countries are also creating NTMs for Indian exports by bringing social and environmental issues into sourcing decisions. Trade unions and global NGOs are attacking India's apparel export industry using labor rights and other considerations. Among the Indian garment manufacturers who were accused of labour abuse in 2007 are Gokaldas Exports and Texport Overseas (accused by Brussels-based labour union federations) and Fibres and Fabrics International (FFI) (attacked by Clean Clothes Campaign-CCC). Global brands like Tommy Hilfiger, Levi's, Ann Taylor and Mexx have snapped sourcing ties with Bangalore based FFI after international watchdog CCC accused the company of labor rights violations in 2008⁸.

There is the low level of understanding of such measures within the industry⁹ and to date all tariff and NTMs initiated by the US, EU etc have succeeded in hampering trade in the short

⁷ Textile exporters face non-tariff barriers in US, Business Line January 05, 2006.

⁸ Asian Producers Seeks New Strategies, ATA Journal for Textiles and Apparel, Feb 2008, accessed through <http://www.adsaleata.com/Publicity/ePub/lang-eng/article-2319/asid-71/Article.aspx> on November 11, 2009.

⁹ In this industry about 66 percent is in the power-loom sector, 22 percent is handlooms and 6 percent is knitting and they are unaware about such NTM issues so not well prepared. The mill sector is a little more aware of this, but here too, it is only around 30-35 per cent of the integrated mills that really understand such issues, and can take the necessary actions within their companies to counter the effects of trade protectionism (source: Textile Express, 16-31 March 2005).

and long term¹⁰ and fighting a case through dispute settlement body costs about million 7-10 US\$, as per the industry experts which is not a cost-effective business for every firm. As per some estimate, on an average NTMs account for a loss of US\$30 billion in global trade of T&C per year¹¹ and India's share in global textile trade is around 4% which is substantial. All these NTMs like TBTs, audits for social, labor and environmental compliance have made the industry jittery. There has been resurgence in the use of these measures which invariably affect both domestic and export markets of developing countries. Hence the identification and assessing the impact of NTMs on developing countries' exports should be taken as a matter of priority. Therefore, it is an appropriate time to reflect on the current situation regarding NTMs to assess the extent of this problem and to suggest policies for its ramification. This is the main objective of this paper. In particular, the paper seeks to: a) Identify the various types of NTMs affecting India's clothing and textile exports (b) Examine these NTMs countries-wise and category-wise in order to understand their restrictiveness (c) Assess the impact of NTMs and estimate the cost of compliance of the firms and (d) Recommend some policy options. The key focus of this paper is to identify various types of NTMs and to assess their impact, including cost of compliance, on India's T&C exporting firms. While the recent financial crisis has affected all export sectors and T&C is not an exception to this. Therefore, an attempt has also been made to capture the key impacts of economic slowdown on this industry through the survey which broadens the scope of this study. For this purpose, some specific questions were included in the survey questionnaire.

It's well known that still there is no comprehensive NTM (or NTB) database except UNCTAD's TRAINS. Although there are some studies on India¹² based on the secondary data (such as Metha 2005; Saqib and Taneja 2005) sourced from UNCTAD's TRAINS database however primary survey [such as Saqib and Taneja 2005; Taneja 2007 (reviewed earlier)] as are rare in this field and studies with special reference to T&C sector are not

¹⁰According to TEXPROCIL (a non-profit international marketing organization for local manufacturers of cotton yarns, fabrics and garments in India) officials- 'Even as India won the bed-linen case against the EU at the WTO level, during the period of investigation etc, trade was hampered to a very large extent. So even if we do win the case finally, during the period that the case is on, which is a long period, there is apprehension in the minds of the buyers and the exporters and trade is diverted to competing countries'(Textile Express, 16-31 March 2005).

¹¹ Business Standard, December 19, 2007.

¹² Some notable studies on other countries are Bradford (2003), Andriamanajara et al. (2004), Fugazza et al. (2006) and Kee et al. (2008). For detailed review of literature of these please refer IGIDR WP-2009-002 which is available at <http://www.igidr.ac.in/pdf/publication/WP-2009-002.pdf>

available. Further secondary databases have limitations related to their comprehensiveness, lack of objectivity, classification problems, lack of updated data and reporting etc. and the estimation based on these data is unlikely to provide some robust inference for policy interventions; and hence always there is a need to validate, complement and substantiate the results obtained from secondary research studies. This study, therefore, aims to fill this gap using survey method to study the NTMs faced by India's T&C exporters in major markets. Remaining part of this paper is structure as follows – next section discusses the approach, methodology and sample section; section fourth reports the survey findings; section fifth summarizes some common issues about NTMs followed by suggestions received from exporters in sixth section; and lastly, section seventh concludes.

III. Approach and Methodology

In this study we examine the pattern of *disguised protectionism* (or NTM) from the perspective of the exporter that helps us in identifying barriers by application of a certain NTM measures. The survey approach has been used to elicit information on the extent of NTMs faced by exporters, measures adopted by them to comply with standards and regulations, and expenses incurred to meet such standards and regulations. Further, in cases where NTMs have been identified, some case studies have also been used to understand the nature and depth of the NTMs perceived by exporters. The survey has been carried out to identify and assess the impact of NTMs on India's T&C exports. A structured questionnaire has been used to gather data from a sample of 135 exporters across eight export centers of India i.e. Bangalore, Chennai, Coimbatore, Ludhiana, Mumbai, New Delhi, Panipat and Tirupur. The methodology includes the following components:

- 1) Identification of products
- 2) Sample Selection
- 3) Questionnaire design

The details of these steps are discussed here.

1) Identification of products

The study has covered all textiles and clothing products manufactured by Indian firms irrespective of the fact whether they face NTM or not. According to standard harmonized system of classification these products belong to HS chapter 50-63. In identifying product groups, the HS 6 digit level classification has been used however, in cases where exporters

were unable to provide HS 6 digit level product information; product details such as fibre, woven/knitted were obtained.

2) Sample Selection

The second step was to select firms that are exporting T&C to India's major export destinations including USA and EU countries. There are eight major export centers from where most of T&C export goes to India's major export partners. These centers are Bangalore, Chennai, Coimbatore, Ludhiana, Mumbai, New Delhi, Panipat and Tirupur. The objective was to collect about 20 responses from each center to have a sample size of 160 firms however, due to non-responsiveness of many firms, particularly at Mumbai; total 135 filled-in questionnaires were obtained. In a way, sample was not a random one and it was a mix of convenience and judgmental. Export center wise break-up and profile of the sample size is discussed here.

Table 2 Sample Size and Availability of Cost of Compliance Information

| S No | Export Centre | No of Firms | NTM faced | COC info available |
|------|---------------|-------------|----------------|--------------------|
| 1 | Bangalore | 20 | 19(95) | 19(100) |
| 2 | Chennai | 17 | 12(71) | 11(92) |
| 3 | Coimbatore | 12 | 11(92) | 10(91) |
| 4 | Ludhiana | 19 | 18(95) | 7(39) |
| 5 | Mumbai | 7 | 7(100) | 7(100) |
| 6 | New Delhi | 20 | 19(95) | 16(84) |
| 7 | Panipat | 20 | 20(100) | 20(100) |
| 8 | Tirupur | 20 | 20(100) | 20(100) |
| | Total | 135 | 126(93) | 110(87) |

(Figure in parenthesis reports % of firms NTM faced and % of firms for which COC information is available in year 2007-08)

Table 3 Firm Profile (Manufacturer Exporter)

| S. No | Turnover (in Rs. crore) | No. of firms | Extent of exports (in % of output) | No. of firms |
|-------|----------------------------|--------------|---------------------------------------|--------------|
| 1 | >100 | 39 | 100% | 102 |
| 2 | 50 to 99 | 18 | 80-99% | 20 |
| 3 | 5 to 49 | 63 | 50-79% | 7 |
| 4 | Less than 1 | 15 | 10-49% | 6 |
| | Total | 135 | | 135 |

Out of total 135 firms, 126 firms faced NTMs and 110 firms provided cost of compliance (COC) information. Broadly cost of compliance includes the expenditure made in maintaining any of the standards mentioned in annexure E. In Mumbai, data from only 7 firms could be collected due to highly non-responsiveness of these units while at other

centers, sample size is reasonable. All firms are manufacturers as well as exporter of T&C items and there is no sole trading house in the sample. There are firms of different size in the sample with turnover ranging from less than one to over Rs.100 crore and majority of the firms (102) are 100% export oriented units (table 3). In addition to 135 firms, responses from the T&C associations were also sought in a separate questionnaire. However, only three associations (Tirupur-2 & Bangalore-1) provided quality answers which are included in the analysis at appropriate places.

3) Questionnaire design

After discussion with the official of Textiles Committee (GOI) Mumbai and NTM experts, a structured questionnaire was designed to solicit information on carefully defined parameters and due care was taken to make questionnaire as simple as possible. Questionnaire includes both close and open ended questions. The broad issues covered in the questionnaire are exporters profile, commodity wise major export destination, country and product wise NTMs faced, information on import detention and discriminatory treatment, cost of compliance and their suggestions for the policy action. As mentioned earlier, few specific questions about recent financial crisis were included in the questionnaire in order to capture the key features of slowdown in this sector to broaden the scope of this study. (refer questionnaire for more details). At the same time, in cases where there were evidences of the presence of NTMs, in-depth probing was done to understand the nature of barrier. The pre-testing was done to refine and improve the questionnaire. The detailed case studies have been used for drawing up policy recommendations.

