

COPPER, ALUMINIUM SECTORS MAY GET RAW DEAL IF INDIA JOINS RCEP, WARN PRODUCERS

Relevant for: International Relations | Topic: RCEP and India

Copper and aluminium associations in the country have sent representations to the government voicing concerns about India joining the Regional Comprehensive Economic Partnership (RCEP) grouping of countries.

Such a move would pave the way for zero duty on imports of copper and aluminium, which would cripple the domestic sector and stall further investments, they said. Officials from the government are in Bangkok for an inter-sessional meeting of the potential RCEP members. The RCEP countries are trying to conclude a treaty that would eliminate input tariffs on about 90% of traded goods. The copper industry has a somewhat nuanced approach to this, wherein it wants the raw material to be included in the RCEP deal, but does not want copper-finished goods to carry zero import duty.

“We have 10 lakh tonnes domestic capacity of copper, which is 2.5% of world capacity,” Sanjay Karn, general secretary of the Indian Primary Copper Producers Association (IPCPA) told *The Hindu*. “However, we do not have the copper raw materials available in India. Hindustan Copper has some capacity, but it can service only 5% of the requirements. The rest is all imported.”

“We would thus like the import of copper concentrate to be opened for imports at zero duty because India doesn’t have these resources,” Mr. Karn added.

On the finished goods, the demand in the country is only 6.5 lakh tonnes, which is expected to grow to about 8 lakh tonnes in the next five years. As such, India has a domestic surplus capacity.

“But what is happening is that India already has FTA agreements with ASEAN and other countries like Sri Lanka,” the Aluminium Association of India (AAI) said. “As a result, close to three lakh tonnes of refined copper is getting imported, which is 35% of the market share. Before the FTA, this was hardly 5%. Most of these are zero duty imports from ASEAN countries.”

The consequence of the uncertainty over whether India will join RCEP and if it does, which product lines will be included in the zero-duty structure, has meant that future investments have been stalled.

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