

## Chairman's Pen



*My dear fellow exporters,*

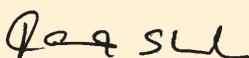
*I wish to bring to your attention the contrasting policies being pursued by the India and China with regard to engineering raw materials. China has, with effect from January 1, 2008, raised the Export Tax on steel items to as high as 25% in certain categories. The objective is restrict the export of steel items so that the domestic prices in China for the engineering industry can be controlled enable the latter to maintain its competitiveness in world markets.*

*In contrast, in India, we find that the situation is completely different. Indian Steel majors raised the prices of steel products by Rs. 1500 per ton on January 2, 2008. Not only will this put further pressure on the ability of engineering exporters to control their cost of production, it will further erode the cost competitiveness of Indian engineering goods in global markets vis-à-vis the Chinese. The Council has pointed out this contrasting policies being followed by India and China, to the Government of India and has demanded that a National Raw Materials Policy be devised at least for the small and medium scale engineering sector. The objective of the National Raw Materials Policy should be to ensure that there is some stability in the prices of engineering raw materials and that our engineering industry should be able to procure raw materials at the prices at which our steel majors are exporting their goods abroad.*

*Another contentious issue has been with regard to the recent demand by certain multinationals to seek OGL for remanufactured goods. This is, indeed, a tricky area and the Government needs to ensure that wastes or recycled goods are not dumped into India. Certain engineering sectors such as the automotive sector is prone to the misuse of a liberalized policy on remanufactured goods and should clearly be kept out of the purview of the OGL and the present status quo should be maintained.*

*The impact of Rupee appreciation on Indian engineering exports has been further reinforced by first Series of the EEPC National Survey on Exports. 110 member exporters of the Council responded to the Survey and the results are clearly a warning signal that needs to be addressed by our policy makers. 58 per cent of the respondents stated that they lost out to the Chinese competitors on account of Rupee appreciation, while more than 50 per cent have stated that they are also shifting focus from the export to the domestic market. The Results of the Survey are on our Website and I would urge you to have a look at the findings of the Survey.*

*Yours sincerely,*



(RAKESH SHAH)