IV. Results and Findings

The information on export centre wise major export destination reveals that firm's export destination portfolio is quite diverse and they are exporting to various countries of different continent such as Africa, ASEAN, Europe, South Asia and North America. EU, USA and Canada are common partners across all export centers. Comparatively, Coimbatore, Bangalore and Panipat centers have more diverse export portfolio than other centers (table 4).

Country-wise NTM Entries

It's clear from table 5 that the EU and USA contributed nearly three-fourth of the total NTM entries followed by Canada (9.4%) and Switzerland (3.2%). Other countries which have

NTM entries of more than one percent share are Russia, Mexico, Australia, South America, Japan and South Africa while rest 15 countries contribute only around 5% of total entries which is trivial. Based on this data its can be concluded that *first* the highest incidence of NTMs are reported in EU, USA and Canada respectively and *second* the other statistics, to be discussed, on NTMs incidences are largely based on the limited number of countries as evident from their percentage share.

Table 4 Export Centre wise Major Export Destinations

| Sno | Export Centre | Major Export Destinations |
|-----|---------------|--|
| 1 | Bangalore | Australia, EU, USA, Canada, Singapore, Malaysia, Japan, Norway, Korea, Mexico, Far east, Hong Kong, Switzerland, Russia |
| 2 | Chennai | EU, USA, Norway, Hong Kong, Canada, Switzerland |
| 3 | Coimbatore | EU, USA, Australia, Korea, China, Bangladesh, Japan, Canada, South Africa, Philippines, Turkey, Malaysia |
| 4 | Ludhiana | EU, USA, Nepal, South Africa, Canada, Australia, Saudi Arabia, Kuwait, Oman |
| 5 | Mumbai | EU, USA, Mexico, Russia, Canada |
| 6 | New Delhi | EU, Japan, USA, Canada, EU, Singapore, Hong Kong, Switzerland, Middle East |
| 7 | Panipat | Australia, Brazil, Chile, Canada, Holland, Hong Kong, Japan, EU, New Zealand, Mexico, Uruguay, South Africa, South America, USA, Venezuela |
| 8 | Tirupur | Russia, EU, Switzerland, Australia, Japan, USA, Canada, Norway, Bangladesh, China, S Korea |

Export Center-wise NTM Entries

Table 6 reports the number of NTM entries across export centers. Data on the NTMs were collected according to the classification provided by ITC¹³; and there are about 57 types of NTMs which are reported in the survey questionnaire. For the ease of presentation and understanding, these 57 NTM types are meaningfully aggregated into five categories following the same ITC classification (please refer annexure D for the aggregation details).

It is clear that at national level (i.e. all centers together) technical regulations (32%) is the most widely reported NTM category followed by product & production process standards (27%) and conformity assessment for TBT (18%). As far as technical regulations is concerned, similar results are observed at center level also with three exceptions i.e. Chennai, Mumbai and Panipat. For Chennai and Panipat product & production process standard; and for Mumbai conformity assessment for TBT are extensively appeared NTM categories. For

¹³ As published in “Non-Tariff Measures, WorldTradeNet Business Briefing, 16 May 2008”.

three centers i.e. Bangalore, New Delhi and Tirupur, product & production process standard is the second most frequently faced NTM set, conformity assessment for Chennai and Coimbatore, technical regulations for Panipat and other technical measures for Ludhiana.

Table 5 Country wise NTM entries

| Sno. | Country | No of entries | % Share | Sno. | Country | No of entries | %Share |
|------|----------------------------|---------------|---------|------|--------------|---------------|--------|
| 1 | EU | 1467 | 37.9 | 14 | Kuwait | 18 | 0.5 |
| 2 | USA | 1307 | 33.8 | 15 | Oman | 18 | 0.5 |
| 3 | Canada | 364 | 9.4 | 16 | Saudi Arabia | 18 | 0.5 |
| 4 | Switzerland | 122 | 3.2 | 17 | Norway | 10 | 0.3 |
| 5 | Australia | 102 | 2.6 | 18 | Middle East | 7 | 0.2 |
| 6 | Mexico | 91 | 2.4 | 19 | Korea | 6 | 0.2 |
| 7 | Russia | 82 | 2.1 | 20 | Holland | 6 | 0.2 |
| 8 | South America ^s | 61 | 1.6 | 21 | Hong Kong | 6 | 0.2 |
| 9 | Japan | 49 | 1.3 | 22 | Bangladesh | 3 | 0.1 |
| 10 | South Africa | 38 | 1.0 | 23 | China | 1 | 0.0 |
| 11 | Turkey | 30 | 0.8 | 24 | Malaysia | 1 | 0.0 |
| 12 | New Zealand | 30 | 0.8 | 25 | Nepal | 1 | 0.0 |
| 13 | Singapore | 28 | 0.7 | | | 3866 | 100 |

(^sMain reported countries of South America are Brazil, Chile, Uruguay and Venezuela)

Other technical measures appeared in almost all the centers with proportion varying from 3% (Panipat) to 26% (New Delhi). One important finding is that for Mumbai center, procedural obstacles and other diverse set of NTMs contribute about 21% of the total entries which is second in rank. However, it may not be precisely true as it's based on limited number of responses (7 firms) but in Mumbai and Bangalore NTMs are certainly more diverse than any other center. For more detailed data on export center and country wise NTM entries please refer to annexure B.

Table 6 Export Center wise NTM Entries

| Export Centre | Product & Production Process Standard | Technical Regulations | Conformity Assessment for TBT | Other Technical Measures | Procedural Obstacles & Other NTMs | Total |
|---------------|---------------------------------------|-----------------------|-------------------------------|--------------------------|-----------------------------------|-------------|
| Bangalore | 212(32) | 216(32) | 118(18) | 116(17) | 6(1) | 668 |
| Chennai | 56(36) | 21(14) | 54(35) | 24(15) | 0(0) | 155 |
| Coimbatore | 70(24) | 84(28) | 75(25) | 67(23) | 0(0) | 296 |
| Ludhiana | 29(11) | 134(49) | 53(19) | 60(22) | 0(0) | 276 |
| Mumbai | 139(14) | 171(18) | 337(35) | 115(12) | 204(21) | 966 |
| New Delhi | 171(30) | 246(43) | 3(1) | 148(26) | 1(0) | 569 |
| Panipat | 216(50) | 199(46) | 0(0) | 14(3) | 0(0) | 429 |
| Tirupur | 166(33) | 185(36) | 71(14) | 85(17) | 0(0) | 507 |
| Total | 1059(27) | 1256(32) | 711(18) | 629(16) | 211(5) | 3866 |

(Figures in parenthesis are % share of an NTM category for a particular export centre. % share may not add up to 100 due to rounding off)

Firm Size and Cost of Compliance

Out of total 135 firms, 110 firms provided cost of compliance information (as given in table 2). As mentioned earlier, COC mainly includes the expenses made on maintaining any of the standards mentioned in annexure-E. Table 7 reports the relationship between firm size and cost of compliance and classification of firms according to their COC expenditure as percentage of turnover. Data reveals that the average COC per firm is directly related to firm size while average COC as percentage of turnover is inversely related to firm size.

Table 7 Firm Size and Cost of Compliance 2007-08

| Firm Size (turnover in Rs crore) | No of firms | COC (Rs crore) | Average COC/firm (Rs crore) | Average COC (% of turnover) | COC as % of turnover | No of firm |
|----------------------------------|-------------|----------------|-----------------------------|-----------------------------|----------------------|------------|
| >100 | 32(29) | 34.52 | 1.08 | 0.63 | 5 to 13 | 6(5) |
| 50 to 99 | 16(15) | 5.90 | 0.37 | 0.59 | 1 to 4.99 | 23(21) |
| 5 to 49 | 53(48) | 13.02 | 0.25 | 1.54 | 0.5 to 0.99 | 17(15) |
| Less than 5 | 9(8) | 0.32 | 0.04 | 1.32 | Less than 0.5 | 64(58) |
| Total | 110 | 53.76 | 0.49 | 1.12 | | 110 |

(Figures in parenthesis are percentage of firm)

Large firms (turnover of Rs. 100 crore or more) spend on an average Rs. 1.08 crore per firm on COC however, this value progressively declines with the firm size and it is recorded only Rs. 0.04 crore for small firms (turnover less than Rs. 5 crore). In contrast to this, small and large firms spend about 1.32% and 0.63% of their turnover respectively on the COC expenses. Overall, on an average firms spend about Rs. 0.49 crore or 1.12% of total turnover in complying with NTM standards. However, more than half firms (64) spend less than 0.5% of their turnover in COC which is much lower than overall average of 1.12% and only 29 firms recorded COC expenditure of over 1% of their turnover.

