



Voluntary Report - public distribution

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GAIN Report #IN0003

India

Oilseeds and Products

GOI Revises Tariff on Edible Oils

2000

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Report Highlights:

GOI tariff "rationalization" scheme for edible oils creates confusion.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

As already reported (IN 0002) the GOI has increased the tariff on imports of refined edible oil (including RBD palmolein) to 27.5 percent. The government claims the increase is an effort to shore up domestic oilseed prices and enhance crushing margins.

Actual inspection of the GOI notification reveals that an "actual user" condition has been established for imports of crude edible oil, whereby imports by domestic refiners carry a 16.5 percent tariff, while imports by "traders" face a 38.5 percent tariff. (Previously, all imports of edible oil attracted a 16.5 percent tariff.) The "actual user" condition caught many traders by surprise, as it effectively cuts them out of the crude soft oil import market. Traders maintain that the new measure will ultimately increase consumer prices for vegetable oils due to higher transaction costs.

The action does not appear capable of raising domestic oilseed prices. In fact, the lower tariff afforded to imports of crude oil by domestic refiners, appears to benefit only a handful of local firms as the majority of Indian edible oil refiners have not been active in international trade, relying instead on traders for additional supplies of crude oil.