



No. ADD/COM/20/2015

27 August 2015

The Embassy of India in Addis Ababa presents its compliments to the Ethiopian Revenue and Customs Authority, Government of the Federal Democratic Republic of Ethiopia and has the honour to state that Indian companies reported difficulty in obtaining Preferential Certificate of Origin issued by authorized body in Ethiopia (Ethiopian Revenue and Customs Authority) under Duty Free Tariff Preference scheme in respect of a products with H.S.Code 74199900.

The Embassy would like to confirm to the esteemed Ethiopian Revenue and Customs Authority (ERCA) that products under H.S.Code 74199900 do not fall under both the Positive and Negative Lists of India's Duty Free Tariff Preference (DFTP) Scheme and therefore can be imported duty free into India from Ethiopia under the DFTP Scheme. Accordingly, ERCA may kindly issue Certificate of Origin to avail import duty exemption while exporting these products to India.

The Embassy would be grateful if the Ethiopian Revenue and Customs Authority could include products under H.S.Code 74199900 in their list of duty free items under DFTP Scheme for Least Developed Countries for issuing Preferential Certificate of Origin.

A brief explanatory note on India's DFTP Scheme along with details of the two relevant notifications 8/2014 dated 1 April 2014 and 29/2015 dated 10 March 2015 is enclosed for providing information to both exporters as well as importers using the Scheme. The Embassy would be grateful if ERCA could widely publicize these details to the potential exporters /importers.

The Embassy of India in Addis Ababa avails itself of this opportunity to renew to the Ethiopian Revenue and Customs Authority, Government of the Federal Democratic Republic of Ethiopia the assurances of its highest consideration.

Ethiopian Revenue and Customs Authority,
(Kind Attn: Mr. Beker Shale, Director General)
Government of the Federal Democratic Republic of Ethiopia,
Addis Ababa.

Copy to:



Tel: (00251-11) 1235538-41; Fax: 1235547, 1235548

E-mail-Chancery: hoc.addisababa@mea.gov.in, admn.indembassy@ethionet.et

Commercial Wing: com.addisababa@mea.gov.in,

Consular Wing: cons.addisababa@mea.gov.in,

Education and Information: indemb@ethionet.et,

Website: www.indembassyeth.in

1. H.E. Mr. Genet Teshome, Director General, Asia and Oceania Directorate, Ministry of Foreign Affairs, Government of the Federal Democratic Republic of Ethiopia, Addis Ababa.
2. Mr. Fikadu Bekele, Director, Valuation and Tariff Classification Procedure and Programme Development, Ethiopian Revenue and Customs Authority, Government of the Federal Democratic Republic of Ethiopia, Addis Ababa.
3. Ms. Emebet Kumsa, Rules of Original Procedure and Programme Development Team Coordinator, Ethiopian Revenue and Customs Authority, Government of the Federal Democratic Republic of Ethiopia, Addis Ababa.



India's Duty Free Tariff Preference (DFTP) Scheme for LDCs

One of the elements of the Hong-Kong Ministerial Declaration of December 2005 was to extend Duty Free Quota Free (DFQF) access to the Least Developed Countries (LDCs).

India became the first developing country to extend this facility to Least Developed Countries (LDCs). India announced the Duty Free Tariff Preference (DFTP) Scheme for LDCs in the year 2008. The Scheme was announced to give support to the LDCs in their trade initiatives. Under the Scheme, by 2012, 85% of India's total tariff lines were made duty free, 9% tariff lines enjoying a Margin of Preference ranging from 10% to 100% and only 6% of total tariff lines retained in the Exclusion List with no duty preferences, for the exports from LDCs.

At present, 31 out of 48 LDCs have become beneficiaries to the scheme. Out of this, 21 LDC beneficiaries are from Africa. These 21 countries include Benin, Burkina Faso, Burundi, Comoros, Central African Republic, Eritrea, Ethiopia, Gambia, Lesotho, Liberia Madagascar, Malawi, Mali, Mozambique, Rwanda, Senegal, Somalia, Sudan, Uganda, Tanzania and Zambia.

Moreover, to fully meet the obligations under the Hong Kong Ministerial Mandate of 2005, the DFTP Scheme has been expanded by the Department of Commerce. Effective from 1st April, 2014 (**vide Customs Notification No. 8/2014 dated 1st of April, 2014**), the DFTP scheme now provides duty free market access on about 96 % of India's tariff lines (at HS 6 digit level of classification and 2.2% of the lines are under preferential duties. Only 1.8% of the tariff lines have been retained in the Exclusion List, with no duty concessions.

Apart from the expansion in the product coverage of the Scheme, procedural matters related to the Rules of Origin provisions of the DFTP Scheme have also been simplified **vide notification no. 29/2015-Cus(NT), dated 10th March, 2015**. The following important changes have been made:

- (i) Change in the origin criteria to CTSH + 30% instead of the earlier criteria of CTH+30%;
- (ii) Allowing the option for calculation of value addition based on ex-works price of the goods also instead of FOB value only in the earlier Scheme;
- (iii) Allowing the CoO in A4 size paper of white colour in the prescribed format, instead of the earlier requirement of blue coloured CoO under DFTP scheme.

In short, the new expanded and simplified DFTP Scheme would provide improved market access to the beneficiary countries as well as to the other eligible LDCs. Overall, this initiative by India would strengthen the country's position in the WTO on issues relating to LDCs and is expected to send a strong signal to major developed countries which are yet to comply with the Hong Kong Ministerial Mandate to adopt similar measures. In the process, India looks forward to greater and fruitful engagement with the LDC trading partners.