Export Center wise Cost of Compliance

Table 8 reports export center wise COC during 2004-05 to 2007-08 and analyses data for 2007-08. It's evident from the table that the average COC per firm of four export centers i.e. Bangalore, Coimbatore, Mumbai and Tirupur, is more than the national average while other four center's (i.e. Chennai, Ludhiana, New Delhi and Panipat) expenditure is less than the national average. Similarly, average COC as a percentage of turnover is either near or above to national average for all centers except Ludhiana, New Delhi and Panipat. The lower proportion of COC expenditure in these centers is in line with lower average COC per firm;

and relatively higher figure for Mumbai and Chennai could be explained by their small firm size and higher COC expenses on comparatively few firms. Similar analysis for rest of the years could not be carried as comparable data were not available however, at aggregate level COC expenditure has steadily increased from Rs. 18.5 crores in 2004-05 to Rs. 26.9 crores in 2006-07. One of the COC components is surveillance audit which costs approximately Rs.10-20 thousand per certification/year.

Table 8 Export Center wise Cost of Compliance

| | | Cost Of Compliance Analysis 2007-08 (in Rs. Crore) | | | | COC 2004-05-2006-07 (in Rs. crore) | | |
|---------------|-------------|---|------------------------------|-------------------|-----------------------------|---------------------------------------|-------------|-------------|
| Export Centre | No of firms | COC | Average firm size (turnover) | Average COC/ firm | Average COC (% of turnover) | 2006-07 | 2005-06 | 2004-05 |
| Bangalore | 19 | 19.8 | 335.9 | 1.10 | 1.17 | 11.8 | 9.5 | 9.3 |
| Chennai | 11 | 4.3 | 86.4 | 0.35 | 2.13 | NA | NA | NA |
| Coimbatore | 10 | 3.9 | 335.7 | 0.56 | 1.17 | 0.0 | NA | NA |
| Ludhiana | 7 | 0.2 | 223.8 | 0.02 | 0.31 | 0.1 | 0.1 | 0.1 |
| Mumbai | 7 | 6.3 | 27.0 | 0.90 | 3.62 | 3.3 | 2.7 | 2.6 |
| New Delhi | 16 | 2.1 | 77.6 | 0.12 | 0.17 | NA | NA | NA |
| Panipat | 20 | 0.8 | 30.6 | 0.04 | 0.30 | 1.3 | 1.2 | 1.2 |
| Tirupur | 20 | 16.5 | 100.7 | 0.97 | 1.48 | 10.4 | 7.0 | 5.3 |
| Total | 110 | 53.8 | 96.33 | 0.49 | 1.12 | 26.9 | 20.6 | 18.5 |

Exporters revealed that before quoting the product price for exports, all the NTMs/standard requirements expenditure (COC) are considered in determining the price. However, some buyers may specify extra certifications or any other requirement at the time of actual purchase which is an additional burden for the exporters. Firms in Coimbatore informed that exporter knows that buyers are placing orders only to those units which are maintaining the minimum standards and hence, there is no way to avoid the standards/certifications if they wish to remain in business.

Impact of Financial Slowdown

Responses received on financial slowdown are presented in table 9 and 10. Out of 135 firms, 74 firms reported financial crisis, of which only 41% firms could diversify or increase domestic sales to counter the slowdown. Majority of the firms (34) felt economic crisis in 2008 while another group of 15 firms in 2009. Some firms, not all, have responded to the specific questions related to financial crisis and it's found that the number of export orders have declined up to 50% with the average of 16%; which accounted for on an average dip of

nearly 27% export value. Only up to 50% share (with the average of 22%) of the export drop could be compensated by the domestic market through diversification; and remaining proportion caused decrease in plant capacity utilization of up to 35% with the average of 12%. During 2008-09, on an average 4 export orders were cancelled while for some firms this figure went up to 20.

Table 9 Impact of Financial Slowdown

| Response | Are you facing any slow down in business due to financial crisis | Diversification /increased domestic sales to counter the slow down | Impact of financial slowdown | |
|--------------|--|--|------------------------------|--------------------------|
| | | | started in | no of firms ^s |
| Yes | 74(55%) | 30(41%) | 2008 | 34 |
| No | 61(45%) | 44(59%) | 2009 | 15 |
| Total | 135 | 74 | 2007 | 5 |

(^s20 firms did not respond to started in year question)

Table 10 Impact of financial slowdown (2007-08 to 2008-09)

| Number of export orders | Export value | Capacity utilization | Export orders cancelled in 2008-09 | Diversified/Increased domestic sales |
|--|-------------------------------|--|--|---|
| declined up to 50% with the average of 16% | declined on an average of 27% | declined up to 35% with the average of 12% | cancelled up to 20 with the average number of 4 export order | Diversified/Increased up to 50% share with the average of 22% share |
| Note: Results should be interpreted carefully as they are based on the limited number of responses i.e. 41 firms and 3 textiles and clothing associations. | | | | |

Exporters reported that due to recession, enquiries are not converted into the orders and buyers are shifting from high end to low end value products. The impact of recession is more on high end fashion garment as consignment volume declined after crisis started and this impact is further compounded by ever changing trends in fashion. It's important to note that few firms reported a price erosion of up to 20-25% due to recession. Firms have not reduced the staff much, as they fear of losing skilled workforce. However, these responses are not valid for unskilled workers as many firms reported decline in employed unskilled workforce. At association level, three T&C associations in south (Tirupur-2 & Bangalore-1) reported an employment loss of about 10-15% (approximate 98 thousands) of total workforce during recession period. Some exporters used the recession period to set their units in order and improve the skills and capacities of workforce through HRD programmes.

V. Some Common Issues about NTMs

- i. **Buyers nomination of the suppliers and testing & certification agencies** -Buyers ask the exporter to use accessories from the suppliers and get certification from the agencies, nominated by them which are usually outside the exporting country and hence, more time consuming and costly. Buyer nominates institutions/agencies such as SGS, BVQI, ITS and TUV for various types of testing and certification; Singapore for labels (in Coimbatore, most of the buyers send the model label and instruct exporters to manufacture accordingly); Hong Kong and China for the purchase of accessories such as zip, zip puller, handbags, badges, plastic strings, tape (cotton), cotton support (garment) and fabrics; and flammability test from countries other than India such as Canada and China. In such cases buyer normally specifies the brand for a particular accessory and vendor for the same. Many a times exporters need to pay royalties for the labels used, for instance Adore Apparels, one of the exporters from Bangalore paid a royalty of nearly 2-2.5 Lakh/year for using the labels of Oxbow, Tom Tailor, C.K. jeans and Jules. Exporters do not have any bargaining power when buying from the nominated suppliers and getting certificates from specific testing agencies which often increases the cost of production, making them less competitive vis-à-vis to their counterparts. However, exporters do not lose anything as all costs are included in product price however it makes India's exports less competitive due to higher price. Additionally, exporters are unable to bargain with supplier because suppliers are assured of getting their orders. Agents/forwarders are also nominated by the buyer that exporters essentially have to route their goods through these agents/forwarders.
- ii. **Less competitive due to NTMs** - Indian exports are less competitive in price terms as compared to Bangladesh, China, Sri Lanka and Pakistan due to various export related NTMs. The prices of many export items from these countries are lower than India due to cheap labour, cheap and easy availability of raw material, sufficient power and cheap credit and/or due to other benefits they receive from importing country; however, Indian exporters usually face price bargaining similar to other countries. Nevertheless, India is unable to offer similar prices due to comparatively high input cost. Countries such as Vietnam and Cambodia have become good export centers mainly due to proximity to China and are providing tough competition to Indian exports. Cost of India's exports are higher due to bottlenecks in custom procedures, high transit cost due to inadequate port infrastructure, non-harmonization of working days, high turnaround time of Indian shipments, unavailability of quality raw material in time (quality cotton, pantone cards, dying facility especially for nylon and polyester), power shortage/costly power,

relatively high credit interest rates, higher wages, labour unrest and problems of contractual labour. Big Indian exporters procure raw material (cotton) from other countries such as China, Ireland, Korea and Japan to provide delivery in time and as per desired quality.

To avail benefits (such as duty free status, cheap labour, finance and power etc) similar to other exporters and to compete with them, few Indian firms have established manufacturing facilities in Bangladesh and exporting raw material from India which is then processed and exported from there. Many Indian exporters also have established their offices in USA and EU in order to export on Landed Duty Paid (LDP) basis. In LDP shipment procedure, firms' factory based in India supplies goods to its foreign office (i.e. US or EU) which subsequently sales to the buyers in abroad. This improves firm's market power, helps in compliance with standards and overcomes export related problems.

- iii. **Discriminatory treatment** - As per the survey, main countries which discriminate against Indian exports are USA, EU, Canada and Germany. Exporters reported that Sri Lanka is still getting duty-free entry of goods under the EU GSP Plus program, granted in 2005 to help Sri Lanka to rebuild after the 2004 tsunami; and Vietnam also gets GSP benefit. USA provides duty free access to Jordan, Egypt, Bahrain, Ireland and Caribbean countries but not to India. India's exports face higher import duty on bed linen, made ups and textile handicraft items in EU and South Africa than that of competing countries such as China. Imports from India to Europe attract 4% import duty against GSP Form A while imports from Egypt are free from any import duty as reported by exporters. Import duty and other competitive factors (mentioned earlier) increase the landed cost of an Indian product in the range of about 15-20% which decreases the exporter's margin. Additionally, sometimes even Indian suppliers are discriminated from one to another. There is specification of the port through which goods are to be shipped, for example exporters are asked to route their good through Chennai and/or Tuticorin ports instead of availing local facilities of Tirupur ICD (Inland Container Depot) which increases their transport cost. Also the lead time (to export) given to Indian exporters is less than that of Bangladeshi and Sri Lankan supplier.
- iv. **Stringent social compliance measures**— Firms usually comply with the buyer requirements and their audits however; many tough requirements are also put in place to make compliances very difficult. Such requirements are - provision of cold water or

normal water, seating facilities, canteen facilities, use of metal detectors, ethical issues of work, test report of drinking water, restrictive chemical norms etc. Insistence on some specific code of conduct regarding social compliance is reported in Tirupur by buyers such as KappAhl and H&M. Similarly, other measures such as CTPAT (Custom Trade Partnership Against Terrorism) are relatively more rigid than other competing countries such as Bangladesh and Sri Lanka. Non-compliance with any of such measure results into the delay in order processing and extra cost through additional audit. Labour is always in the lookout to take undue advantage of such measures in order to reduce their work levels which ultimately reduces the overall productivity.

