AMID US THREAT OF 12.5% TARIFF UNDER SECTION 301 PROBE

India prohibits import of goods produced using forced labour

KRITY AMBEY
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Amid the US threatening to impose a 12.5 per cent tariff under Section 301 investigation, India has issued a notification to curb the import of goods manufactured using forced labour.

"The import of goods produced or manufactured, wholly or in part, through the use of forced labour is prohibited," the Directorate General of Foreign Trade (DGFT) said in the notification dated July 13.

It added, "Forced labour means all work or service which is extracted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily, as defined under the International Labour Organization (ILO) Forced Labour Convention."

This is the first time India has issued a norm to curb imports related to forced labour, a commerce ministry official said, without commenting on the specifics of how the government will determine forced labour links in imports.

In recent years, international probes have linked forced labour in Xinjiang province of China to sectors such as cotton, textiles, apparel and polysilicon used in solar panels. The province is home to Uyghurs, the largest ethnic group in Xinjiang, and under America's Uyghur Forced Labor Prevention Act, goods linked to Xinjiang are presumed to involve forced labour unless proven otherwise.

By adopting the ILO Forced Labour Convention definition verbatim, India aligns itself with the same international benchmark the United States (US) invokes domestically, EY India's trade policy leader Agneshwar Sen said.

The Office of the US Trade Representative (USTR) released the draft investigation report on forced labour in June. Public comments on the proposal closed on July 6, and Washington is yet to take a final decision on the tariffs after considering the submissions.

The final report is expected this month, India's Commerce Secretary Rajesh Agrawal had said on Monday.

The Section 301 investigation proposed a lower tariff of 10 per cent on some economies, including Pakistan, Indonesia, Mexico and Canada, among others, crediting them for imposing a "partial regime" to prevent the import of goods made with forced labour.

The order establishes a legal framework rather than an immediate import ban, Delhi-based think-tank Global Trade Research Initiative (GTRI) founder Ajay Srivastava said.

"Its effectiveness will depend on how the government conducts investigations, the evidence required to establish forced labour, and the products it ultimately targets," Srivastava said.

A beginning

- According to a senior official, this is the first time India has issued a norm to curb imports related to forced labour
- In earlier probes, Uyghur ethnic group in China's Xinjiang province is presumed to be involved in forced labour