- v. **Demand for discounts through import detentions** - Detention generally does not take place if the order is processed through the nominated forwarders/agents of buyer. However, sometimes chemical tests failed even when the chemicals were procured from nominated supplier and in such cases exporter is penalized. In case of any detention, buyer always tries to bargain for discounts on payments on the detained goods imposing stringent quality norms or citing any other reason; and cost (such as demurrage) incurred in such incidences is nearly 5-20% of the consignment value. Exporters either have to provide huge discounts to importer on detained goods or have to dispose of such goods in domestic market at paltry price. For example, C&A Buying KG, one of the buyer from Germany had asked for a discount of about 10-20 percent to accept the goods rejected on the ground of chemical test failure of sewing thread from Sowkar Textiles, Tirupur although, chemicals were bought from nominated suppliers. In some cases, such losses may be partially recovered by future order which is very uncertain and largely depends on the buyer-seller relationship.
- vi. **NTMs to promote efficiency and competitiveness** – One of the important observations from field was that exporter feels that NTMs in the form of quality and standard requirements are good for Micro, Small and Medium Enterprises (MSMEs) as these firms increase their competitiveness during the process of meeting standards. NTMs promote internal competition among exporters thereby increasing firm's efficiencies and competitiveness. For instance, establishment of a water treatment plant is a capital expenditure which is mainly for environmental requirements however at the same time it saves regular expense on water which varies according to the firm size. Although big and small exporters have divergent view on this issue. Some, if not all, of the exporter feels that NTMs are one of way to maintain the confidence of his end customers.

- vii. **NTMs as marketing and promotional tools** – Surprisingly, the multiple certifications are seen as marketing and promotion tools rather than NTMs by few exporters. Exporters opined that getting certificate is costly (i.e.1500-2000 US\$/certificate) but it may bring good business opportunities and benefits outweigh cost especially in long run. Though there are multiple standards and certification bodies in the recent past which are now getting very organized e.g. formation of SEDEX – Supplier Ethical Data Exchange. Once a member is registered with SEDEX, it can display all its certifications which can be viewed by all the buyers across globe¹⁴. This could overcome social compliance audits requirement by each buyer repetitively. Ethical and social NTMs if implemented in true spirit would result in creation of a better and competitiveness business atmosphere. Exporters argue that one time investment may results into five fold returns; and NTMs should be used as business and marketing tool. In Coimbatore, majority of exporters are not worried about NTMs as they feel that some of the certifications are desirable and it also help them to differentiate their product from the competitors. Obviously, standards increase the product quality which is always good from customer’s viewpoint.
- viii. **Export procedures and related NTMs** - It’s not that only importing country NTMs but also India’s export procedure and related NTMs are also hampering the trade. The commonly cited problems are procedural delays, lack of convergence in various export promotion schemes and bodies, vague government notification, non-harmonization of working days, lack of infrastructural facilities at ports etc. For example, some Middle East countries such as Egypt and Oman ask for legalization of export documents which is first done at Indian chamber of commerce, then at the embassies of destination country. However, their embassies are not working on Friday while there is official holiday in India on Saturday and Sunday therefore clearance is possible only during four days in a week which delays the shipment resulting into a delay cost of about 250USD/document. This cost is charged by the bank for honoring the documents in case of any delay. Similarly preparing export document and legalizing them for exporting to Argentina and Mexico is more complex and time consuming where exporter may end up spending 1-2 months in whole process. The port facilities are also not good, for instance for south India’s exporter mother vessel facility is available only at either Colombo or Mumbai port which results into transshipment of goods leading to

¹⁴ For more details please visit <http://www.sedex.org.uk>

higher transportation costs. Moreover local exporters are preferred in providing space in mother vessel if shipment is done through Colombo port. Current turnaround time is about 100 days which should be curtailed to 60 days in order to ensure in time delivery. Exporters demanded removal of all export related NTMs with immediate effect and streamline the export procedures.

VI. Suggestions & Recommendations

Some of the key recommendations, obtained through survey, of exporters are as follows.

- i. **Effective government intervention** – Effective government intervention is sought by the exporters in the process of shipment inspection and certification mechanism. Many exporters have received unfair treatment from overseas buyers in the cases related to inspection and certificate for example, the case of Sowkar Textiles, Tirupur as mentioned earlier. The exporters expect a just and fair decision if government agencies and industry bodies are involved more effectively in support of exporters. The active representation of at least one government agency is suggested in foreign certification and standard testing bodies (wherever India's case is involved) to protect the interest of domestic exporter. Exporters suggested a more proactive role of Textiles Committee in the testing and certification process. It's also requested that there should be government control on the foreign NGO's to enter and do ethical audits.
- ii. **Uniformity of standards and certifying agencies-** Exporters have to get certification from different agencies on various standards separately in different countries, particularly in EU. For example, Peopletree in UK, Senseorganics in Germany, H&M and Migros in Switzerland have their own standards which are overlapping with each other as reported by exporters. Therefore, it would be more appropriate to have uniform certification requirements/agencies across all EU countries to save time and money. Exporters demanded that government should insist EU to have basic uniform standards and product quality requirements for the products originating from India. Similarly, in Japan code of compliances vary from buyer to buyer, where buyer usually sends the compliance list and in accordance to that exporters have to ship the goods. Exporters requested to minimize the number of audit agencies to avoid the duplication and to become cost efficient.
- iii. **Providing testing and certification facilities at cheaper rate** – US CPSIA (Consumer Product Safety Improvement Act) tests are not easily available in India and if available,

they are too costly and time consuming. For example, few exporters reported that before the start of production they need to get approval about dyes to be used by the company and then it has to go to Germany where it's to be tested by TESTEX lab; and in this whole process exporter may end up spending nearly Rs. 5 lakh per consignment. In some other cases testing has been done through buyer nominated labs in India which costs around Rs.40-50 thousand/test and approx. Rs.2-5/garment as informed by the exporter. Hence, exporters demanded such facilities in India at cheaper rate and specifically asked that the testing should be done by Textiles Committee.

- iv. **Tackling private standards** - As mentioned earlier, many of the NTMs are in the form of private standards; exporters demanded some kind of grading of importers so that exporters can gauge the buyer's requirement. Any other relevant information about NTMs has to be provided to the exporters so that they can meet buyer or importing country requirement well in advance. Exporters responded that there is need to be more professional in their approach and increase their bargaining power with buyer.
- v. **Labour Reforms** - Exporters argued that there is an urgent need of reforms in labour laws. Current labour laws which were framed 4-5 decades ago are too restrictive and put excessive burden on the exporters in managing their workforce. In this connection, it's important to note that the job work meant for exports is also inspected by the buyer and exporters are asked to provide facilities at par to their own factory worker. Tirupur exporters reported that they need to employ contractual and migrated worker to meet the labour demand however, there is high labour turnover rate which is one of losses for them once significant investment is made in training and development. Recently exporters are hardly finding the desired labour as the workers prefer to work in govt. development project such as NREGA (National Rural Employment Guarantee Act) programmes due to good wages compared to work.
- vi. **Compliance with ILO convention C98** - It's found that some of the NTMs are caused by customers during code of conduct audits thrusting upon the suppliers for enforcement of ILO conventions C98 Right to Organise and Collective Bargaining Convention, 1949¹⁵. However, government of India is not a signatory of this convention and therefore it should not be enforced on Indian firms as it curtails the freedom regarding labour and trade union. It's demanded that appropriate authorities should act in order to ensure that Indian manufacturers/exporters are forced to abide by Indian

¹⁵Refer <http://www.ilo.org/ilolex/english/convdisp1.htm> for more details about the convention.

laws only; and they are not insisted to comply with those conventions for which India is not a signatory.

- vii. **Self certification** – Self certification should come into acceptance wherever necessary rather than testing of goods at every stage, which could avoid time and money. This could be one of the remedies to the inadequacy of testing and certification facilities. Currently only few importers honor the self certification however acceptance of self certification largely depends on the credibility of exporter.
- viii. **Developing level playing field** - Exporters demanded that there is need to develop level playing field in terms of social, ethical, quality and environmental requirements from various countries. It's observed that the quality, environmental and social & ethical compliance are more stringently applied on Indian exporter than to neighboring countries such as Bangladesh, Sri Lanka and Pakistan which subsequently, decreases the competitiveness of Indian firms. In this connection, exporters requested that UNCTAD may bring out some sort of ratings according to the nation's compliance and make the world aware by publishing such ratings. It's also suggested that the concepts like fair sourcing destination index may be introduced for the countries complying with the quality, environment & social norms. Further, import duty in foreign market should be similar for competing exporting nations.
- ix. **Focus on skill development and productivity improvement** - In the free trade regime when the buyers see that Indian products very costly, exporters need to concentrate on skill development of manpower for the quality & productivity improvement and focus on cost cutting exercises, may be through better technology uses. However, govt. support in the form of duty drawbacks and duty concession etc should be extended in equipping industry with better technology.
- x. **Other Measures**– (a) All the textiles labs of garments factories should be provided incentives in getting accreditation from some international body and some schemes can be introduced for this. This will increase the credibility of Indian testing facilities. (b) Streamlining export and document clearance procedures such as harmonizing working days, providing 24x7 custom clearance facilities. (c) Improving port infrastructure. (d) Increasing domestic support to industry such as easy and cheap credit, uninterrupted power supply, easy access to quality raw material and best quality dyeing house etc. (e) Reducing terminal handling charges at the ports which are high at present. Exporters informed that currently charges are about Rs.3200-5000 for 20ft container; and above Rs.4500 for 40ft container. (f) Rupee appreciation and decline in the value of Euro and

US\$ reduces exporters profit margin therefore exporters should be provided some kind of relief in such cases. (g) As a promotional measure, government should promote India as a good sourcing destination.

VII. Conclusion

This paper reports findings from the survey of India's textiles and clothing exporters. The survey method has been used to identify and assess the impact of NTM and the COC expenditure by the exporters. A structured questionnaire has been used to gather data from a sample of 135 exporters across eight export centers of India i.e. Bangalore, Chennai, Coimbatore, Ludhiana, Mumbai, New Delhi, Panipat and Tirupur. Results reveal that the EU and USA are most restrictive region/country covering nearly three-fourth of total NTM incidences. The technical regulations, product & production process standards and conformity assessment for technical barriers are the most frequently used NTMs among the aggregated five categories. The average COC as percentage of turnover is inversely related to the firm size, which is 0.63% for large firms and 1.32% for small firms. However, about 58% of the firms spend less than 0.5% of their turnover on COC which is much lower than overall average of 1.12% and only 26% firms spend more than 1% of their turnover in complying with NTM standards. The COC is not exorbitant and justifiable given its long term benefits. Some of the common issues about NTMs are buyer nomination of the suppliers and testing & certification agencies, stringent social compliance measures, and discriminatory treatment on the basis of standards, import duty and other benefits. Unexpectedly, the NTMs are not only seen as marketing and promotional tool but also they promote efficiency and competitiveness within the industry. Further, financial crisis has reduced the export orders/volumes and the impact is more severe on high end fashion garments where product and market diversification is unlikely due to ever changing customer preferences.

Government may create a framework for dealing with NTMs through bilateral SPS/TBT agreements under FTAs, especially focusing on the use of international standards, reliance on Indian test results, including self-certification by suppliers, appeal mechanism for rejected consignments, prescribe timelines to resolve the SPS/ TBT issues, etc. The industry needs to point at the specific trade concerns arising from the private standards of the EU and US buyers so that the government can appropriately raise the issues in the SPS/ TBT committee. To deal with trading partners on an equal footing and force them to concede bilateral

concessions, India need to create its own mandatory standards and testing requirements which will be in consumer interest also. The industry needs to work in tandem with the government to tackle the NTMs at bilateral and multilateral level; and government may consider the reasonable demands of industry which are urgently required to face NTMs. Simultaneously efforts have to be put on the trade facilitation measures otherwise impact of NTM may magnify.

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Annexure A1

NTMs on India's Export by Product and Country

| sno | Commodity | Type of NTM | Country |
|-----------------|---|----------------------|--|
| 1 | Animals & Animal Products (8) | Anti Dumping | US |
| | | Certification | Russia, Ukraine, Japan, Saudi Arabia, US, EC |
| | | Import Restriction | Bangladesh, EC |
| | | Labelling | Saudi Arabia, US |
| | | Regulations | EC, US |
| | | Safeguard | Korea |
| | | Standards | Australia, China, Indonesia, EC, Korea, Iran, Russia, Thailand, Kuwait, Norway, Saudi Arabia, US |
| | | Subsidy | Korea |
| 2 | Vegetable Products (9) | Certification | China, Ukraine, Iran, Syria, Russia |
| | | Customs | Turkey |
| | | Documentation | Saudi Arabia, Iran, Russia |
| | | Import Restriction | Iran, Korea |
| | | Minimum Import Price | Chile |
| | | Public Procurement | Egypt, Libya, Tunisia |
| | | Regulations | Japan, Iraq, EC, US |
| | | Standards | Korea, New Zealand, Australia, EC, Japan, Brazil |
| | | Subsidy | Colombia, Korea |
| 3 | Prepared Foodstuff (8) | Certification | Colombia, Saudia Arabia |
| | | Customs | EC, Chile, Syria |
| | | Environmental | China |
| | | Import Restriction | US |
| | | Labelling | Chile, EC, US, Ukraine |
| | | Minimum Import Price | Argentina, Chile |
| | | Standards | EC, Korea, Saudi Arabia |
| | | Subsidy | EC |
| 4 | Chemical And Mineral Products (10) | Certification | Armenia, Colombia, Korea, Ukraine |
| | | Customs | Syria, Korea |
| | | Documentation | UAE |
| | | Immigration | Middle East |
| | | Import Restriction | EC, Ukraine |
| | | Minimum Import Price | Argentina |
| | | Public Procurement | Colombia |
| | | Registration | Argentina, Brazil, Colombia, EC, El Salvador, Honduras, Indonesia, Nicaragua, Panama, Venezuela |
| | | Regulations | UAE |
| | | Standards | EC |
| 5 | Plastic, Rubber, Leather And Leather Products(4) | Anti Dumping | Turkey |
| | | Certification | Ukraine |
| | | Import Restriction | Brazil |
| | | Minimum Import Price | Argentina |
| 6 | Wood & Pulp Products (6) | Customs | Canada, EC, Indonesia, New Zealand, Uruguay, US |
| | | Environmental | Canada, EC, Indonesia, New Zealand, Uruguay, US |
| | | Import Restriction | Canada, EC, Indonesia, New Zealand, Uruguay, US |
| | | Minimum Import Price | Argentina |
| | | Safeguard | Korea |
| | | Standards | Switzerland, Canada, EC, Indonesia, New Zealand, Uruguay, US |
| 7 | Textile & Clothing Articles(14) | Anti Dumping | Turkey |
| | | Certification | Colombia, Ukraine |
| | | Customs | Chile, EC, Mexico, US |
| | | Documentation | Mexico, US |
| | | Environmental | EC |
| | | Import Restriction | Nigeria, Colombia |
| | | Labelling | Japan, Korea, Mexico, US |
| | | Labour | EC |
| | | MFN | Pakistan |
| | | Minimum Import Price | Argentina, Brazil, Colombia, EC |
| Rules of Origin | Mexico, US | | |

| | | | |
|----|--|----------------------|--|
| | | SPS | Japan |
| | | Standards | Japan |
| | | Subsidy | Bangladesh |
| 8 | Footwear & Headwear, Articles Of Stone, Cement, Etc And Pearls, Precious, Semi-Precious Stones, Metals (3) | Customs | Chile |
| | | Import Restriction | Colombia, Japan |
| | | Minimum Import Price | Argentina |
| 9 | Base Metals & Articles Thereof (7) | Anti Dumping | Korea, Turkey |
| | | Certification | EC |
| | | CVD | Brazil |
| | | Minimum Import Price | Argentina |
| | | Public Procurement | US |
| | | Regulations | Venezuela |
| | | Standards | EC, US |
| 10 | Machinery & Mechanical Appliances And Transportation Equipment(10) | Banking | Chile |
| | | Certification | Colombia, Korea |
| | | Customs | Chile, EC |
| | | Documentation | Russia |
| | | Import Restriction | Colombia, EC, Turkey |
| | | Labelling | Ukraine |
| | | Minimum Import Price | Argentina, Colombia |
| | | Regulations | EC |
| | | Standards | EC, Russia |
| | | Subsidy | Chile, China |
| 11 | Instruments - Measuring, Musical, Arms And Ammunition And Miscellaneous Products (4) | Certification | Armenia, Korea |
| | | Customs | Chile |
| | | Import Restriction | Brazil |
| | | Minimum Import Price | Argentina |
| 12 | All Goods (9) | Banking | Brazil, Venezuela |
| | | Certification | Uzbekistan |
| | | Customs | Colombia, EC, Turkmenistan, Uzbekistan |
| | | Environmental | Korea |
| | | Import Restriction | Uzbekistan |
| | | Labelling | Korea |
| | | Public Procurement | Peru, Turkmenistan, Uzbekistan |
| | | Regulations | Korea |
| | | Rules of Origin | Korea |

Source: data compiled from Ministry of Commerce and Industry, GOI, Note: Figures in parentheses are types of NTM reported in each product category

Commodity/Product Aggregation for Annexure A1

| s no | Commodity/Product Group | HS Chapter No. |
|------|--|----------------|
| 1 | Animals & animal products | 01-05 |
| 2 | Vegetable products | 06-15 |
| 3 | Prepared foodstuff | 16-24 |
| 4 | Chemical and mineral products | 25-38 |
| 5 | Plastic, rubber, leather and leather products | 39-43 |
| 6 | Wood & pulp products | 44-49 |
| 7 | Textile & clothing articles | 50-63 |
| 8 | Footwear & headwear and articles of stone, cement, asbestos and pearls, precious or semi-precious stones, metals | 64-71 |
| 9 | Base metals & articles thereof | 72-83 |
| 10 | Machinery & mechanical appliances and transportation equipment | 84-89 |
| 11 | Instruments - measuring, musical, arms and ammunition and miscellaneous products | 90-97 |
| 12 | All goods | |

Annexure A2

NTMs on India's Export by Country and Product

| Sn | NTM Type | Country | Products |
|------------|---------------------------|--------------|--|
| 1 | Anti-dumping (3) | Korea | Steel |
| | | Turkey | Poly Ethylene Terphthalate (PET), Bicycle tyres, Bicycle tubes, Polyester texturised yarn (PTY), Polyester synthetic staple fibre, Metallised yarn, Fittings |
| | | US | Fish |
| 2 | Banking (3) | Brazil | All |
| | | Chile | Capital goods |
| | | Venezuela | All |
| 3 | Certification (13) | Armenia | Agro chemicals, Nuclear material, Pharmaceuticals, Weapons |
| | | China | Vegetables |
| | | Colombia | Chemicals, Pharmaceuticals, Automobiles, Food Products, Special Woven fabrics, Impregnated/ covered/ laminated fabrics, Knitted/ crocheted fabrics, Clothing |
| | | EC | Egg, Scaffolding Systems |
| | | Iran | Tea |
| | | Japan | Fish |
| | | Korea | Chemicals, Computers, Medical Equipment, Pharmaceuticals, Telecommunication |
| | | Russia | Poultry, Meat Products, Poultry Products, Fish, Egg, Milk, Honey, Black Pepper, Basmati Rice |
| | | Saudi Arabia | Food products, Fish |
| | | Syria | Tea |
| | | Ukraine | Bovine Meat, Coffee, Tea, Spices, Pharmaceuticals, Cosmetics & Toiletries, Plastics & Linoleum, Leather Products, Textiles, Clothing |
| | | US | Fish |
| Uzbekistan | All | | |
| 4 | Customs(14) | Canada | Paper products |
| | | Chile | Beer, Wines, Spirits, Carpets, Furnishings, Gems & Jewellery, Capital goods, Automobiles, Arms & ammunition |
| | | Colombia | All |
| | | EC | Paper products, Cotton textiles, Engineering Goods, Food products, All |
| | | Indonesia | Paper products |
| | | Korea | Petroleum products |
| | | Mexico | Cotton Textiles |
| | | New Zealand | Paper products |
| | | Syria | Food products, Chemicals |
| | | Turkey | Tea |
| | | Turkmenistan | All |
| | | Uruguay | Paper products |
| | | US | Paper products, Cotton Textiles |
| Uzbekistan | All | | |
| 5 | CVD (1) | Brazil | Stainless Steel Bars |
| 6 | Documentation (6) | Iran | Tea |
| | | Mexico | Cotton Textiles |
| | | Russia | Rice, Groundnuts, Graphite Electrodes |
| | | Saudi Arabia | Cashew kernels brokens, Cashew kernels wholes |
| | | UAE | Chemicals |
| | | US | Cotton Textiles |
| 7 | Environmental (8) | Canada | Paper products |
| | | China | FCV Tobacco - not stemmed or stripped, Burley Tobacco-not stemmed or stripped |
| | | EC | Paper products, Cotton Textiles |
| | | Indonesia | Paper products |
| | | Korea | All |
| | | New Zealand | Paper products |
| | | Uruguay | Paper products |
| | | US | Paper products |
| 8 | Immigration (1) | Middle East | Chemicals |

| | | | |
|------------|---|--------------|---|
| 9 | Import Restriction(16) | Bangladesh | Poultry Products |
| | | Brazil | Poly Ethylene Terphthalate (PET), All used goods |
| | | Canada | Paper products |
| | | Colombia | Special Woven fabrics, Impregnated/ covered/ laminated fabrics, Knitted/ crocheted fabrics, Clothing, Footwear, Automobiles |
| | | EC | Poultry Meat, Pharmaceuticals, Paper products, Equipment |
| | | Indonesia | Paper products |
| | | Iran | Tea |
| | | Japan | Footwear |
| | | Korea | Barley, Rice, Sesame seeds |
| | | New Zealand | Paper products |
| | | Nigeria | Cotton Fabrics |
| | | Turkey | Commercial Vehicles |
| | | Ukraine | Pharmaceuticals |
| | | Uruguay | Paper products |
| US | Paper products, FCV Tobacco - not stemmed or stripped, Burley Tobacco-not stemmed or stripped | | |
| Uzbekistan | All | | |
| 10 | Labeling(8) | Chile | Food Products (canned/packaged) |
| | | EC | Food products |
| | | Japan | Cotton Fabrics |
| | | Korea | Cotton Yarn, All |
| | | Mexico | Cotton Textiles |
| | | Saudi Arabia | Fish |
| | | Ukraine | Electronic products, Food products |
| | | US | Cotton Textiles, Food products, Fish |
| 11 | Labour (1) | EC | Cotton Textiles |
| 12 | MFN (1) | Pakistan | Cotton Textiles |
| 13 | Minimum Import Price (5) | Argentina | Fish - Prepared/ Preserved, Matches, Insecticides/Fungicides, Plastics, Rubber, Leather Articles, Wood Products, Paper Products, Cotton, Man made filament synthetic, Man made staple fibres, Special Woven fabrics, Impregnated/covered/laminated fabrics, Knitted/Crocheted fabrics, Knitted/Crocheted made ups, Made ups not knitted/crocheted, Textiles furnishing products, Footwear, Headgear, Ceramic products, Articles of iron and steel, Tools, Cutlery or parts of base metal, Miscellaneous articles of base metal, Machinery/mechanical appliances, Electrical machinery, Bicycles/motorcycles, Optical/ photographic equipment, Musical Instruments, Furniture, Toys, Miscellaneous manufactured articles |
| | | Brazil | Cotton Fabrics |
| | | Chile | Wheat, Wheat flour, Sugar |
| | | Colombia | Special Woven fabrics, Impregnated/ covered/ laminated fabrics, Knitted/ crocheted fabrics, Clothing, Automobiles |
| | | EC | Cotton Fabrics |
| 14 | Public Procurement (8) | Colombia | Petroleum products, Pharmaceuticals |
| | | Egypt | Tea |
| | | Libya | Tea |
| | | Peru | All |
| | | Tunisia | Tea |
| | | Turkmenistan | All |
| | | US | Industrial, Municipal & Sanitary Castings |
| 15 | Registration (10) | Argentina | Pharmaceuticals |
| | | Brazil | Pharmaceuticals |
| | | Colombia | Pharmaceuticals |
| | | EC | Asbestos Cement, Chemicals |
| | | El Salvador | Pharmaceuticals |
| | | Honduras | Pharmaceuticals |
| | | Indonesia | Pharmaceuticals |
| | | Nicaragua | Pharmaceuticals |
| | | Panama | Pharmaceuticals |
| Venezuela | Pharmaceuticals | | |
| 16 | Regulations (7) | EC | Fish, Paprika oleoresin, Motors/Generators/Engines |

| | | | |
|----|----------------------------|--------------|---|
| | | Iraq | Tea |
| | | Japan | Flowers |
| | | Korea | All |
| | | UAE | Chemicals |
| | | US | Fish, Food products |
| | | Venezuela | Razor Blades |
| 17 | Rules of Origin (3) | Korea | All |
| | | Mexico | Cotton Textiles |
| | | US | Cotton Textiles |
| 18 | Safeguard (1) | Korea | Livestock, Forestry Products, Agricultural Products |
| 19 | SPS (1) | Japan | Women/ girl blouses, shorts, shirt blouses |
| 20 | Standard (18) | Australia | Sprayed dried egg yolk powder & whole egg powder, Mangoes |
| | | Brazil | Wheat, Rice |
| | | Canada | Paper products |
| | | China | Fish |
| | | EC | Bovine Meat, Fish, Other agricultural products, Milk, Egg products, Egg powder, Grapes, Spices, Black Pepper, Chillies, Oleoresins, Whiskey, Herbal Medicines, Pharmaceuticals, Pesticides, Paper products, Steel & Castings, Heavy Metals, Engineering Goods, Motors/Generators/Engines, Engineering Goods, Food Products, Animal Products |
| | | Indonesia | Deboned, deglanded & frozen bovine meat, Milk products, Paper products |
| | | Iran | Bovine Meat |
| | | Japan | Flowers, Fresh Grapes, Men/ boy shirts (knitted or crocheted) |
| | | Korea | Live Animals, Plant products, Food products |
| | | Kuwait | Fish |
| | | New Zealand | Cucumbers & Gherkins, Peas, Okra, Mangoes, Papaya, Pomegranates, Paper products |
| | | Norway | Fish |
| | | Russia | Bovine Meat, Graphite Electrodes |
| | | Saudi Arabia | Fish, Food products |
| | | Switzerland | Packings/ cable drums/ pallet/ box pallet. Load boards of wood |
| | | Thailand | Bovine Meat |
| | | Uruguay | Paper products |
| | | US | Shrimp & Prawn, Paper products, Industrial, Municipal & Sanitary Castings |
| 21 | Subsidy (6) | Bangladesh | Cotton Yarn |
| | | Chile | Capital goods |
| | | China | Electrical Insulators |
| | | Colombia | Flowers, Banana, Coffee |
| | | EC | FCV Tobacco - not stemmed or stripped, Burley Tobacco-not stemmed or stripped |
| | | Korea | Vegetables, Live Animals, Flowers, Kimchi, Fruits, Ginseng |

Source: data compiled from Ministry of Commerce and Industry, GOI, Note: Figures in parentheses are number of countries in each NTM category

Annexure B

Center and Country Wise NTM Entries

| Export Centre | Country | Product & Production Process Standard | Technical Regulations | Conformity Assessment for TBT | Other Technical Measures | Procedural Obstacles & Other NTMs | Total |
|---------------|--------------|---------------------------------------|-----------------------|-------------------------------|--------------------------|-----------------------------------|----------|
| Bangalore | EU | 72 | 104 | 49 | 37 | 6 | 268 |
| | Korea | 0 | 0 | 5 | 0 | 0 | 5 |
| | Norway | 0 | 0 | 5 | 5 | 0 | 10 |
| | Switzerland | 0 | 0 | 4 | 0 | 0 | 4 |
| | USA | 140 | 112 | 55 | 71 | 0 | 378 |
| | Canada | 0 | 0 | 0 | 3 | 0 | 3 |
| | Total | | 212 | 216 | 118 | 116 | 6 |
| Chennai | Canada | 13 | 6 | 13 | 6 | 0 | 38 |
| | EU | 22 | 6 | 19 | 6 | 0 | 53 |
| | Switzerland | 0 | 0 | 3 | 0 | 0 | 3 |
| | USA | 21 | 9 | 19 | 12 | 0 | 61 |
| | Total | | 56 | 21 | 54 | 24 | 0 |

| | | | | | | | |
|--------------|---------------|------------|------------|------------|------------|------------|------------|
| Coimbatore | Australia | 6 | 3 | 6 | 9 | 0 | 24 |
| | Bangladesh | 0 | 0 | 3 | 0 | 0 | 3 |
| | Canada | 5 | 7 | 4 | 4 | 0 | 20 |
| | China | 0 | 0 | 1 | 0 | 0 | 1 |
| | EU | 34 | 45 | 33 | 31 | 0 | 143 |
| | Korea | 0 | 0 | 1 | 0 | 0 | 1 |
| | Malaysia | 0 | 0 | 1 | 0 | 0 | 1 |
| | South Africa | 4 | 8 | 6 | 4 | 0 | 22 |
| | Turkey | 0 | 0 | 1 | 0 | 0 | 1 |
| | USA | 21 | 21 | 19 | 19 | 0 | 80 |
| Total | 70 | 84 | 75 | 67 | 0 | 296 | |
| Ludhiana | Australia | 2 | 4 | 3 | 3 | 0 | 12 |
| | Canada | 2 | 12 | 6 | 6 | 0 | 26 |
| | EU | 13 | 40 | 25 | 28 | 0 | 106 |
| | Nepal | 0 | 0 | 1 | 0 | 0 | 1 |
| | Saudi Arabia | 0 | 18 | 0 | 0 | 0 | 18 |
| | South Africa | 0 | 0 | 1 | 0 | 0 | 1 |
| | USA | 12 | 24 | 17 | 23 | 0 | 76 |
| | Kuwait | 0 | 18 | 0 | 0 | 0 | 18 |
| | Oman | 0 | 18 | 0 | 0 | 0 | 18 |
| | Total | 29 | 134 | 53 | 60 | 0 | 276 |
| Mumbai | Canada | 14 | 7 | 35 | 27 | 54 | 137 |
| | EU | 54 | 74 | 132 | 45 | 72 | 377 |
| | Russia | 15 | 20 | 35 | 0 | 0 | 70 |
| | USA | 39 | 44 | 86 | 38 | 72 | 279 |
| | Mexico | 17 | 22 | 35 | 0 | 0 | 74 |
| | Turkey | 0 | 4 | 14 | 5 | 6 | 29 |
| Total | 139 | 171 | 337 | 115 | 204 | 966 | |
| New Delhi | EU | 62 | 80 | 0 | 50 | 0 | 192 |
| | USA | 64 | 88 | 1 | 47 | 1 | 201 |
| | Canada | 30 | 48 | 1 | 30 | 0 | 109 |
| | Singapore | 8 | 12 | 0 | 8 | 0 | 28 |
| | Switzerland | 5 | 15 | 0 | 10 | 0 | 30 |
| | Japan | 0 | 0 | 1 | 1 | 0 | 2 |
| | Middle East | 2 | 3 | 0 | 2 | 0 | 7 |
| Total | 171 | 246 | 3 | 148 | 1 | 569 | |
| Panipat | Australia | 27 | 27 | 0 | 0 | 0 | 54 |
| | Canada | 8 | 6 | 0 | 3 | 0 | 17 |
| | EU | 61 | 62 | 0 | 3 | 0 | 126 |
| | Holland | 3 | 3 | 0 | 0 | 0 | 6 |
| | Hong Kong | 2 | 4 | 0 | 0 | 0 | 6 |
| | Japan | 23 | 22 | 0 | 2 | 0 | 47 |
| | Mexico | 8 | 6 | 0 | 3 | 0 | 17 |
| | New Zealand | 15 | 15 | 0 | 0 | 0 | 30 |
| | South Africa | 9 | 6 | 0 | 0 | 0 | 15 |
| | South America | 37 | 24 | 0 | 0 | 0 | 61 |
| | USA | 23 | 24 | 0 | 3 | 0 | 50 |
| Total | 216 | 199 | 0 | 14 | 0 | 429 | |
| Tirupur | Australia | 6 | 0 | 6 | 0 | 0 | 12 |
| | Canada | 4 | 6 | 2 | 2 | 0 | 14 |
| | EU | 69 | 72 | 25 | 36 | 0 | 202 |
| | Russia | 6 | 0 | 6 | 0 | 0 | 12 |
| | Switzerland | 25 | 40 | 8 | 12 | 0 | 85 |
| | USA | 56 | 67 | 24 | 35 | 0 | 182 |
| | Total | 166 | 185 | 71 | 85 | 0 | 507 |

Annexure C

HS Codes and Product Aggregation

| Product Aggregation | HS Code | S. No | Product Name |
|--|---------|---------------------------|-------------------------------------|
| Cotton, cotton yarn, cotton fabrics and other fabrics | 500720 | 1 | Other fabrics, containing 85 % or m |
| | 500790 | 2 | Other fabrics |
| | 520100 | 3 | Cotton, not carded or combed. |
| | 520511 | 4 | Measuring 714.29 decitex or more (n |
| | 520512 | 5 | Measuring less than 714.29 decitex |
| | 520521 | 6 | Measuring 714.29 decitex or more (n |
| | 520522 | 7 | Measuring less than 714.29 decitex |
| | 520523 | 8 | Measuring less than 232.56 decitex |
| | 520524 | 9 | Measuring less than 192.31 decitex |
| | 520548 | 10 | Measuring per single yarn less than |
| | 520710 | 11 | Containing 85 % or more by weight o |
| | 520790 | 12 | Other |
| | 520811 | 13 | Plain weave, weighing not more than |
| | 520812 | 14 | Plain weave, weighing more than 100 |
| | 520831 | 15 | Plain weave, weighing not more than |
| | 520851 | 16 | Plain weave, weighing not more than |
| | 520852 | 17 | Plain weave, weighing more than 100 |
| | 520911 | 18 | Plain weave |
| | 520942 | 19 | Denim |
| Man made filaments and staple fibres and other veg. textile fibers | 531010 | 20 | Unbleached |
| | 540233 | 21 | Of polyesters |
| | 540242 | 22 | Of polyesters, partially oriented |
| | 540331 | 23 | Of viscose rayon, untwisted or with |
| | 540710 | 24 | Woven fabrics obtained from high te |
| | 540752 | 25 | Dyed |
| | 540754 | 26 | Printed |
| | 550320 | 27 | Of polyesters |
| | 550410 | 28 | Of viscose rayon |
| | 550922 | 29 | Multiple (folded) or cabled yarn |
| | 550951 | 30 | Mixed mainly or solely with artific |
| | 550953 | 31 | Mixed mainly or solely with cotton |
| | 551011 | 32 | Single yarn |
| | 551219 | 33 | Other |
| | 551229 | 34 | Other |
| | 551511 | 35 | Mixed mainly or solely with viscose |
| | 551512 | 36 | Mixed mainly or solely with manmade |
| 581092 | 44 | Of manmade fibres | |
| 590310 | 45 | With poly(vinyl chloride) | |
| Carpets and other textile floor coverings | 570110 | 37 | Of wool or fine animal hair |
| | 570190 | 38 | Of other textile materials |
| | 570220 | 39 | Floor coverings of coconut fibres |
| | 570231 | 40 | Of wool or fine animal hair |
| | 570259 | 41 | Of other textile materials |
| | 570310 | 42 | Of wool or fine animal hair |
| | 570500 | 43 | Other carpets and other textile flo |
| Apparel and clothing accessories | 610342 | 46 | Of cotton |
| | 610442 | 47 | Of cotton |
| | 610462 | 48 | Of cotton |
| | 610510 | 49 | Of cotton |
| | 610610 | 50 | Of cotton |
| | 610711 | 51 | Of cotton |
| | 610721 | 52 | Of cotton |
| | 610821 | 53 | Of cotton |
| | 610831 | 54 | Of cotton |
| | 610910 | 55 | Of cotton |
| | 610990 | 56 | Of other textile materials |
| | 611011 | 57 | Of wool |

| | | | |
|--------------------------------|--------|--------|-------------------------------------|
| | 611020 | 58 | Of cotton |
| | 611120 | 59 | Of cotton |
| | 611420 | 60 | Of cotton |
| | 620319 | 61 | Of other textile materials |
| | 620332 | 62 | Of cotton |
| | 620342 | 63 | Of cotton |
| | 620343 | 64 | Of synthetic fibres |
| | 620412 | 65 | Of cotton |
| | 620413 | 66 | Of synthetic fibres |
| | 620419 | 67 | Of other textile materials |
| | 620422 | 68 | Of cotton |
| | 620432 | 69 | Of cotton |
| | 620442 | 70 | Of cotton |
| | 620443 | 71 | Of synthetic fibres |
| | 620449 | 72 | Of other textile materials |
| | 620452 | 73 | Of cotton |
| | 620453 | 74 | Of synthetic fibres |
| | 620462 | 75 | Of cotton |
| | 620520 | 76 | Of cotton |
| | 620530 | 77 | Of manmade fibres |
| | 620590 | 78 | Of other textile materials |
| | 620610 | 79 | Of silk or silk waste |
| | 620630 | 80 | Of cotton |
| | 620640 | 81 | Of manmade fibres |
| | 620821 | 82 | Of cotton |
| | 620920 | 83 | Of cotton |
| | 621142 | 84 | Of cotton |
| | 621410 | 85 | Of silk or silk waste |
| | 621420 | 86 | Of wool or fine animal hair |
| | 621430 | 87 | Of synthetic fibres |
| | 621490 | 88 | Of other textile materials |
| Other made up textile articles | 630210 | 89 | Bed linen, knitted or crocheted |
| | 630221 | 90 | Of cotton |
| | 630231 | 91 | Of cotton |
| | 630260 | 92 | Toilet linen and kitchen linen, of |
| | 630311 | 93 | Of cotton |
| | 630391 | 94 | Of cotton |
| | 630419 | 95 | Other |
| | 630492 | 96 | Not knitted or crocheted, of cotton |
| | 630499 | 97 | Not knitted or crocheted, of other |
| | 630510 | 98 | Of jute or of other textile bast fi |
| | 630710 | 99 | Floorcloths, dishcloths, dusters an |
| | | 630790 | 100 |

Annexure D - NTM Aggregation

| Product & Production Process Standard (11) | | Technical Regulations (15) | | Conformity Assessment for TBT (10) | | Other Technical Measures (10) | | Procedural Obstacles & Other NTMs(11) | |
|---|---|-----------------------------------|--|---|--|--------------------------------------|---|--|--|
| B100 | Voluntary Standards | B210 | Labelling, Marking and Packaging requirements | B300 | Conformity Assessment Related to TBT | C100 | Pre-shipment inspection | E100 | Non Automatic License |
| B110 | International Standards | B211 | Labelling requirements- | B310 | Certification requirement | C200 | Special custom formalities not related to SPS/TBT | E350 | Prohibition of importation in bulk |
| B111 | Production process standards | B212 | Marking requirements | B311 | Certification granted in the countries of origin | C210 | Documentation requirement | E370 | Prohibition for non-economic reasons |
| B112 | Product characteristics standards | B213 | Packaging requirements | B322 | Lack of acceptance of certificates of conformity assessment bodies issued in the country of origin | C220 | Direct consignment requirement | F100 | Customs Surcharges |
| B113 | Management system standards | B220 | Traceability requirements | B323 | Lack of acceptance of Self Declaration of Conformity | C230 | Requirement to pass through specified port of customs | G110 | Advance Import Deposit |
| B119 | International Standards n.e.s | B221 | Origin of materials and parts | B329 | Lack of recognition, nes. | C240 | Transportation restrictions | G500 | Transfer Delays, Queuing |
| B120 | National Standards | B222 | Processing history | B330 | Testing requirement | C241 | Restrictive Air transportations regulations- | I230 | Licensing or Permit Requirements to Exports |
| B121 | Production process standards | B223 | Distribution and location of products after production/delivery | B340 | Inspection and clearance requirement | C242 | Restrictive Sea transportations regulations | O000 | Intellectual Property Rights |
| B122 | Product characteristics standards | B229 | Traceability requirements, n.e.s | B360 | Repetition in destination market of identical tests for same or equivalent regulations | C243 | Restrictive land transportations regulations | P000 | Rules of Origin |
| B132 | Product characteristics standards at sub national level | B230 | Tolerance limits for residues or restricted use of certain substances, and prohibition | B380 | Requirement to pass through specified entry point or customs | C900 | Technical Measures, nes. | A-2 | Arbitrary behaviour with regard to how your product has been classified or valued |
| B140 | Private Standards | B231 | Tolerance limits for residues or contamination by certain substances | | | | | C-1 | Inefficiency consisting of too strict, too much documentation or forms to be supplied or completed |
| | | B232 | Restricted use of certain substances | | | | | | |
| | | B240 | Regulation on genetically modified organisms (for reasons other than food safety) | | | | | | |
| | | B250 | Identity requirement | | | | | | |
| | | B260 | Environment-specific requirement | | | | | | |

(Note: figures in parenthesis represent number of NTMs code covered in each NTM category)

Annexure E

List of common standards asked by buyer/maintained by exporters

- **ISO 9001** - which gives the requirements for **quality management systems**, is now firmly established as the globally implemented standard for providing assurance about the ability to satisfy quality requirements and to enhance customer satisfaction in supplier-customer relationships.
- **ISO 14001** - which gives the requirements for **environmental management systems**, confirms its global relevance for organizations wishing to operate in an environmentally sustainable manner.
- **SA8000** - a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI).
- **GOTS (Global Organic Textile Standard)** - to define requirements to ensure organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labelling in order to provide a credible assurance to the end consumer.
- **Oeko-Tex Standard 100** - is an international testing and certification system for textiles, limiting the use of certain chemicals.
- **REACH - Registration, Evaluation, Authorisation and Restriction of Chemical** substances to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances.
- **WRAP (Worldwide Responsible Accredited Production Principles)** - to promoting ethical, humane, and lawful conditions and practices in manufacturing facilities all around the world.
- **CTPAT (Customs-Trade Partnership Against Terrorism)** - a voluntary supply chain security program led by U.S. Customs and Border Protection (CBP) and focused on improving the security of private companies' supply chains with respect to terrorism.
- **FLO (Fairtrade Labelling Organizations International)** - It certifies that products meet the social, economic and environmental standards set by Fairtrade.

QUESTIONNAIRE USED IN THE SURVEY



Textiles Committee
Ministry of Textiles, Government of India
P. Balu Road, Prabhadevi, Mumbai – 400 025
Tel: 022-6652 7515, Fax: 022- 6652 7653
E-mail: tcdmr@vsnl.com
website: www.textilescommittee.gov.in

**STUDY ON THE IMPLICATION OF NON-TARIFF MEASURES IN THE
TEXTILES & CLOTHING SECTOR - 2009**

| I. Exporter Profile | | | | |
|--|--------------------------|--|--------------------------|------------------|
| 1. Name & address | | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> Tel No: <hr/> Website: <hr/> Email: <hr/> | | |
| 2. CEO/Contact person | | Name: <hr/> Phone: <hr/> Email: <hr/> | | |
| 3. (i) Type of Unit (Nature of business) [Please tick] | | | | |
| Manufacturer | <input type="checkbox"/> | Merchant | <input type="checkbox"/> | Others |
| Exporter | <input type="checkbox"/> | Exporter | <input type="checkbox"/> | (Please specify) |
| (ii) Extent of exports (in % of output) | | <hr/> | | |

IX Are you facing any slow down in business due to financial crisis? (Please tick).

| | | | |
|------------|--|-----------|--|
| Yes | | No | |
|------------|--|-----------|--|

a) If yes, please mention month & year

b) Impact on

| Impact on | 2007 - 08 | 2008 - 09 |
|------------------------------------|------------------|------------------|
| No. of export orders bookings/year | | |
| Production/Exports (in value) | | |
| Capacity Utilisation (in %) | | |
| Employment generated | | |

c) No. of export orders cancelled during 2008 - 09 _____

d) Have you diversified/increased the domestic sales, please tick.

| | | | |
|------------|--|-----------|--|
| Yes | | No | |
|------------|--|-----------|--|

If yes, share _____ %

| For Office Use Only | | | |
|--|--|---|--|
| Name & Designation of the investigator with date | | Name & designation of the verifying officer with date | |
